



**SmartTrans**  
HOLDINGS LIMITED

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*Quarterly Report*  
*for the three months ended*  
*30<sup>th</sup> June 2012*

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## OVERVIEW

The company's cash reserves were boosted by a Share Purchase Plan which closed in late July 2012 and raised \$380,000.

SmartTrans has now laid the foundations for its operations in China which have commenced to provide revenue from the following distinct streams:

1. Lottery and Sports Wagering;
2. Apps Sales; and
3. Billing Facilities.

Revenue has commenced to flow and, whilst not yet significant, has grown by over 800% over the last three months (May – July inclusive).

Other significant developments and plans include:

1. The imminent launch of the Company's lottery and sports wagering web site;
2. Plans to ramp up marketing in China; and
3. A decision imminent in respect of its proposal to supply its EventTrack system for the upcoming FIFA World Cup in Brazil in 2014.

## MOBILE PHONE and TRANSPORT SYSTEMS

### Lottery and Sports Wagering

SmartTrans has secured valuable agreements allowing it to provide lottery and sports wagering facilities directly from any of its Internet web sites, including [www.mycaipiao.cn](http://www.mycaipiao.cn), and to also provide these facilities to users on their mobile telephone.

This allows SmartTrans to sell lotteries and provide sports wagering facilities on events such as English Premier League Football and Basketball for example. Users will be able to set up an account on SmartTrans' [www.mycaipiao.cn](http://www.mycaipiao.cn) web site or download the SmartTrans MyCaipiao VODOne mobile application and select their lottery numbers or wager on the outcome of a sporting event.

SmartTrans provides a front-end to China's Welfare Lottery and Sports Lottery which is operated by the Chinese government and is the only form of legal gambling in the People's Republic of China (PRC). (Source <http://www.sport.gov.cn/n16/n33193/n33223/n35724/n2348514/1114421.html>)

SmartTrans will receive a significant royalty on all amounts wagered and, with the strong global growth in online gaming both on mobile devices and Internet web sites, is looking for growth in line with that reported by other online gaming providers operating elsewhere in the world such as Ladbrokes, William Hill, Paddy Power and Jumbo Interactive.

During the last three months SmartTrans saw revenue grow by over 800%.

A new version of the SmartTrans MyCaipiao mobile lottery application was released on 8th June 2012 to align with the start of the three-week European Cup ([www.uefa.com/uefaeuro/index.html](http://www.uefa.com/uefaeuro/index.html)). The version included improved functionality focused on sports wagering and allowed users to wager on the European Cup soccer games. During the sporting event, SmartTrans ran a range of marketing campaigns focused on the European Cup.

During the same period, the MyCaipiao VODOne lottery and sports wagering application was installed on over 25,000 phones at a rate of approximately 1,000 phones per day.

SmartTrans also saw a substantial increase in visits to its dedicated soccer wagering sites (including [www.mycaipiao.cn/soccer](http://www.mycaipiao.cn/soccer)) hitting a daily high of 30,000 visitors on 16th June 2012.

Customer registrations grew by 800% between May and June 2012 and wagering increased by 330%.

These are important elements as SmartTrans receives a life-time royalty on all amounts wagered by customers who download the MyCaipiao VODOne mobile lottery application from SmartTrans' platform and use it for wagering or purchasing lottery tickets.

The new version of the application also provides the facility for customers to view sports and lottery events and to interact with other registered users to discuss lotteries and sports wagering.

The SmartTrans MyCaipiao VODOne lottery application is also available for download from China Mobile's Mobile Market.

### **Apps Sales**

SmartTrans provides an extended range of products and services on its dedicated China Mobile billing site – [www.mylife365.cn](http://www.mylife365.cn) and continues to work with China Mobile in exploring new market opportunities, not only in China but also in other geographic regions.

SmartTrans [www.mylifeonline](http://www.mylifeonline.com) site, which is available to customers of all telecommunications providers, allows for customers to make purchases using a range of billing options including China UnionPay and AliPay.

In May 2012, SmartTrans was granted the right to bill its China Mobile customers directly through their phone bills enabling immediate and easy transactions with customers. This places SmartTrans in an enviable position in China allowing it to bill its products directly to the people's phone bills in China where credit card ownership is very low.

An increasing number of SmartTrans products were distributed via China Mobile and billed through China Mobile's billing platforms.

Mobile telephone users in China can now choose to purchase and pay for SmartTrans' products using a range of payment methods for which SmartTrans has settled agreements including:

1. China Mobile CMPay;
2. China UnionPay;
3. AliPay; and
4. China Mobile's Mobile Market.

In April 2012 SmartTrans signed an agreement with Beijing Digitone Telecom Co. Ltd, “D.Phone” ([www.dixintong.com](http://www.dixintong.com)), for it to install SmartTrans MyLife and the MyCaipiao VODOne mobile lottery software on mobile phones it sells with an initial target of 1,000,000 units. D.Phone distributes from approximately 2,000 stores and is China's largest mobile phone retailer and value-added service provider. It is the country's largest mobile communications and digital products retail chain. (Source:[http://www.dixintong.com/index/gong\\_si\\_dong\\_tai\\_news\\_9.html](http://www.dixintong.com/index/gong_si_dong_tai_news_9.html))

The MyLife software portal to be installed on the phones will allow users access to a suite of software to purchase and receive lottery tickets using the mobile telephone lottery application as well as purchase games, applications, mobile phone themes and ringtones using an integrated online payment system built by SmartTrans. The SmartTrans billing platform allows telephone users to buy products and services on their mobile telephones and over the Internet. In addition, SmartTrans software will be distributed on software CDs in D.Phone's stores.

### **Billing Facilities**

SmartTrans is working closely with partner, Zhenya Tsvetnenko, to provide its billing services to third parties from overseas seeking to sell their products in China.

Due to the challenges in establishing a business in China and then being able to collect payments, SmartTrans offers a service to Chinese software and services vendors which it believes to be unique.

Each SmartTrans web site is supported by a mobile telephone application allowing users to transact directly from their mobile telephone to purchase lottery tickets, games, applications and ringtones. The China Mobile direct-to-phone payment platform was fully implemented in the MyLife system in June 2012 using a direct connection to the billing platform managed by China Mobile's UMPay ([www.umpay.com](http://www.umpay.com)). China Mobile's UMPay has a customer base of more than 500 million mobile phone users. (source: [www.umpay.com/englishumpay/overview/introduction.html](http://www.umpay.com/englishumpay/overview/introduction.html))

Direct-to-phone billing requires no customer pre-registration and no new mobile software in order to make a purchase. This makes it the easiest way for mobile phone users to make transactions.

This was a significant breakthrough for SmartTrans as customers can now make purchases with a few clicks on their phone without using credit/debit cards or registering at online payment portal websites.

SmartTrans is able to bill its monthly CNY30 (A\$5) subscription service and its other products direct to customers' mobile phone accounts nationally with payments appearing on customers' phone bills.

### **Other Developments**

SmartTrans submitted a proposal for its EventTrack system to the Brazilian Ministry of Sport for the upcoming FIFA World Cup in 2014. If successful, development of the mobile telephone application is scheduled to commence in late 2012.

SmartTrans continued to support China National Heavy Machinery Corporation (CHMC) progressing arrangements for it to enter the Australian market and assisted with project identification and assessment.

CHMC reports that it has successfully contracted over 800 large complete plant projects in China and approximately twenty other countries in the industries of metallurgy, mining, port terminals, building material, forging and press, urban water supply, environment protection, power generating, bridge construction, grain stores, airport construction, urban construction, chemical industry, water conservancy, and nuclear power. ([www.chmc2003.com:8640/gsjj.htm](http://www.chmc2003.com:8640/gsjj.htm)).

In Australia, SmartTrans continues to roll out and expand the user base of its innovative mobile software solutions.

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### **MINERAL EXPLORATION PROJECTS**

#### **Wangunda Joint Venture – China Minmetals Group (“MMG”) earning 70% equity (SmartTrans currently 100% equity, 28,160 hectares)**

Under the terms of the joint venture agreement signed in 2006, MMG Australia Limited, formerly OZ Minerals Australia Limited, can earn 70% equity in the tenements by expenditure of at least \$10 million over 7.5 years to the completion of a bankable feasibility study. MMG has spent \$4 million thereby completing Stage Two of the agreement and has now progressed into the \$6 million Stage Three due for completion by 6 June 2014.

There was no exploration field work reported by MMG during the quarter.

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**Connors Arch Joint Venture**

This group, in which SmartTrans is in joint venture with Australia Oriental Minerals NL, covers three tenements in the South Connors Arch Province which is prospective for porphyry-style copper-gold deposits and epithermal gold deposits.

**Mount Mackenzie Prospect (60% equity, 15,680 hectares)**

Located at Coppermine Creek in Central Queensland, Mount Mackenzie is an advanced exploration project. Diamond drilling by SmartTrans, together with the development of a comprehensive geological and geophysical model, has demonstrated that Mt Mackenzie is one of the largest hydrothermal (high-sulphidation) systems in eastern Australia.

Drilling encountered significant gold and copper values in lead-zinc-silver mineralized breccias and extensive, intensely sulphidic, alteration under cover rocks at the "Instinct" Prospect located 500m to 1000m west of Mt Mackenzie.

Mineralisation is evident in:

- sulphide matrix polymict breccias of hydrothermal and probable intrusive origin;
- well developed multidirectional quartz- sulphide stockworks;
- vughy silica alteration, and;
- haematized and probable supergene zones related to palaeo weathering, immediately below the unconformity with the cover sequence.

The potential for extensions to this system lies under the volcanic cover outside the limits of all previous drilling.

SmartTrans believes there is also significant potential for high grade deposits at Mount Mackenzie.

SmartTrans is seeking a suitable joint venture partner for this project.

J P LAURIE  
GENERAL MANAGER

The section of this report that relates to mineral exploration is based on information compiled by a person who is a corporate member of the Australasian Institute of Mining and Metallurgy and who has a minimum of 5 years experience in the field of activity in which he is reporting and qualifies as a competent person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". This person, James Laurie, is a full time employee of the Company and consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

SmartTrans Holdings Limited

ABN

86 009 065 650

Quarter ended ("current quarter")

June 2012

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	-	5
(b) development	-	-
(c) production	-	-
(d) administration	(211)	(998)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	(429)	(1,297)
	(640)	(2,280)
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(2)	(14)
1.9 Proceeds from sale of: (a) prospects	-	59
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	(70)
	(2)	(25)
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(642)	(2,305)

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**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(642)	(2,305)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	270	2,216
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	270	2,216
	<b>Net increase (decrease) in cash held</b>	(372)	(89)
1.20	Cash at beginning of quarter/year to date	557	274
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	185	185

**Payments to directors of the entity and associates of the directors**  
**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	139
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

1.7 Other: Non-mining Subsidiary		(429)
Sales	217	
Government Grants	-	
Less Cost of Goods	(65)	
Less Expenses	(581)	

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

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	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	8
4.2 Development	-
4.3 Production	-
4.4 Administration	244
<b>Total</b>	<b>252</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	185	557
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>185</b>	<b>557</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	EPM17515	Statutory reduction in area	12480Ha	7360Ha
6.2 Interests in mining tenements acquired or increased				

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**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	1,261,040,453	1,261,040,453		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	24,545,455	24,545,455		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	6,666,666 6,666,667 6,666,667		<i>Exercise price</i> \$0.0186 \$0.0186 \$0.0186	<i>Expiry date</i> 7/10/2012 7/10/2013 7/10/2014
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does ~~/does not\*~~ (*delete one*) give a true and fair view of the matters disclosed.

Sign here: ..... Date: .....  
(~~Director~~/Company secretary)

Print name: James Laurie.....

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 *Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.*

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