String Transport Yunitskiy LLC

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Presentation of STY freight technology

Moscow 2011

Content

KEY INVESTOR HIGHLIGHTS

- Expansive and sustainable global demand for bulk commodities including iron ore and coal, from Japan, Korea, China and India
- Highly profitable business model providing our clients with an open access networks at no upfront capital expenditure
- Sustainable transport network with, lower emissions, lower energy use, minimal land disturbance, lower consumption of construction materials
- A String Transport Yunitskiy is fully automated, elevated track structure protects and preserves the natural environment, low noise and vibrations
- All weather operational, no down time in floods, no obstruction to fauna
- String Transport Yunitskiy have been researched and developed with project grant assistance from the United Nations UNHABITAT program and technical evaluation of commercialization.

EXECUTIVE SUMMARY

Transport infrastructure is expensive to build, and then costly to operate and maintain. It's also usually a time consuming process for environmental and commercial approvals and the construction.

But the lack of adequate infrastructure is debilitating for a nation facing the increasing demand for its natural resources.

The Australian mining industry, one of the largest in the world, is severely affected by all of these problems expensive infrastructure, complicated environmental approvals due to significant land impact, costly maintenance, and difficulty in getting access to existing rail track. Not only are profits and exports reduced through inadequate infrastructure, but many resource projects remain transport limited or even stranded, simply stuck in the ground without adequate or economically feasible transport available.

String Transport Yunitskiy (STY) technology comprises designs, patents, and knowhow in new rail technology for rail, rolling stock and other network components. It is scalable, low cost, low energy, environmentally sensitive and rapidly deployable rail infrastructure for passenger, freight and bulk commodity transport.

Created and designed over three decades by technology designers of String Transport Yunitskiy under the leadership of Dr. Anatoly Yunitskiy, company is commercializing the technology for the mining, freight and port sector with an initial focus on the Australian resources industry. Specifically, iron ore and coal haulage applications provide the immediate opportunities.

This commercialization involves the following activities:
a) The design, engineering and construction of the first commercially operating STY line
b) Simultaneously the project design works will commence for a large scale project

The availability of a string transport rail system for bulk commodity haulage will have a significant impact on junior and mid-tier miners struggling to bring identified resources to production. This is especially the case in areas of identified export growth such as Pilbara in Western Australia (iron ore) and Bowen and Galilee Basins in Queensland (coal). Competitively, even if conventional rail haulage was either made available or could be built, string rail transport is almost certainly likely to be of much lower cost. This will open up new mine projects, improve existing mine projects and overall increase Australian exports at a time of great demand.

String Transport Yunitskiy vision is to grow rapidly reflecting the urgent need in the market for better and alternative transport solutions and to become an industry leading supplier of those haulage solutions. This will involve a number of growth phases as the company scales from demonstration to commercial contracts, and opportunities for early investors to see their value within the company grow commensurately.

THE BUSINESS OPPORTUNITY

Australian companies are great at mining and their geographical advantages must be utilized. Despite great geography and geology Australia's market share has been slipping, due to lack of necessary infrastructure.

The cost of getting it wrong is striking. If Australia continue to lose market share it implies that, in today's dollars, Australia would be more than $91 billion worse off in 2020 alone compared to the maintaining current market share. In contrast, the benefits of getting it right are even more massive. Australia's national income would be almost $129 billion higher in 2020.

Case Study: The Pilbara Growth Region – Home of Australian Iron Ore

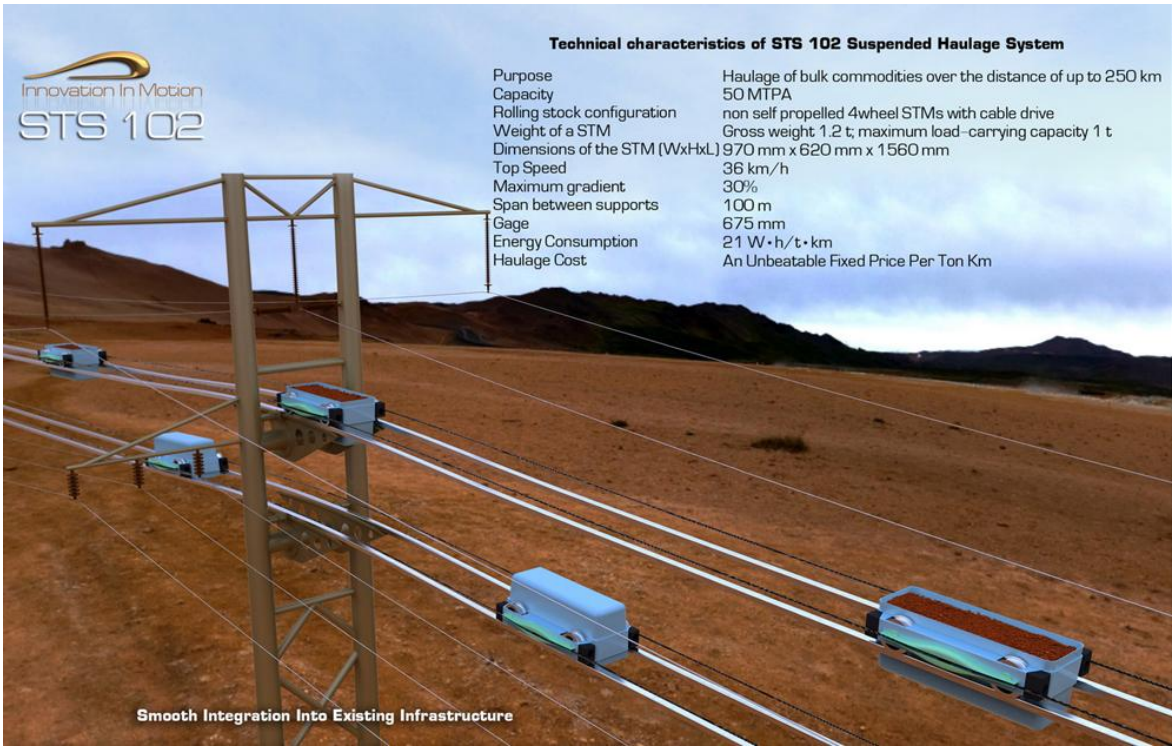
- ✓ Iron ore alone amounted for almost $19.5 billion of the regions exports in 2007-08. The region is the fastest growing minerals and energy production centre in the nation. The outlook is for that rapid growth to continue.
- ✓ Iron ore production is expected to increase from the current 235 Mtpa (as of 2008) to more than 600 Mtpa by 2020.
- ✓ That is an additional 365 Mtpa that needs transporting to ports for shipping.
- ✓ This is a key target market for String Transport Yunitskiy in Australia.

The Problem

Emerging miners face significant challenges in realizing the value of their resources in the ground, this can only be done by getting them to port and onto a ship. Without meaningful access to 3rd party railways, these miners are limited to relatively small production volumes that can be hauled by trucks.

The Solution – 102 & 103

String Transport Yunitskiy is the perfect alternative and is positioned to alleviate low volumes from trucks and the excessive costs of building their own railways. STY can haul up to 150 Mtpa at approximately half the average cost per kilometer for similar capacity conventional systems.



Business Model

String Transport Yunitskiy will operate an open access haulage network that will allow emerging miners to contract STY for haulage services at an appropriate market rate based on a price per ton kilometer basis, an access fee to the haulage network and a lease or other fee for required capacity of rolling stock. Additional revenues are generated from preliminary project reports, scoping, pre-feasibility and definitive feasibility studies. The overall model is to build, own and operate the haulage networks for the life of the clients mines. This provides STY with very predictable, long term, profitable revenues from life of mine haulage contracts.

STY is optimized transportation system

STY technology is the result of a scientific theory Optimization of Transportation Systems by Dr. Anatoly Yunitskiy. It is the optimal use of resources to provide an equivalent transport system carrying freight. The material consumption is vastly reduced by the innovative use of generic materials, readily available from multiple suppliers.

A String Transport Yunitskiy can be built in areas that other haulage networks (road or rail) cannot. It has a remarkably low footprint of just 100m² per kilometer as opposed to 50,000m² per kilometer for roads and rail. This eliminates the vast majority of environmental land disturbance hence it is fauna and flora friendly. The systems core component String Rail replaces the need for railway sleepers, ballast and embankment.

Business Overview

String Transport Yunitskiy is the company that holds patents and knowhow for the commercialization of String Technology for the mining and freight services industry. It has been created with the aim of implementing transportation infrastructure assets that generate significant revenue from mining haulage and general freight operations.

The Board of String Transport Yunitskiy has developed the intimate knowledge required to confidently demonstrate the applications of String Technology for the Australian and global mining and freight industries.

Mining haulage services are various forms of transport, normally truck or rail, but can be slurry pipes or conveyor belts, which carry a mines ore or coal to a stockpile at a port for shipping to customers. This service is contracted out to a mining services company and that is the space String Transport Yunitskiy intends to operate and will be providing as an alternative solution in comparison to the constraints of conventional solutions:

- trucking (low volumes of up to 5 Mtpa) and is expensive to operate
- rail ($ 5m per kilometer +; highly capital intensive)
- slurry pipes (modest volumes up to 2.5 Mtpa)
- conveyors (capital intensive similar to rail)

With a String Transport Yunitskiy, mines may be able to process larger volumes of ore or coal and with the use of a String Rail deliver it to port, improving their economies of scale and potentially better return on their capital. Subject to operational efficiencies, String Transport Yunitskiy sees itself as operating a potentially competitive and profitable service within industry benchmark prices.

What is String Technology?

String Technology is a suite of patented technologies that make up the components of a String Transport Yunitskiy. String Technology was invented by Dr. Anatoly Yunitskiy and has been developed over a period of 33 years to where it is today, commercially ready for implementation.

String Technology has been assessed by the number of bodies, including by: United Nations Human Settlement Commission (UN HABITAT), Russian Academy of Sciences, Institute of Problems of Transportation and ProMet Engineers of WA as being commercially ready for implementation.

There are 2 versions of String Transport Yunitskiy – supported (above the rail) and suspended (under the rail). Each of these systems has its unique characteristics and advantages. The choice of STY systems version will, first of all, depend on specific technical conditions of the project, the capacity requirements and certain climatic conditions. Supported systems are capable of hauling up to 150 MTPA and suspended up to 50 Mtpa. System selection is dependent on terrain and overall project parameters.

STS Supported System

STS Suspended System

String Technology is an optimized transport network where each component is designed to perform at optimal levels and replace the need for traditional components of a railway line. For example a String Rail in its design replaces the need for sleepers, ballast and embankments. The design of the track structure ensures that a minimal amount of intermediate supports are required and anchor supports can be as far as 4,000 meters apart, easily spanning rough terrain and ground water reservoirs such as marshes or swamps. This leads to a very small ecological footprint in use of land.

Novel Design and Application of Readily Available Composite Materials for a Lightweight Track Structure

String Transport Yunitskiy licensed patented String Rail design uses conventional off the shelf materials and components in efficient and innovative ways. It is lightweight yet incredibly strong and this reduces the amount of material consumption of steel and concrete to provide an alternative track structure capable of meeting similar loads over similar distances at a reduced cost.

The String Rail allows for the design of the track structure to perform similar functions of a traditional railway system without the need for embankments, ballast, sleepers, culverts and bridges.

STS supported system,
Low Environmental Impact

Heavy Haul Train, Very High Embankment,
High Volume Earthworks, Large Footprint

The String Rail is a composite structure, (steel and concrete or epoxy filler). It uses high tensile wire under tension to create a very even and smooth surface for the steel wheel to operate on. The tension per rail can range from 50 to 500 tones depending on the span length, mass and travel speed of the rolling stock. The string rail combines the qualities of a flexible thread (at the large span between the supports), and a rigid beam (at the small span, under the modules wheels and above the support). This ensures smooth movement of wheels both in the middle of a span and above the supports.

The string rail is characterized by the high strength h, rigidity, evenness, technological production, and installation, low material consumption and a wide range of operating temperatures ranging from -70°C to +100°C. The lack of technological or expansion joints along the whole length (a rail head is welded as a single continuous beam) provides an ideally smooth surface for the wheels. In terms of its margin of safety (20 to 100 fold) a string rail is superior to any other elevated structures. Instead of cables being tensioned vertically or at angles (shear tension), the tension is applied horizontally (linear tension) throughout the rail body providing enormous strength. This significantly reduces the material consumption, which in turn lowers capital costs and operational expenses.

Intelligent Logistics Control System ILOCS

The Intelligent Logistics Control System (ILOCS) enables an STY line to be utilized to its full capacity by several different mines. This is vitally important for the emerging producers as they need a haulage service

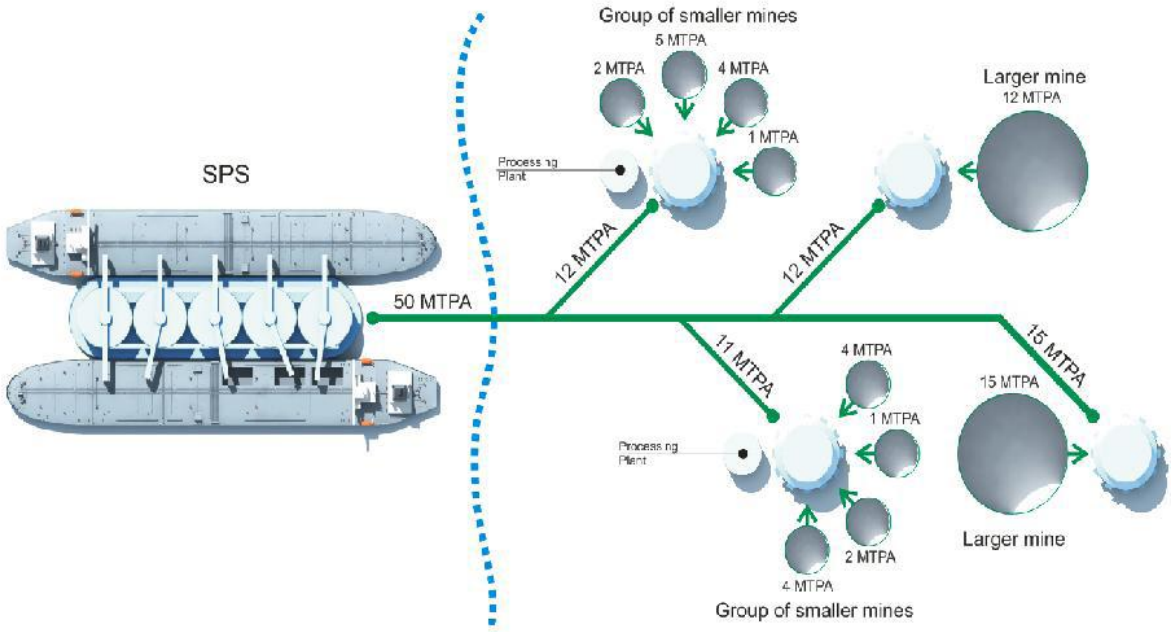
that expands capacity in line with their own production plans. The track structure and infrastructure are designed for full capacity of up to 150 Mtpa, but the rolling stock is only acquired by each user as required to meet a mines output.

If, for instance, a miner commences production at 4 Mtpa the first year and plans to scale up its production to 8 Mtpa the following year, then all they need to do is to purchase additional rolling stock required to meet the increased capacity.

ILOCS has been specifically designed to provide a financially sustainable solution for multiple users as the infrastructure and track structure CAPEX of a STY network is out of reach for most emerging miners on their own.

In an open access network, STY spur lines converge into a single line via the turnout switches. The STY line runs along the shortest and the most convenient route to the coast line and goes into the designated stockpiles or directly to a String Port.

With ILOCS, String Transport Yunitskiy can guarantee that the right product, from the right mine gets to the right stockpile, at the right time, every time.



THE COMPANY

About the Company

String Transport Yunitskiy is limited liability Company, registered address is:

Russia, Moscow
ul. Nagatinskaya, 18/29

Owner: Anatoly Yunitskiy – 100%

Company Strategy

String Transport Yunitskiy strategy is targeting emerging miners with their feasibility study providers to ensure that they become aware of alternatives to transport of bulk commodities.

Unlike other haulage providers, String Transport Yunitskiy offers a ZERO CAPEX solution to its clients. String Transport Yunitskiy will build, own and operate the haulage network and charge each user for the haulage volume they require on per kilometer / per ton basis.

Whilst all track structure and infrastructure is provided by String Transport Yunitskiy, each user will be required to lease their own rolling stock and use that to meet its production requirements. This provides true scalability for each user and allows easy expansion.

Each potential client will progress through a number of stages before qualifying for access to the haulage network, as outlined below:

- *Scoping Study* – Outlines several factors that need to be considered including corridor selection and likely requirements for specific volumes to be hauled. Includes environmental approval processes and other key factors such as power and water availability, stockpile location, and STY interface options.
- *Pre-Feasibility Study* – Narrows the corridor and provides actual route options; all operational considerations and actual numbers of STY components including anchor supports, intermediate supports and other infrastructure can be identified and cost allocated.
- *Definitive Feasibility Study* – Final selection of route and all design and development plans now completed ready to commence construction. All financial, regulatory, and other approvals now complete.
- *Haulage contracts* – Haulage contracts signed for life of mine operations.

Exit Strategy

The Board believes that an IPO is the preferred exit strategy for the business to meet its goals and objectives. The Board does not discount, however, that the company may receive other proposals under a trade sale, joint venture, RTOs or other strategic alliance arrangements and will consider all options on their merits.

EXTRA INFORMATION ABOUT THE BUSINESS

Market Review

Mining haulage is provided by numerous road haulage and rail haulage companies. Rail haulage services are provided through QR National and Asciano, who have rail and port facilities including the former Pacific National groups assets.

A number of mining companies also have their own railways. BHP Billiton, Rio Tinto and Fortescue Metals Group owned, The Pilbara Infrastructure Pty Ltd are all privately owned railways and have been the subject of many attempts to try to gain access by emerging miners. The latest of which was a ruling that opened a railway belonging to BHP on the Goldsworthy line up until 2018, and third party access was granted for the Robe River line. The other major railway lines in the Pilbara remain closed to third party usage after a court ruling.

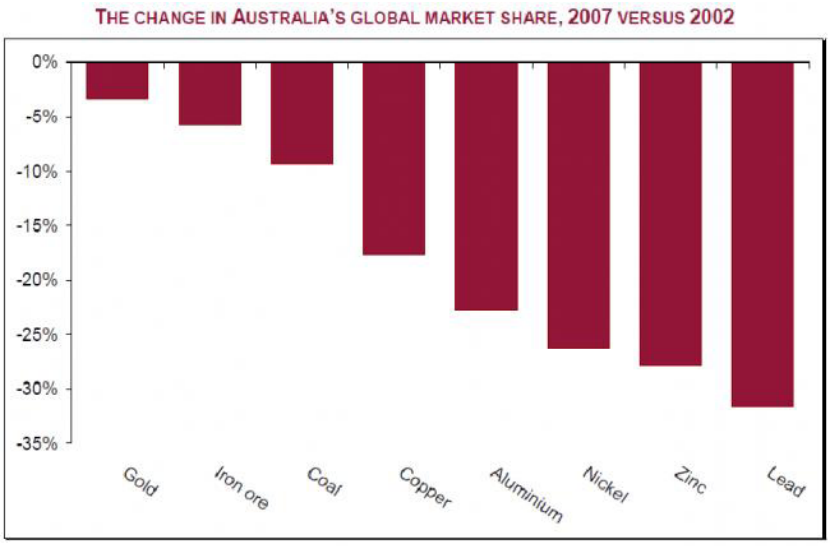
This leaves many of the emerging miners without the necessary infrastructure options to grow their businesses above very modest levels of 2-4 MTPA by truck haulage alone. This key factor is one of the main reasons that String Transport Yunitskiy has been attracting interest throughout the industry.

Projected production increases in bulk commodities production (iron ore and coal) amount to 365 MTPA at an estimated average rate of $0.10 per ton/kilometer and an average haulage distance of 100 kilometers which equates approximately to an annual market of $3.65 billion in new haulage required to meet the forecast demand.

String Transport Yunitskiy estimates that with a commercial line of approximately 50 MTPA will potentially generate revenues in excess of $500 million per year projected from 2015 at an average rate of $0.07 per ton/kilometer over a 150kilometres distance or approximately $10.50 per ton delivered.

Forecast Market Size of Bulk Commodities Production 2020

Australia is the world's largest exporter of black coal, iron ore and gold. It is the leading producer of bauxite and alumina; the second largest producer of uranium, lead and zinc; the third largest producer of iron ore, nickel, manganese and gold; the fourth largest producer of black coal, silver and copper; and the fifth largest producer of aluminum.



Change in Australia's Global Market Share, 2007 versus 2002

A Multi Billion Dollar Problem and Opportunity

Australian companies are great at mining and it's geographical advantages must be utilized. Despite great geography and geology Australia's market share has been slipping, due to lack of necessary infrastructure.

It has been reported, had Australia maintained its global market share between 2002 and 2007, then-at today's prices-Australia's miners would have earned another $17 billion, the equivalent of 1.6% of nominal national income in 2007. [Source of this information: as stated in the Access Economics Report prepared for the Minerals Council of Australia titled *Global Commodities Demand Scenarios*].

For instance, by 2020 global coal production needs are projected to grow to approximately 45% more than 2006 production levels, while iron ore has to grow 54% above its 2006 scale, and aluminum to 58% above its 2006 production scale.

For example, it suggests the need to lift annual coal and iron ore volumes by 211 million ton and 328 million ton respectively over and above their 2007 levels. That is more than three times the matching lift in tonnages achieved across the period 2002 to 2007. The cost of getting it wrong is striking. If we continue to lose market share it implies that, in today's dollars, Australia would be more than $91 billion worse off in 2020 alone compared to the maintaining current market share. In contrast, the benefits of getting it right are even more massive. Australia's national income would be almost $129 billion higher in 2020.

With these volumes of potential revenues at stake, all Australians will benefit from meeting the forecast demand of iron ore production. String Transport Yunitskiy could be the most sustainable solution for transporting bulk haulage commodities environmentally, socially and economically.

Although iron ore resources occur in all Australian States and the Northern Territory, almost 90% of identified resources (totaling 38.5 billion ton) occur in Western Australia, including more than 80% in the Hamersley Province which is one of the world's major iron ore provinces. Western Australia produced 98% of the total production in 2006.

Iron Ore Production Forecasts WA - 2020 Mtpa

Regions	Million Tons per Year
Kimberley	10
Pilbara	600
Mid West	80
Total	690

The Pilbara Growth Region

Iron ore alone amounted for almost $19.5 billion of the regions exports in 2007-08. The region is the fastest growing minerals and energy production centre in the nation. The outlook is for that rapid growth to continue. Iron ore production is expected to increase from the current 235 Mtpa to more than 600 Mtpa by 2020. That is an increase of 365 MTPA that needs transport to ports and be shipped. This is a key target market for String Transport Yunitskiy.

Key Advantages of STY

- *Low Material Consumption* – From stronger and lighter composite materials.
- *Low Environmental Disturbance* – A String Transport Yunitskiy uses just 100 m² per kilometer of land.

- *Lower Capital and Operating Costs* – Unique efficiencies deliver lower material and energy consumption.
- *Scalable Haulage On Demand* – Increase in haulage capacity is as easy as acquiring additional rolling stock.
- *Increased Cash Flows* – Larger haulage capacity allows operators to reinvest in production capacity increases and larger volume sales contracts.
- *Can Deliver Volumes That Trucks Cannot* – A String Transport Yunitskiy will deliver capacities equivalent to rail by a fraction of the price with a secured access agreement for mining operators.

STY advantages can be summed up as follows:

- String Technologies are associated with the low labour requirements and low CAPEX (Capital Expenditure) and OPEX (Operational Expenditure). STY OPEX can be 50-70% lower than that of traditional transportation systems of the first level. A typical implementation of an STY project will have a payback period of between 2-5 years.
- Fuel (energy) efficiency of STY is 300-500% better than motor and up to 30% better than railway transport - just 3 liter per 10 tons of freight per 100 kilometers.
- STY has low dependence on terrain. There is no need for extensive ground preparation. The spans between the supports range from 30 to 2000 meters and enable the track to pass across marshlands, sands, water barriers, mountains, and other challenging terrain.
- STY track structure has a service life of more than 50 years.
- STY is all weather operational, including cyclones, earthquakes, floods, and landslides.
- STY has the lowest footprint, usually of around 100 m² per kilometer of track.
  STY is efficient for application in all natural climatic zones of the Earth. It is operational in the temperature ranges from -70°C to +100°C, at the travel speeds ranging from 40 to 120 kilometers per hour.

The aforementioned advantages make it possible within a short time frame to implement a principally new type of freight transportation system for mining haulage and to solve the problems of bulk commodities haulage from any location, including those with challenging terrain and severe climate.

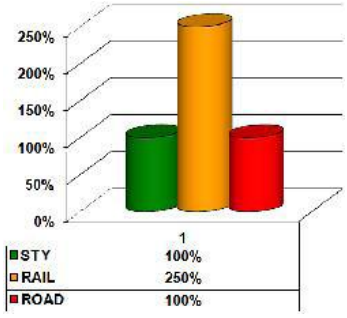
At the same time the environmental impact will be significantly minimized. STY implementation may reduce (CAPEX and OPEX) and will improve recoupment and profitability of mining projects.

Ore composition will be improved; the lumps to fines ratio will be improved due to smoother motion of a rolling stock and fewer loading/unloading cycles during all stages of ore transportation from mine to ship hold.

Comparative Advantages of our Technology

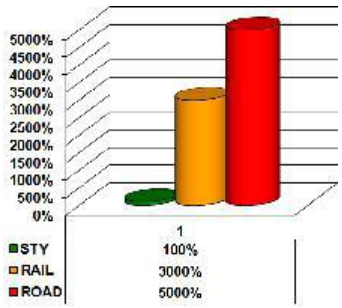
COMPARATIVE ANALYSIS OF STY AND OTHER TRANSPORT SYSTEMS

LOWEST CAPITAL COST OF THE SYSTEM IS ACHIEVED BY



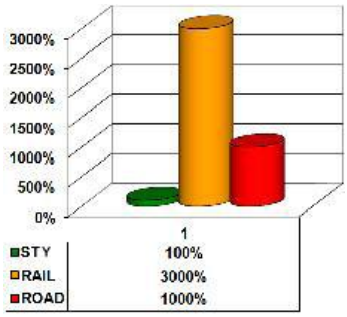
Low material consumption for construction of the track structure
Low dependence on terrain
Use of inexpensive and widely available materials
Use of off the shelf vehicles, units and components
Simplified infrastructure
Reduced rolling stock requirement due to optimized organization of traffic
Low land usage
Low volume of earthworks
Optimized progressive assembly construction technology

COMBINED LAND USAGE SQM



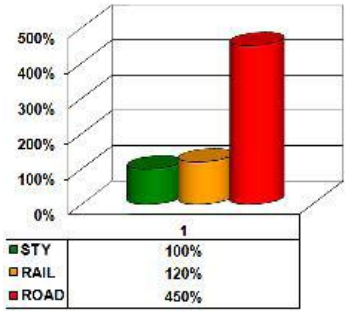
Construction of fully elevated track structure on supports
Elimination of at grade track structure requiring embankment

VOLUME OF EARTHWORKS



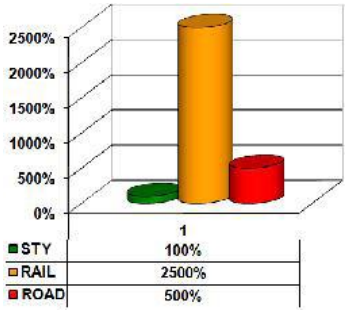
Construction of fully elevated track structure on supports
Elimination of at grade track structure requiring embankment
Significantly less earth moving required to provide a flat and even surface due to strength of string rail on anchor supports

ENERGY EFFICIENCY



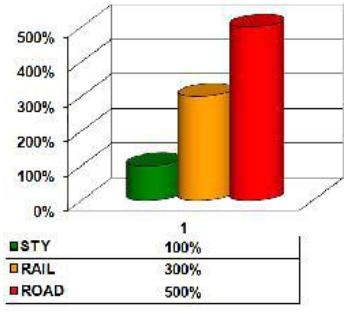
Optimized wheel-rail interface geometry ensuring lowest possible rolling resistance
Optimized aerodynamics of a trailer ensuring lowest possible aerodynamic resistance (drag)
Elevation of the vehicles which eliminates ground effect
Lower dry mass of the vehicles
Continuously welded, polished rail which reduces rolling resistance

COMBINED NEGATIVE ENVIRONMENTAL IMPACT RESULTING FROM OVERALL CONSTRUCTION



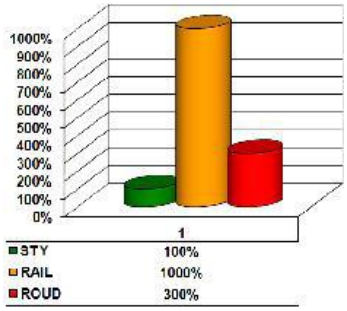
Significantly reduced material consumption and corresponding reduction in heavy machinery operating time, fuel usage, destruction of adjacent ecological systems, interference with natural hydrology, noise pollution, etc.

COMBINED OPERATIONAL AND MAINTENANCE COSTS



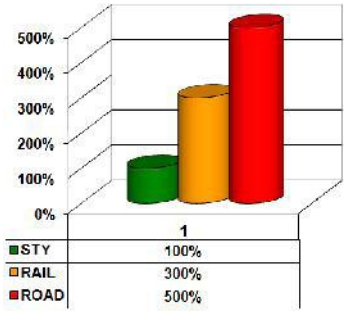
Lowest combined operational and maintenance costs are achieved by:
Unrivalled energy efficiency
Low maintenance track structure
Favorable conditions of rolling stock operation resulting in longer service life
All weather operation
Improved durability of track structure resulting in lower repair costs

COMBINED MATERIAL CONSUMPTION FOR CONSTRUCTION OF TRACK STRUCTURE, INFRASTRUCTURE AND ROLLING STOCK



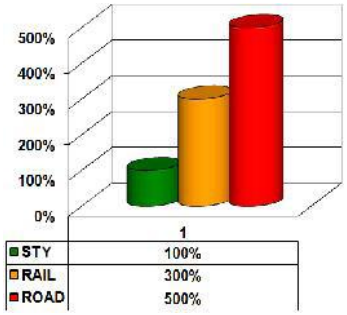
Eliminating the need for ballast and embankment
Eliminating the need for bridges, tunnels, retaining walls, culverts, etc.
Eliminating the need for contact network

ALL COMBINED ACCIDENT RATES



Full elevation of the system which eliminates possibility of collision with other vehicles, people and animals
Anti-derailment side wheels which eliminates possibility of derailment
Track structure is resistant to most natural disasters, including earthquakes, floods, hurricanes, etc.
Track structure is most resistant against any potential terrorist attack

COMBINED NEGATIVE ENVIRONMENTAL IMPACT FROM SYSTEM OPERATION



Unrivaled energy efficiency which minimizes harmful emissions
Lowest footprint which minimizes interference with ecological systems, natural hydrology, and soil vegetation

These strong advantages add up to a system that is lighter, stronger, faster, and cheaper to build. It is the optimal utilization of important environmental and financial resources. A String Transport Yunitskiy stands out as a viable sustainable solution to transport bulk commodities.

Previous Demonstration of a String Transport Yunitskiy - Full Scale Segment

String Transport full scale test track

Key Characteristics of the Testing Ground:

- Length of the structure - 150 meters
- Summary tension of strings in the track structure - 450 tons (at +20°C)
- Height of the supports- up to 15 meters
- Maximum span - 48 meters
- Maximum mass of a moving load - 15 tons
- Relative rigidity of the largest span under the load - 1/1500
- Metal consumption of a string rail track structure - 120 kg/meter
- Track slope - 10%

The following units and components were tested at the full scale test track:

- Various strings (twisted cables with 27 mm and 15.2 mm diameter made of wires with 3 mm and 5 mm diameter, respectively).
- String anchorage.
- Relaxation of pre-stressed strings (relaxation of K-7 cable with 15.2 mm diameter with the design tension of 10,400 kgs/cm² during 8 years was not detected).
- Pile-supported, drill-injection and plate foundations of intermediate and anchor supports.
- Special high-strength concrete for filling string rails.
- Two-rim steel wheel damped with a rubber interlayer between the rim and the nave.
- Wheel rail cohesion (a minimal friction coefficient in a “wheel-rail” pair during the rain or icing is 0.15-0.2 which makes it possible to design STS with prolonged slopes of up to 15%).
- Accuracy of static and dynamic estimates of durability, rigidity and stability of supports, track structure and strings under the load impact of the rolling stock, seasonal change of temperatures, wind, icing, etc.

Key Sensitivities

Timing of funding, whilst economists and the Australian Bureau of Agricultural and Resource Economics agree that there will be likely long term iron ore and coal demand coming from with India and other developing economies to follow, timing of funding to commercialize the technology is paramount to the accelerated success of String Transport Yunitskiy.