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7 September 2010

Managing Director
String Transport Systems Limited
Level 2, 62 Wyndham Street
Alexandria NSW, 2105

Dear Victor

String Transport Systems Technology

ProMet Engineers Pty Ltd (ProMet) provides project management, process plant design and consultancy services to the Australian and international metallurgical and process industries. It is committed to providing state-of-the-art technology engineering and solutions to its clients, incorporating the principles of sustainable development to resource processing.

The core expertise of the company lies in the processing of iron ore, from primary crushing of the feed ore through to the processes and unit operations required for the production of steel products and their associated infrastructure. Its employees have had many years of experience of the design of plants and processes covering the full range of process options for iron ore, from primary beneficiation of magnetite, hematite and earthy ores, to the production of steel products and their transport to ports for export. In addition, ProMet has similar process expertise and experience in non-ferrous mineral processing.

As can be seen on the following pages ProMet has been involved in many iron ore (hematite) studies for potential iron ore projects in Western Australia, in particular. One of the major costs associated with these projects is the cost of transporting the product to a port and onto a ship. Traditionally, these costs are based upon the use of road haulage or rail transport or for shorter distances, overland conveyors. ProMet also has extensive experience in magnetite iron ore projects and these also have similar transport infrastructure costs but have the added advantage of being able to consider the use the more economic slurry pipelines, if suitable conditions exist.

At times, the cost of a project's transport infrastructure requirements dwarfs the cost of the processing plant facilities and therefore a technological solution to reduce these costs and/or transfer of the cost into operating costs will be attractive to the mining industry.

ProMet has reviewed the technological solutions proposed by String Transport Systems and, from the technical information and costings provided, believes that this technology may provide a cost-effective method of getting the product to the port. This is due to the inherent reduced capital cost and lower operating costs basis of the technology. Furthermore, the system is not subject to the same physical constraints as other technologies as a more direct route to the port can be investigated, leading to further reduced capital and operating costs and shorter cycle times.

ProMet Engineers Pty Ltd
ABN 50 115 687 057
Ground Floor, 267 St George's Terrace, Perth WA 6000
Tel: +61 8 9476 5700 Fax: +61 8 9476 5710
Web: www.promet.com.au

The String Transport Systems' technology utilises two basic versions, a supported system and a suspended version both capable of up to 50 Mtpa.

Whilst ProMet has not undertaken a detailed technical review of String Transport Systems' technology as this was undertaken by the Russian Academy of Sciences, the basis appears technically feasible. The technology proposed, whilst new, has made use of many components that are commonly available and the transport modules have inherent redundancy, both of which reduce the risk profile of the technology.

The String Transport Systems' technological solution offers the potential for a shorter implementation period as the combined effects of less actual land disturbance, lower environmental impact and construction methodology may reduce the approval and construction timeframe.

The technology is also applicable to other bulk commodities such as coal, bauxite, etc and need not be restricted to longer haul distances or high capacities as is typical for these bulk commodities. It is possible that the suspended version of the technology can be applied to:

- Mine based applications such as run of mine haulage from smaller remote mines to a central processing plant, solid tailings disposal, etc.
- Port based applications such as remote stockpiles to a shiploader in lieu of conventional conveyors.

The adaptability of the suspended system at lower capacities could fill an important gap between current road haulage and rail haulage solutions by overcoming the capacity restriction of road haulage whilst maintaining lower operating costs.

Discussions have been entered into with potential clients who have expressed an interest in the concept. The next stage in the development will be the production of scoping studies which will prepare project-specific comparisons of the differing transportation methods.

No member or employee of ProMet is, or is intended to be a director, officer or other direct employee of String Transport Systems Limited nor has ProMet, had any shareholding, or the right (whether enforceable or not) to subscribe for securities, or the right (whether legally enforceable or not) to nominate persons to subscribe for securities in String Transport Systems Limited.

Fees are not being charged for the preparation of this opinion. However, fees will be charged at a commercial rate for the preparation of scoping studies, etc, the payment of which is not contingent either upon the conclusions of the study or the success of the proposed listing of String Transport Systems Limited on the ASX.

Yours sincerely

DAVID GLYNN
Managing Director

ProMet References for Hematite Iron Ore Projects

Ausquest

Services:

Preliminary testwork and evaluation of hematite resource in Western Australia

Crosslands

Jack Hills PFS

Location: Mid-west Region, Western Australia

Description:

Scoping Study for the Jack Hills Iron Ore project, and subsequent process design for the PFS

Echelon Resources

Location: Newman, Western Australia

Size: 2 Mt/a DSO

Description:

Scoping study for the development of 2 Mt/a DSO operation near Newman

Fortescue Mining Group (FMG)

Grass-roots Hematite Project

Location: East Pilbara, Western Australia

Description:

ProMet performed the initial Scoping Study for the FMG project. Subsequently, ProMet seconded a team of key personnel into the FMG organisation which saw the development of the initial project concepts into a firm development plan for the venture. ProMet were also responsible for the testwork and process design of the hematite concentrator for the DFS.

Gindalbie Metals

Gindalbie Hematite Project

Location: Mid-West, Western Australia

Description:

ProMet performed the initial Feasibility Study and the Definitive Feasibility Study for the Gindalbie Hematite Project which was proposed for development in conjunction with the Karara Magnetite project, with 2 Mtpa of DSO to be shipped through the port of Geraldton

Giralia Resources

Mt Webber Iron Ore Project

Location: 150 km from Port Hedland, Western Australia

Description:

ProMet has performed a scoping study for the project to produce 2 Mt/a of lump and fines DSO for export.

Giralia Resources

McPhee Iron Ore Project

Location: 220 km from Port Hedland, Western Australia

Description:

ProMet has performed a scoping study for the project to produce 2 Mt/a of lump and fines DSO for export. Alternatives considered included a 10 Mt/a case.

Iron Ore Holdings

Phils Creek Iron Ore Project

Location: Phil's Creek, Western Australia

Description:

ProMet performed two significant studies of the development of DSO projects for Iron Ore Holdings. IOH were ultimately able to use the work done by ProMet in a negotiation with Rio Tinto for a mine-gate sale of their DSO.

Iron Ore Holdings

Iron Valley Iron Ore Project

Location: Iron Valley, Western Australia

Description:

ProMet performed a transport options study and cost estimates for the delivery by rail or conveyor of 10 Mt/a of DSO products.

Itochu, Chile

Services:

Due Diligence and Scoping Study for an Iron Ore resource in Chile including all geological, mining and infrastructural aspects of the project

Murchison Metals

Rocklea Iron Ore Project

Location: Pilbara, Western Australia

Description:

Scoping Study for the Rocklea Resource in central Pilbara, August 2009

Polaris Metals

Yilgarn Iron Ore Project

Location: Midwest, Western Australia

Description:

ProMet performed a PFS for the development of its Yilgarn Iron Ore Project – a DSO project which involved the export of the product through Kwinana Port facilities.

Smartway, Brazil

Services

Study for the retreatment of Iron Ore stockpiles

Sundance Resources

DSO Green Field Project

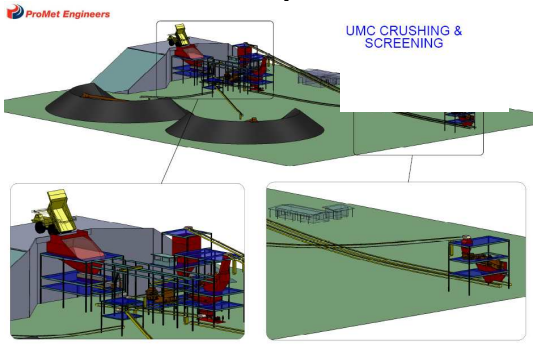
Location: Cameroon

Size: 35 Mt/a DSO

Description:

ProMet conducted the scoping study of a new, grass-root 35 Mt/a DSO project in Cameroon, West Africa, incorporating mine, storage, rail, export facilities and port.

United Minerals Corporation NL



Hematite DSO Project

Location: Pilbara, Western Australia

Size: 5 Mtpa

Description:

Preliminary Process and Design Engineering for a 5 Mtpa processing plant

Xstrata, Brazil

Services:

Review of existing mines and rail and port infrastructure

Xstrata, Congo

Location: Congo

Description: Zanaga Itabirite Project

ProMet has been responsible for the conceptual design of a processing route for the Zanaga Itabirite ore, including laboratory testing to create potential products to evaluate their market acceptability using the OREX Value in Use model.