



**TRANSIT HOLDINGS LTD**

**ACN 121 184 316**

**NOTICE OF ANNUAL GENERAL MEETING**

**AND**

**EXPLANATORY STATEMENT TO SHAREHOLDERS**

FOR AN ANNUAL GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON  
FRIDAY 26 NOVEMBER 2010 AT CWA HOUSE,  
1176 HAY STREET, WEST PERTH, WESTERN AUSTRALIA AT 9.00 AM WST

IMPORTANT INFORMATION

*This is an important document that should be read in its entirety.*

*If you do not understand it you should consult your professional advisers  
without delay.*

You are encouraged to attend the meeting, but if you cannot, you are  
requested to

Complete and return the enclosed Proxy Form to

PO Box 902, West Perth, Western Australia, 6872,

or by facsimile on facsimile number +618 9482 0505, no later than 5:00 PM  
WST on Friday, 24 November 2010.

**TRANSIT HOLDINGS LTD**  
ACN 121 184 316

**NOTICE OF MEETING**

**NOTICE IS HEREBY GIVEN** that an annual general meeting of the members of Transit Holdings Ltd ("**Transit**" or "**the Company**") will be held on the date and at the location and time specified below:

**DATE:** Friday, 26 November 2010  
**LOCATION:** CWA House, 1176 Hay Street, West Perth, Western Australia  
**TIME:** 9.00 AM WST

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 9.00 am WST on 24 November 2010.

**BUSINESS**

The business to be transacted at this Annual General Meeting is the receipt of the financial statements and reports and the proposal of Resolutions 1 to 7 as set out below.

**Financial Statements and Reports**

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2010 together with the declaration of the directors, the directors' report, and the independent auditor's report.

**RESOLUTION 1 ~ ADOPTION OF REMUNERATION REPORT (NON-BINDING)**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopts the Remuneration Report as set out in the Director's Report in the Annual Report for the year ended 30 June 2010".*

**RESOLUTION 2 ~ RE-ELECTION OF DIRECTOR - MR RICHARD MONTI**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Mr Richard Monti, a Director of the Company, having retired in accordance with clause 13.2 of the Company's Constitution and, being eligible, offers himself for re-election as a Director of the Company."*

**RESOLUTION 3 ~ ELECTION OF DIRECTOR - MR BRIAN THOMAS**

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Mr Brian Thomas, having been appointed as a Director of the Company prior to the date of this meeting and being eligible, in accordance with clause 13.4 of the Constitution be elected as a Director."*

**TRANSIT HOLDINGS LTD**  
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**NOTICE OF MEETING**

**RESOLUTION 4 – REMOVAL OF AUDITOR**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, pursuant to S329 of the Corporations Act and for all other purposes, approval is given for the removal of Ord Nexia as the current auditor of the Company effective from the date of the Meeting."*

**RESOLUTION 5 – APPOINTMENT OF AUDITOR**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, pursuant to S327 of the Corporations Act and for all other purposes, approval is given for the appointment of MGI Perth Audit Services Pty Ltd as the current auditor of the Company effective from the date of the Meeting."*

**RESOLUTION 6 ~ ISSUE OF DIRECTOR OPTIONS – MR BRIAN THOMAS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Directors to allot and issue 500,000 Director Options to Mr Brian Thomas (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Brian Thomas (or his nominee) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**RESOLUTION 7 ~ DISPOSAL OF MAJOR ASSET TO SUBSIDIARY**

To consider and, if thought fit, to pass, with or without amendment, the following Resolution as an **ordinary resolution**:

*"That, for the purposes of Listing Rule 11.4 of the ASX Listing Rules and for all other purposes, approval is given for the Company to dispose of the Iron Ore Assets of the Company on the terms and conditions described in the Explanatory Statement accompanying this Notice of Meeting."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.



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**MORGAN BARRON**  
Company Secretary  
25 OCTOBER 2010  
BY ORDER OF THE BOARD  
TRANSIT HOLDINGS LIMITED

**EXPLANATORY MEMORANDUM TO SHAREHOLDERS**

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting to be held at 9.00 AM WST at CWA House, 1176 Hay Street, West Perth, Western Australia on Friday 26 November 2010. This Explanatory Statement is to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolutions proposed.

**1. FINANCIAL STATEMENTS AND REPORTS**

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2010 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

In accordance with amendments to the Corporations Act the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. These amendments may result in reducing the Company's printing costs.

Whilst the Company will not provide a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view the Company annual financial report on its website at [www.transitholdings.com.au](http://www.transitholdings.com.au).

**2. RESOLUTION 1 ~ ADOPTION OF REMUNERATION REPORT**

In accordance with Section 250R(2) of the Corporations Act, the Company must put a resolution that the Directors' Remuneration as set out in the Directors' Report of the Annual Report 2010 be adopted to vote at the Annual General Meeting. The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2010.

A reasonable opportunity will be provided for discussion of the Directors' Remuneration at the Annual General Meeting.

**3. RESOLUTION 2 ~ RE-ELECTION OF DIRECTOR – MR RICHARD MONTI**

Clause 13.2 of the Constitution requires that if the Company has three or more Directors, one third (or the number nearest one-third) of those Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of three years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Company currently has three Directors and accordingly one must retire. A Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

In accordance with the Constitution, Mr Richard Monti, retires and, being eligible, seeks re-election.

Details regarding Mr Monti are set out in the 2010 Annual Report.

**EXPLANATORY MEMORANDUM TO SHAREHOLDERS**

**4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR BRIAN THOMAS**

Clause 13.4 of the Company's Constitution states that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed holds office only until the next following general meeting of shareholders and is then eligible for re-election.

Mr Brian Thomas was appointed to the board on 6 June 2010 and in accordance with Clause 13.4 of the Constitution seeks election as a Director.

Mr Thomas is a geologist and mineral economist with extensive experience as both an executive and non-executive director with small to mid sized market capitalisation publicly listed resources companies. Mr Thomas holds a Bachelor of Science, a Master of Business Administration and a Graduate Certificate of Applied Finance and Investment. He is a member of the Australian Institute of Company Directors and the Australasian Institute of Mining and Metallurgy plus a senior associate of the Financial Services Institute of Australia.

He previously held a number of roles in the finance sector including a senior business development role with a major Australian bank sourcing energy and resources financing opportunities, investment banking with a global investment banking group and corporate stockbroking with two major Australian based firms. The shift to the finance sector followed over 20 years in both production and exploration operational management roles in the resources sector.

**5. RESOLUTIONS 4 & 5 – REMOVAL/APPOINTMENT OF AUDITOR**

Following the merger on 1 October 2010 between Ord Nexia, the Company's current auditors, and MGI Perth, the Company seeks to appoint MGI Perth Audit Services Pty Ltd ("MGI") as auditors to the Company.

Under the Corporations Act 2001 the appointment of a new auditor is subject to approval at an annual general meeting. The Company seeks approval at this meeting for MGI to be appointed auditor.

Pursuant to Section 328 of the Corporations Act 2001, MGI have provided their written consent to act as auditors to the Company and seek shareholder approval to be appointed as such.

In Accordance with section 328B of the Corporations Act 2001, notice in writing nominating MGI has been given to the Company by a shareholder. A copy of this notice is provided at appendix 1.

The Directors support the nomination and recommend the appointment of MGI as auditor to the Company.

**6. RESOLUTION 6 – ISSUE OF DIRECTOR OPTIONS – MR BRIAN THOMAS**

**6.1 General**

As announced on 9 June 2010, the Company has agreed, subject to obtaining Shareholder approval, to allot and issue a total of 500,000 Options ("Director Options") to Mr Brian Thomas ("Related Party") on the terms and conditions set out below.

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Sections 217 to 227 of the Corporations Act; and

**EXPLANATORY MEMORANDUM TO SHAREHOLDERS**

(b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

In addition, ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

The grant of the Director Options to the Related Party requires the Company to obtain Shareholder approval because the grant of Director Options constitutes giving a financial benefit and as a Director, Mr Thomas is a related party of the Company.

It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and ASX Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Options to the Related Party.

**6.2 SHAREHOLDER APPROVAL (CHAPTER 2E OF THE CORPORATIONS ACT AND LISTING RULE 10.11)**

Pursuant to and in accordance with the requirements of Sections 217 to 227 of the Corporations Act and ASX Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) the related party is Mr Thomas and he is a related party by virtue of being a Director;
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Party is 500,000 Director Options;
- (c) the Director Options will be granted to the Related Party no later than 1 month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (d) the Director Options will be granted for nil cash consideration, accordingly no funds will be raised;
- (e) the terms and conditions of the Director Options are set out in Schedule 1;
- (f) the value of the Director Options and the pricing methodology is set out in Schedule 2;
- (g) the relevant interests of the Related Party in securities of the Company are set out below;

<b>Related Party</b>	<b>Shares</b>	<b>Options</b>
Mr Thomas	-	-

- (h) the remuneration and emoluments from the Company to the Related Party for both the current financial year and previous financial year are set out below:

<b>Related Party</b>	<b>Current Financial Year <sup>(1)</sup></b>	<b>Previous Financial Year</b>
Mr Thomas	9,810	2,414

1) Financial year to date (1 July 2010 – 30 September 2010).

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- (i) if the Director Options granted to the Related Party are exercised, a total of 500,000 Shares would be allotted and issued. This will increase the number of Shares on issue from 45,381,221 to 45,881,221 (assuming that no other Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

<b>Related Party</b>	<b>Total Issued Shares as at the date of this Notice of Meeting</b>	<b>Director Options to be issued</b>	<b>Issued Shares upon exercise of all Director Options</b>	<b>Dilutionary effect upon exercise of Director Options</b>
Mr Thomas	45,381,221	500,000	45,881,221	1.09%

The market price for Shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time any of the Director Options are exercised and the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company.

As at the date of this Notice of Annual General Meeting the Share price of Transit's ordinary shares are trading on ASX lower than the exercise price of the Director Options.

- (j) the trading history of the Shares on ASX in the 12 months before the date of this Notice of Annual General Meeting is set out below:

	<b>Price</b>	<b>Date</b>
Highest	60.5 cents	7 December 2009
Lowest	13 cents	9, 12 & 13 Jul 2010
Last	21 cents	18 October 2009

- (k) the primary purpose of the grant of Director Options to the Related Party is to provide cost effective consideration to the Related Party for their ongoing commitment and contribution to the Company in their respective roles as Directors. The Board does not consider that there are any significant opportunity costs to the Company or benefits foregone by the Company in issuing the Director Options upon the terms proposed
- (l) the Board acknowledges the grant of Director Options to Mr Thomas is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Director Options to Mr Thomas reasonable in the circumstances, given the necessity to attract and retain the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves;
- (m) Mr Thomas declines to make a recommendation to Shareholders in relation to Resolution 6 due to his material personal interest in the outcome of the Resolution. The other Directors, who do not have a material interest in the outcome of Resolution 6, recommend that Shareholders vote in favour of Resolution 6. The Board (other than Mr Ceccon) is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution;

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Related Party as approval is being obtained under ASX Listing Rule 10.11.

## **EXPLANATORY MEMORANDUM TO SHAREHOLDERS**

Accordingly, the issue of Director Options to the Related Party will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule.

### **7. RESOLUTION 7 ~ DISPOSAL OF MAJOR ASSET TO SUBSIDIARY**

#### **7.1 BACKGROUND**

Radar Resources Pty Ltd (**Radar**) is a 100% owned subsidiary of the Company which has interests in iron ore exploration tenements in the Yilgarn Province of Western Australia (**Iron Ore Assets**).

The Company has been listed since December 2006 via an IPO which raised the Company \$3 million. The Company listed on the acquisition of the Iron Ore Assets and has spent approximately \$1.4m on the Iron Ore Assets.

In 2009, the Company completed the acquisition of Citadel Potash Pty Ltd, a company which has the right to earn 75% interest in a potash project (**Potash Project**) in the Paradox Basin, Utah, USA.

The acquisition of Citadel was approved by shareholders on 3 March 2009. This represented a change in the Company's focus from the Iron Ore Assets in Western Australia to Potash Project in Utah.

Due to increased activity in the Yilgarn Province leading to the recognition that the region is an emerging iron ore province, the Company has decided that a spin out of Radar into a new listed vehicle is the correct course of action.

Radar Iron Ltd (**Radar Iron**) has been formed to hold the Iron Ore assets currently owned by the Company. The material terms of the transaction are as follows:

- (a) Radar Iron will issue 22,690,612 shares + 12,000,000 options to the Company in return for a 100% interest in Radar and the Iron Ore Assets;
- (b) Radar Iron intends to proceed with an initial public offer of 30,000,000 fully paid ordinary shares at an issue price of \$0.20 each to raise \$6,000,000 (with the ability to accept oversubscriptions for a further \$2,000,000) (**Capital Raising**); and
- (c) subject to completion of the Capital Raising, Radar Iron intends to list on ASX.

As part of the Capital Raising, Radar Iron will offer the Company's Shareholders a priority to subscribe for shares offered under the Capital Raising. Shareholders of the Company will have first preference to \$500,000 worth of shares issued under Radar Iron's Capital Raising. The record date and further information on this priority offer is still to be confirmed, but will be provided to Shareholders when it is finalised.

While the Company considers that the Potash Project is now its main focus, as a precautionary measure, the Company is seeking shareholder approval to dispose of Radar as its "main undertaking" for the purposes of the ASX Listing Rules.

#### **7.2 INTRODUCTION AND REASON FOR RESOLUTION 7**

Resolution 7 seeks Shareholder approval pursuant to ASX Listing Rule 11.4 for the Company to complete the sale of its interest in Radar, under which it will dispose of the Iron Ore Assets to Radar Iron.

Pursuant to ASX Listing Rule 11.4, a listed entity must not, without shareholder approval dispose of a major asset if, at the time of the disposal, it is aware that the person



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acquiring the asset intends to issue or offer securities with a view to becoming listed. Radar Iron is proposing to list on the ASX.

The effect of passing Resolution 7 will be to allow the Company to dispose of the Iron Ore Assets to Radar Iron by completing the sale without breaching ASX Listing Rule 11.4.

### **7.3 BACKGROUND OF THE RADAR ASSET**

Radar has tenements that cover 8 granted exploration and prospecting licenses and 5 tenement applications covering approximately 290km<sup>2</sup>.

The Yilgarn Iron Ore Province is rapidly gaining recognition as Western Australia's most exciting new iron ore province with significant new resources being recently identified. Mining of DSO ores is currently progressing in 3 centres and at least two new mines are planned for 2011. Billions of tonnes of magnetite have been identified in recent years and planning for mining continues. The key to the region is its infrastructure – accessible rail and port solutions already exist with planning is underway to further expand iron ore export capacity.

Radar's tenement holding has had limited previous exploration despite over 35km strike length of prospective banded iron formation. Recently, geophysical interpretation of gravity and magnetic data and follow up field inspection has identified a number of ready to drill targets of both hematite and magnetite mineralisation. Drilling is planned to start immediately following listing.

### **7.4 IMPACT OF PROPOSED SALE ON THE COMPANY**

If the sale of the Iron Ore Assets is approved by Shareholders and proceeds it will have an impact on the Company. The Company's 100% interest in Radar will be replaced by an approximate 37% interest in Radar Iron.

This will result in various advantages and disadvantages which Shareholders need to consider in assessing the impact of the proposed sale of the Iron Ore Assets on the Company.

### **7.5 ADVANTAGES OF THE TRANSACTION**

The Directors are of the view that there are two significant advantages that may be relevant to a Shareholder's decision on how to vote on the proposed sale of the Iron Ore Assets:

- (a) the sale of the Iron Ore Assets will allow the Company to pursue new opportunities following its investment in the Potash Project (outlined above); and
- (b) the Company and its Shareholders will have continued exposure to the Iron Ore Assets via its retention of an approximate 37% stake in Radar Iron following the sale of the Iron Ore Assets.

### **7.6 DISADVANTAGES OF THE TRANSACTION**

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed sale of the Iron Ore Assets:

- (a) the Company will no longer retain a 100% in the Iron Ore Assets;
- (b) the Company will lose absolute voting control over the Iron Ore Assets once they have been sold to Radar Iron; and

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- (c) the Company will be focusing its activities solely on the Potash Project, which may not be consistent with the investment objectives of all Shareholders.

**7.7 ASX LISTING RULE 11.4**

Pursuant to ASX Listing Rule 11.4, a listed entity must not, without shareholder approval dispose of a major asset if, at the time of the disposal, it is aware that the person acquiring the asset intends to issue or offer securities with a view to becoming listed.

The Company intends to dispose of the Iron Ore Assets to Radar Iron following which, it is proposed that Radar Iron will complete its capital raising and seek a listing on ASX. Accordingly, Shareholder approval pursuant to ASX Listing Rule 11.4 is required.

**7.8 DIRECTORS RECOMMENDATION**

The Directors (excluding Brian Thomas) have a material personal interest in the outcome of Resolution 7 by virtue of being Shareholders of the Company. As at 25 October 2010, the Directors have a relevant interest in the securities of the Company as set out in the following table:

<b>Director</b>	<b>Shares</b>	<b>Options</b>
Ananda Kathiravelu	93,332	500,000
Richard Monti	2,524,166	1,000,000
Brian Thomas	-	-

In addition, it is proposed that Mr Kathiravelu will be a director of Radar, will receive directors' fees for this role and will be entitled to be issued options in Radar.

Based on the information available, all of the Directors consider that the proposed sale of the Iron Ore Assets is in the best interests of the Company and recommend that Shareholders vote in favour of the Resolution. The Directors have approved the proposal to put the Resolution to Shareholders and separately approved the information contained in this document.

**8. ENQUIRIES**

Shareholders are required to contact the Company Secretary on (+61 8) 9482 0515 if they have any queries in respect of the matters set out on these documents.

EXPLANATORY MEMORANDUM TO SHAREHOLDERS

9. GLOSSARY

**\$** means Australian dollars.

**Annual General Meeting** means the meeting convened by the Notice of Meeting.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Company** means Transit Holdings Limited (ACN 121 184 316).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

**Iron Ore Assets** means the iron ore exploration tenements in the Yilgarn Province of Western Australia currently held by the Company.

**Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement.

**Potash Project** means the potash project in the Paradox Basin, Utah, USA acquired by the Company from Citadel Potash Pty Ltd in 2009.

**Radar** means Radar Resources Pty Ltd (ACN 107 364 901).

**Radar Iron** means Radar Iron Ltd (ACN 146 455 576).

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.


**WST** means Western Standard Time as observed in Perth, Western Australia.

**APPENDIX 1**

To the Secretary, Transit Holdings Limited:

Re: Notice of Intention to move resolution to remove current auditor

I, Richard Monti, being a Director and major shareholder of the Company, request the Company to convene a meeting to consider, and if thought fit, pass the resolution that Ord Nexia be removed as auditor of the Company.

A handwritten signature in blue ink, appearing to read 'R. Monti', with a horizontal line extending to the right from the end of the signature.

Richard Monti  
15 October 2010

## **SCHEDULE 1**

### **Terms and Conditions of the Director Options**

A summary of the proposed terms and conditions of the Options is as follows:

1. Each Director Option entitles the holder to acquire one fully paid ordinary share in the Company.
2. The Director Options may be exercised at any time until 31 December 2012. Each Director Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the sum of forty cents (40c) per Director Option exercised. The Director Options will lapse at 5pm WDST on 31 December 2012.
3. The Director Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Director Options at any time until 31 December 2012. This right is subject to any restrictions on the transfer of an Director Option that may be imposed by ASX in circumstances where the Company is listed on ASX.
4. There are no participating rights or entitlements inherent in the Director Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 7 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
5. Shares issued on the exercise of Director Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application monies. Shares allotted pursuant to the exercise of an Director Option will rank equally with the then issued ordinary shares of the Company in all respects. The Company will not apply for quotation of the Director Options on ASX, however, it will, pursuant to the exercise of an Director Option, apply to ASX for quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the ASX Listing Rules.
6. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Optionholder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
7. If there is a bonus issue to shareholders, the number of shares over which the Director Option is exercisable may be increased by the number of shares which the holder of the Director Option would have received if the Director Option had been exercised before the record date for the bonus issue.
8. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Director Options may be reduced in accordance with Listing Rule 6.22.

## SCHEDULE 2

### Value of the Director Options and the pricing methodology

The Director Options to be issued to the Related Party pursuant to Resolution 6 have been valued by internal management.

Using the theoretical Black & Scholes option model and based on the assumptions set out below, the Director Options were ascribed a value range, as follows:

<b>Assumptions:</b>	
Valuation date	18 October 2010
Market price of Shares	21 cents
Exercise price	40 cents
Expiry date	31 December 2012
Risk free interest rate	4.84%
Volatility	75%
<b>Indicative value per Director Option</b>	<b>7.96 cents</b>
<b>Total Value of Director Options</b>	<b>\$39,600</b>

Note: The valuation noted above is not necessarily the market price that the Director Options could be traded at and it is not automatically the market prices for taxation purposes.

**PROXY FORM**

**APPOINTMENT OF PROXY**

**TRANSIT HOLDINGS LTD  
ACN 121 184 316**

I/We

being a shareholder of Transit Holdings Ltd entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Annual General Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at 9:00 am (WST) on Friday, 26 November 2010 at CWA House, 1176 Hay Street, West Perth, Western Australia and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all of the resolutions.

**Voting on Business of the Annual General Meeting**

		<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-Election of Director - Mr Richard Monti	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Director - Mr Brian Thomas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Removal of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Issue of Director Options – Mr Brian Thomas	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Disposal of Major Asset to Subsidiary	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you do **not** wish to direct your proxy how to vote, please place a mark in this box

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. The Chairman will vote in favour of all of the resolutions if no directions are given.

**YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM WILL BE DISREGARDED.**

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

**By:**

**Individuals and joint holders**

Signature
Signature
Signature

**Companies (affix common seal if appropriate)**

Director
Director/Company Secretary
Sole Director and Sole Company Secretary

**TRANSIT HOLDINGS LTD**  
**ACN 121 184 316**

**Instructions for Completing 'Appointment of Proxy' Form**

1. A shareholder entitled to attend and vote at a meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a shareholder of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - Directors of the company;
  - a Director and a Company secretary of the company; or
  - for a proprietary company that has a sole Director who is also the sole Company secretary – that Director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole Director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed and either:  
send the proxy form by post to Transit Holdings Ltd, PO Box 902 West Perth, WA 6872;  
or  
send the proxy form by facsimile to the Company on facsimile number + 61 8 9482 0505,  
so that it is received not later than 5:00 pm (WST) on 24 November 2010.

**Proxy forms received later than this time will be invalid.**