

IPACS - Hangzhou Smartrich Information Tech Joint Venture

Date: September 14, 2016

Dear Sir/ Madam,

Subject: Joint Venture for IPACS Remote Asset Management Centre Commercialisation Strategy

IPACS Power background

IPACS Power Pty Ltd (ABN: 14150389736) is an Australian technology company headquartered in Adelaide, South Australia. The company has a strong customer base across a diverse range of industries throughout Australia, Europe and Asia. In March 2015, IPACS launched the Remote Asset Management Centre at Technology Park Adelaide.

IPACS Remote Asset Management Centre

The IPACS Remote Asset Management Centre has the capability to monitor the real-time asset performance of mining vehicles, boilers, smelters, SCADA systems and mining fixed-plant infrastructure. IPACS received funding from the Mining and Petroleum Services Centre of Excellence, Department of State Development, Government of South Australia to establish this Centre.

The IPACS Centre specialises in the collection, monitoring and reporting of real-time asset performance in industries including mining and resources, defence, energy and manufacturing. IPACS provides secure, reliable and low-cost collection and transmission of remote sensor data – across any enterprise and from anywhere in the world. Its suite of technologies – which include IT infrastructure management, asset data management, analytics and dashboards – provide real-time feedback on the performance of critical assets, wherever they are located. IPACS engineers analyse data and provide reports in clear, easily understood formats, enabling organisations to make informed and timely decisions. While focused on the resources sector at this stage, the Centre has the capacity to service defence and other major industries.

Hangzhou Smartrich information Tech Co Ltd background

Hangzhou Smartrich Information Tech (HSTC), located at Room 506, No.369, Qianchao Road, Jiangnan District, Hangzhou, are market leaders in the setup and operation of large scale IT platforms for the manufacturing, mining and oil & gas industries in China. HSTC has won major multi-million dollar contracts from some of China's largest resource companies. HSTC is head quartered in Hangzhou, China and has branch offices throughout China. In 2010, HSTC pioneered the award winning intelligent mine monitoring system which integrates business system management and control, intelligent medical subsystems, intelligent alarm monitoring subsystem, intelligent transportation subsystems, intelligent logistics subsystem, intelligent campus subsystem, and smart mine subsystem. HSTC technology provides a single platform for the resource companies to manage multiple disparate technologies.

HSTC now intends to partner with IPACS to expand capabilities in remote asset monitoring, asset management and boiler optimisation.

Chinese market and focus

Following the release by the Chinese Government of the most recent 5 year plan we remark a shift in policy from a focus on construction to a focus on technology and innovation. A key plank of the 5 year plan is to develop globally competitive OEMs and services companies. In line with this aspiration IPACS believes that it can assist by offering proprietary remote monitoring technology to existing Chinese OEMs and suppliers. IPACS believes that by applying its remote monitoring, adopting companies, some of which may be entities of the Government of China, will be able to remotely monitor their machines and other products globally, positioning them for international growth.



Development Strategy

IPACS and HSTC will enter into a Joint Venture for the provision of IPACS technology to companies selling pumps, motors, gearboxes, fire systems and like systems with the intention that the client companies will be in a position to market and sell intelligent systems rather than the underlying products into the international market.

In this project IPACS will be responsible for the setup, technology, support and data analytics services. While HSTC will lead the customer engagement, marketing, sales and installation. IPACS strengths are in the fields of remote asset management, data analytics and condition monitoring while HSTC has strengths design and setup of IT systems for resource companies and mining services.

In view of recent developments in markets for intelligent systems the Joint Venture is in a position to capitalise on the market, with the following objectives proposed:

- Remote monitoring for New Era Fire (initial Joint Venture customer)
- Remote asset management for oil & gas and mining companies in China
- Remote monitoring for mining original equipment manufacturers in China

Through the Joint Venture between IPACS and HSTC, the Joint Venture can develop a new model of cooperation which will enhance HSTC's ability to further develop of its mature marketing and sales position and accommodate the aspirations of its management and workforce. The Joint Venture will be initially an incorporated Joint Venture between the parties with the possibility of an eventual incorporated Joint Venture company in which the equity is divided between IPACS and HSTC. In either case, IPACS proposes a Joint Venture in which HSTC's economic and social objectives are enhanced through the transfer of advanced technological skills leading to the extension and development of NTSC's marketing into intelligent machines.

Direction of the Joint Venture would be through an executive body with directors appointed by each of IPACS and HSTC. The corporate joint venture would be headquartered at HSTC's Hangzhou offices with IPACS Australian offices ensuring that ROC technology and skills are available for delivery and transfer to the Joint Venture.

Remote monitoring centre for New Era Fire (first customer)

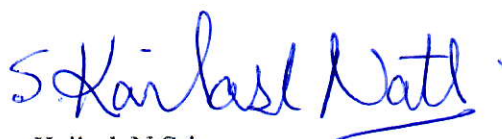
By March 2017, the Joint Venture aspires to setup a remote monitoring centre for New Era fire. This centre will use IPACS proprietary technology. New Era is one of China's largest fire equipment suppliers. They supply fire suppression equipment to nearly 25% of China's resources industry. New Era has shown interest in IPACS remote monitoring technology. The contract between New Era, HSTC and IPACS is currently being negotiated and it is anticipated that the contract will be finalised by December 2016. As part of this contract, IPACS will supply data acquisition systems along with sensors and cables. HSTC staff will undertake the installation of the sensors and the data acquisition units. Data from the sensors will be transferred to the IPACS Centre and IPACS engineers will report on the health of the assets.

Based on the success of this Centre, the Joint Venture hopes to deliver similar solutions to other original equipment manufacturers based in China. The Joint Venture also expects to undertake further customer installations in the first quarter of 2018.

Confidentiality

A signed confidentiality agreement is annexed to provide comfort to the parties in the disclosing technical or corporate information including details of the intellectual property and skills transfer arrangements envisaged.

Yours sincerely



Kailash N Sriram
Managing Director
IPACS Power



Dr. Hong Xiao
Managing Director and Founder
Hangzhou Smartrich information Tech

CONFIDENTIAL DISCLOSURE AGREEMENT

IPACS Power Pty. Ltd. ABN: 14 150 389 736

And Hangzhou Smartrich information Tech Co Ltd (located at Room 506, No.369, Qianchao Road, Jianggan District, Hangzhou)

IN RELATION TO

A The 'Confidential Information': Relates to IPACS Power's (hereinafter called IPACS) proprietary Remote Operation Centre, which includes (a) IPACS remote monitoring technology, (b) condition monitoring technology, (c) data analytics technology (d) IPACS infrared clinker monitoring technology and (e) embedded technology. IPACS infrared clinker monitoring technology includes custom built infrared optics, IPACS optics cables and imaging systems, and IPACS plant optimisation graphical user interface. IPACS Plant optimisation graphical user interface software includes slag monitoring and reduction algorithms and image enhancement algorithms developed by IPACS. IPACS embedded technology includes an industrially hardened PC, PC-PLC control system and real time video access and software control over Ethernet.

B IPACS Power Pty Ltd has agreed to disclose to Hangzhou Smartrich information Tech Co Ltd the Confidential Information for the purpose of: Sub-licence of IPACS Remote Operation Centre technology and for applying for government or non-government grants.

CONFIDENTIALITY OBLIGATIONS

In this agreement 'Confidential Information' means all information disclosed by one party to the other party which is confidential to the disclosing party, including but not limited to trade secrets, drawings, know-how, techniques, source code and object code, business and marketing plans, and projections, arrangements, and agreements with third parties, customer information and customer list, concepts not reduced to material form, inventions, designs, plans and models.

Each party acknowledges that the Confidential Information of a disclosing party is valuable and agrees:

- to keep the Confidential Information confidential and secret;
- not to disclose the Confidential Information to any person except in accordance with this agreement, unless with the disclosing party's prior written consent;
- to use the Confidential Information only for the purposes of this agreement;
- to take proper precautions to prevent persons from accessing the Confidential Information;
- notify the disclosing party immediately it becomes aware of person using the Confidential Information other than for the purposes of and in accordance with this agreement.

The obligations of confidentiality under this agreement, do not extend to information which a party can prove was rightly known to it prior to the negotiations leading to this agreement; or which comes into the public domain after the date of this agreement, otherwise than as a result of a breach of this agreement; or which is required by law to be disclosed.

All documents and other materials containing Confidential Information will be returned to the disclosing party immediately upon written request. Nothing in this agreement shall be construed as giving a party any rights by way of licence or otherwise, to the Confidential Information or any related intellectual property. These confidentiality obligations will survive the completion of this agreement.


Intellectual Property relating to all aspects of IPACS Remote Operation Centre technology, including all associated sub systems and detailed system information, resides solely with IPACS Power Pty Ltd.

SIGNED



Print name: Kailash N Sriram
IPACS Power Pty Ltd.
Ltd

Date: September 14, 2016



Print name: Dr. Hong Xiao
Hangzhou Smartrich information Tech Co

Date: September 14, 2016