SmartTrans HOLDINGS LIMITED

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Quarterly Report

for the three months ended

30th September 2007

HIGHLIGHTS

- SmartTrans Limited awarded a government grant to develop its next generation of products.
- SmartTrans Limited signed a Licence Agreement in China.
- A Gravity survey at Mount Mackenzie outlined new drill targets.
- Molybdenum prospectivity enhanced at the Waitara project in the Connors Arch province in Queensland.
- Zinifex commenced drilling and geophysics at the Riversleigh zinc project.

OVERVIEW

The Company conducts business on two diverse fronts, Intelligent Transport Systems, Software and Services and Mineral Exploration.

Intelligent Transport Systems, Software and Services

Following the signing of a Licence Agreement with China Alarm Holdings Limited, SmartTrans has continued to develop this important alliance with this large security firm in China aimed at a number of large projects including the Beijing Olympics. In Australia, new contracts secured by the Company, have expanded the customer base where its products and services for companies that operate vehicle fleets cover the following:-

Real Road Route, Consignment and Delivery Optimisation;
Vehicle Scheduling;
Mobile Data;
Electronic Proof of Delivery;
GPS Tracking; and
Vehicle Telemetry.

SmartTrans' application for a commercial ready grant has been approved and the formal agreement for that grant is in the course of preparation.

Once the formal agreement has been signed, AusIndustry will match SmartTrans' upcoming expenditure of $707,000 enabling more than $1.4 million to be spent on the development of its next generation of products.

Mineral Exploration

Work on the Riversleigh project continues as Zinifex conducts reverse circulation drilling on one prospect and has extended a gravity survey over a new anomaly at the Grevillea prospect.

The company is focussed on the large gold-copper and molybdenum systems in the Connors Arch Joint Venture and the Marlborough Fault Project tenements.

INTELLIGENT TRANSPORT SYSTEMS, SOFTWARE AND SERVICES - SMARTTRANS LIMITED (95% equity)

SmartTrans systems are now being used in all states of Australia to optimally plan, schedule and monitor the deliveries of some of Australia's best-known brands.

In addition, the Company is ramping up its presence in China with the signing of a Licence Agreement with China Alarm Holdings Limited ("CAHL").

CAHL, through its operating entity Beijing Alarm Networks, has informed SmartTrans that it is the largest provider of security monitoring systems and services in China and has an infrastructure security network interconnecting major cities across China. CAHL also provides security services for government facilities, financial institutions, commercial centres, small communities, public and private transportation and special events.

The Company has signed a Licence Agreement with CAHL and is in the process of developing a new generation of its intelligent transport systems, software and services for domestic logistics and transport security requirements in China. CAHL intends to promote the Company's products to its extensive customer base in China and elsewhere.

SmartTrans application for a "Commercial Ready" grant has been approved and the formal agreement for that grant is in the course of preparation.

Once the formal agreement has been signed, AusIndustry will match SmartTrans' upcoming expenditure of $707,000 enabling more than $1.4 million to be spent on the development of its next generation of products for China.

The first project is the Beijing Olympic Games where, if SmartTrans is successful in its bid, the new products could provide integrated planning to optimise, control, monitor and report real-time transport activities and real-time proof of "mission accomplished" for up to 5,000 vehicles transporting Olympic VIPs and athletes.
The decision by AusIndustry to support SmartTrans recognises the strong international commercial potential for SmartTrans' products and its capability and expertise in this rapidly expanding market.

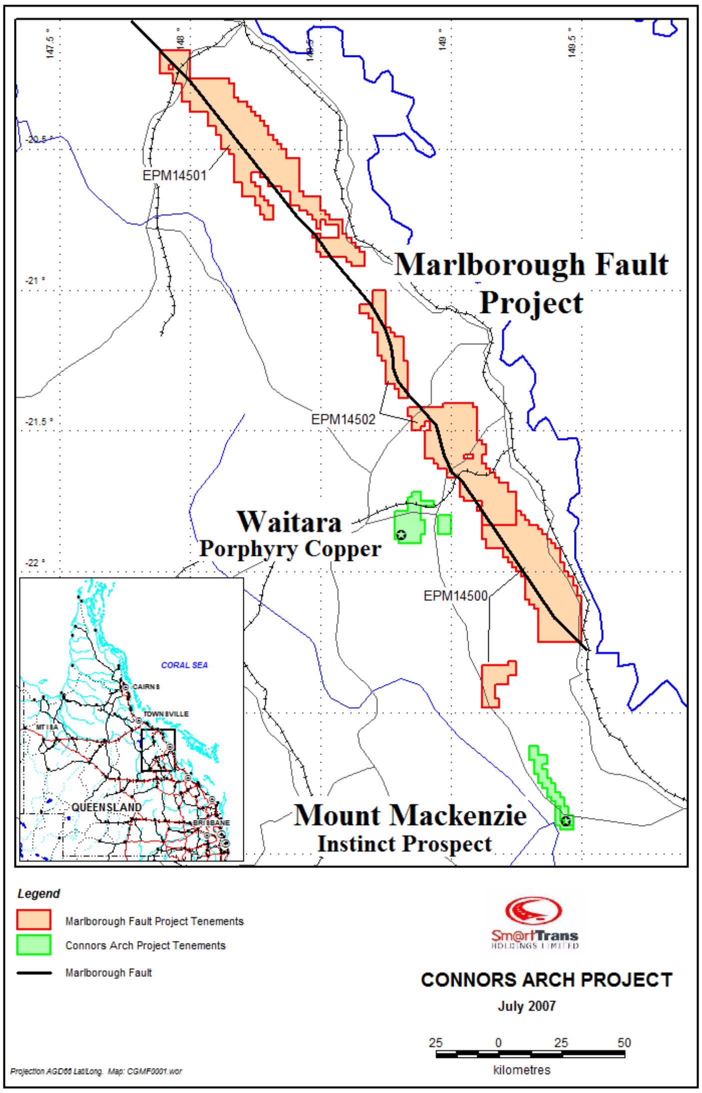
SmartTrans continues to expand its high profile customer base in Australia with its GPS tracking and mobile data systems being selected by Western Pipeline Alliance, the consortium of McConnell Dowell, Abigroup and GHD, to monitor and manage its large vehicle fleet in the biggest recycled water pipeline scheme in the Southern Hemisphere.

Westgate Logistics, a subsidiary of Asia Pacific's major supply chain solutions provider LinFox, has also selected SmartTrans online e-Route® technology to optimise, monitor and manage Woolworths and Coles online consignments and deliveries.

MINERAL EXPLORATION PROJECTS

Connors Arch Joint Venture [SmartTrans (SMA) 60% and Australia Oriental Minerals (AOM) 40%, 420,000 hectares].

There are now seven active exploration licences in the Connors Arch project. Two tenements contained within this group comprise the Connors Range Joint Venture (at Waitara) in which SmartTrans holds 29.4%. In two of the remaining five tenements, SmartTrans' equity is 60% and it is earning 51% in the remaining three tenements (Marlborough Fault Project).



Instinct Prospect

This prospect has the potential to contain porphyry-style mineralisation related to high level, advanced argillic alteration associated with gold mineralisation.

The Company is currently conducting a comprehensive analysis and re-interpretation of the 3D relationship between the geology, geophysical signature, alteration pattern and mineralisation in this project.

3D Modelling of the Mount Mackenzie gravity data has been completed and a plan view of the model clearly shows a large gravity high anomaly situated to the West of Mount Mackenzie.

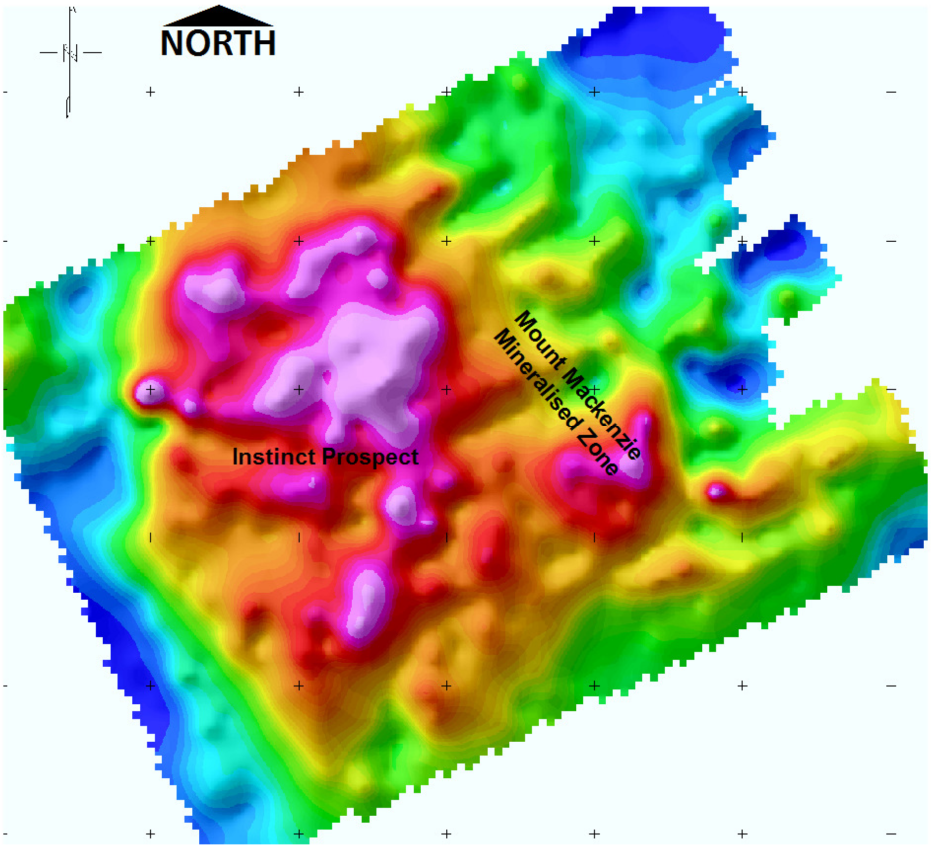


Figure 1: Plan View of the gravity (high) anomaly on the Western flank of Mount Mackenzie

In three dimensions, the model shows the presence of several anomalies (areas of higher than expected density that may reflect the presence of mineralisation) in the prospect. Matching these anomalies with the drilling pattern produced the following results:

a) The gravity model correlates well with the geology of the prospect.

b) Known mineralisation at Mount Mackenzie, which is already defined by drilling, coincides with a small gravity high anomaly.

c) Several other large anomalies are evident that are not tested by drilling:

 i) A zone directly below Mount Mackenzie

 ii) A zone to the east of Mount Mackenzie

 iii) Several zones to the west of Mount Mackenzie located between SmartTrans' widely-spaced drill holes.

 iv) A strong anomaly in the south of the project that has not been drilled.

These anomalies, some of which are shown on the following cross section, all are considered to constitute viable drill targets.

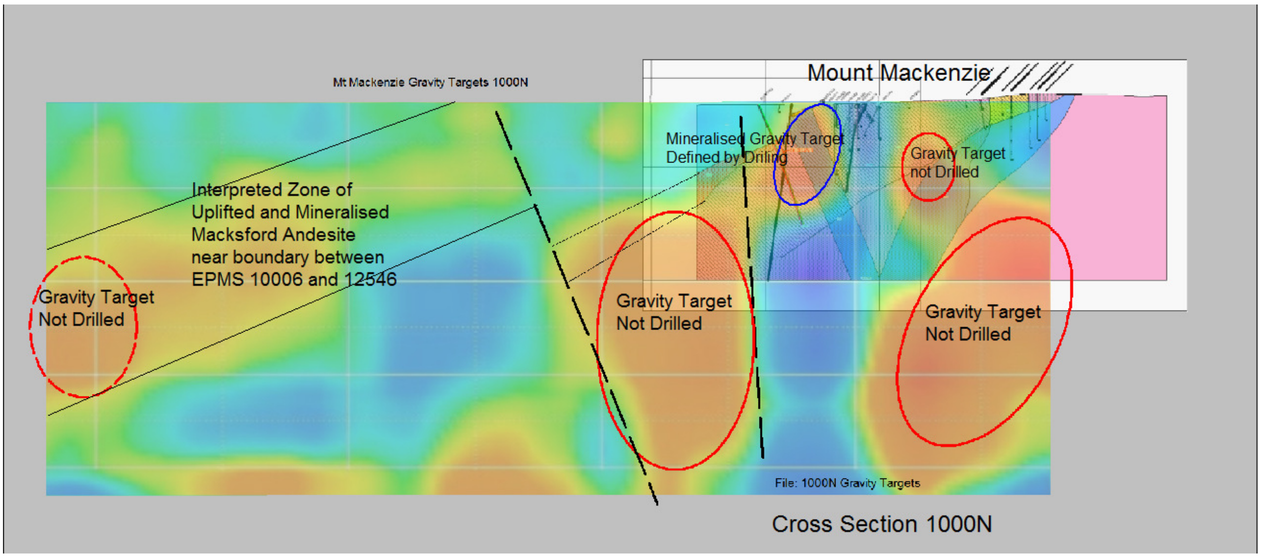


Figure 2: Gravity Targets at Mount Mackenzie: 1000N Cross Section (showing gravity features overlying the geology).

Marlborough Fault Project

This is a new project in the Connors Arch Joint Venture that comprises three granted tenements:

EPM 14502	127,000 Hectares
EPM 14500	112,000 Hectares
EPM 14501	141,000 Hectares

Work by AOM in 1997 identified the presence of a previously unrecognised extensive strike-slip transform fault (the "Marlborough Fault") on the Eastern side of the Connors Arch. This structure runs for approximately 250 kilometres in a NNW direction along the Great Dividing Range between St Lawrence and Bowen in Queensland (see map on page 3).

The fault is of such a scale that it almost certainly forms a major boundary in the crust and has periodically acted as a conduit for magmas and fluids. Branches of the fault host the Normanby, Mount Hector and Marengo gold fields.

There is evidence that this fault system, with its associated ENE trending cross faults and granitoid intrusions, has the potential to develop large porphyry-style deposits in dilational fault irregularities and fault intersections.

There has been no modern exploration on the tenements since the late 1980s, but AOM's initial analysis identified three "plumbing systems" on the fault and these will be the primary focus of exploration activity to be carried out by SmartTrans.

Under the terms of the Connors Arch Joint Venture SmartTrans is committed to spend a total of $250,000 proportionately over the three tenements in the first twelve months after they are granted. The company can then earn 51% equity by expenditure of a further $250,000 in the second year. The third and last tenement, EPM 14500, was granted during the previous quarter.

Connors Range Joint Venture (Midas Resources Limited 51%, 25,000 hectares)

The Connors Range Project is a joint venture with SmartTrans Holdings Limited and Australia Oriental Minerals NL concerning tenements located in the northern Lachlan-New England Fold Belt. The property is considered highly prospective for epithermal and porphyry style gold and base metals mineralisation.

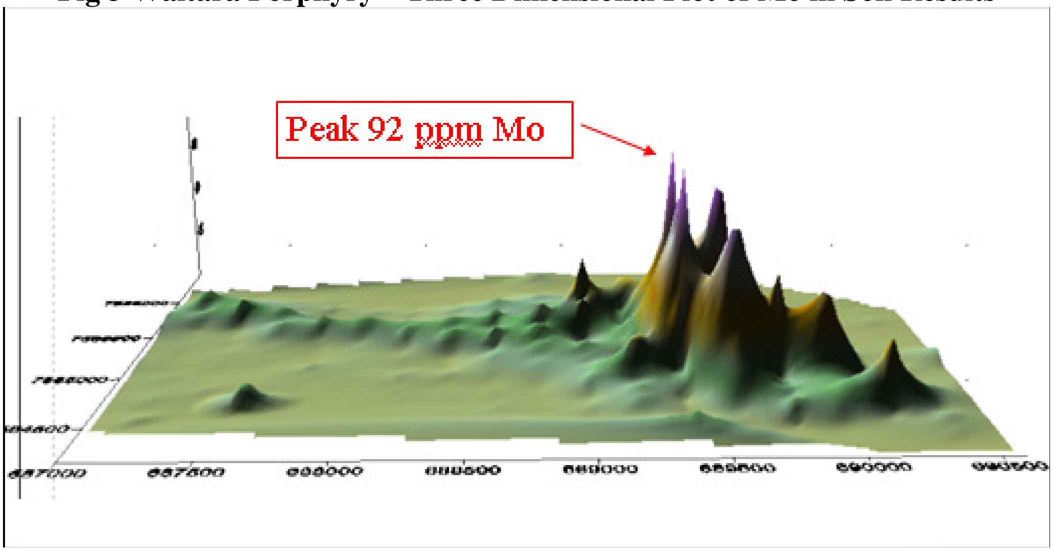
Midas Resources, the operator of this project, has reported as follows:

Waitara Porphyry Copper Molybdenum Prospect EPM 11134

Results were received for the soil geochemical sampling program carried out over the Waitara Porphyry system. Soil results ranged up to a maximum of 92ppm Molybdenum (Mo), which is considered highly anomalous.

A discrete Mo anomaly has been defined coinciding with the centre of the demagnetized porphyry system, see fig 3:

Fig 3 Waitara Porphyry – Three Dimensional Plot of Mo in Soil Results



The peak Mo anomaly is located within a broad 3km x 1km coincident Cu-Mo soil anomaly. However, the peak Mo anomaly has not actually been penetrated by any of the earlier drill holes, which are all vertical. It is planned to carry out field checks of the Mo in soil anomaly to see if any mineralised outcrops are present and to determine the scope of further test work.

Molybdenum is a high value speciality metal used in steel making and chemicals; current prices for molybdic-oxide (65%Mo) exceed US$30/lb and copper equivalent ratios of 10:1 are applicable i.e. 550ppm Mo is equivalent in value to approx 0.55% Cu, assuming equivalent metallurgical recovery.

Riversleigh Project – Joint venture with Zinifex (SmartTrans 100%, 78,000 hectares)

Zinifex advised that a large proportion of time had been spent preparing and effecting Cultural Heritage Clearance procedures under the Native Title agreements. This is no longer an issue as Zinifex has now streamlined the process.

One drill hole (286m) was completed at the Coalby prospect and assay results are awaited.

A gravity survey, designed to extend the earlier SmartTrans survey at Grevillea, was completed. The data is currently being processed.

An infill stream sediment sampling program was conducted over several of the SmartTrans tenements. Assays received during the month revealed the presence of lead anomalies (+50ppm, up to 195ppm lead) in the southern part of EPM 12195. These elevated results were found in two streams draining a common area that appears to be covered by younger rocks.

A second lead/zinc anomalous drainage (70ppm lead, 114ppm zinc) was found in EPM 11711. This is coming from an area dominated by components of the prospective Riversleigh Formation.

Zinifex plans to follow up both anomalies.

Under the terms of the agreement, Zinifex 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.

J P LAURIE
DIRECTOR

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.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98.

Name of entity

SMARTTRANS HOLDINGS LIMITED

ACN or ARBN	Quarter ended ("current quarter")
86 009 065 650	30 September 2007

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		365	365
1.2	Payments for	(a) exploration and evaluation	(95)	(95)
		(b) development	-	-
		(c) cost of goods sold	(197)	(197)
		(d) administration	(549)	(549)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		32	32
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other (provide details if material)		1	1
	Net Operating Cash Flows		**(443)**	**(443)**
	Cash flows related to investing activities			
1.8	Payment for purchases of:	(a) prospects	-	-
		(b) equity investments	-	-
		(c) other assets	(7)	(7)
1.9	Proceeds from sale of:	(a) prospects	-	-
		(b) equity investments	-	-
		(c) other fixed assets	-	-
1.10	Loans to other entities		-	-
1.11	Loans repaid by other entities		-	-
1.12	Other (Joint Venture contributions)		-	-
	Net investing cash flows		**(7)**	**(7)**
1.13	Total operating and investing cash flows (carried forward)		(450)	(450)

1.13	Total operating and investing cash flows (brought forward)	(450)	(450)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
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)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(450)	(450)
1.20	Cash at beginning of quarter/year to date	1220	1220
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	**770**	**770**

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	109
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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

Nil

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

Nil

Financing facilities available

Add notes as necessary for an understanding of the position.

		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	36
4.2	Development	-
	Total	**36**

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	770	1220
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	770	1220

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				
6.2	Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

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	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	566,644,711	566,644,711		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*				
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: ....
(Director)

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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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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