TRANSIT HOLDINGS LTD

ACN 121 184 316

ANNUAL REPORT

for the year ended 30 June 2010

TRANSIT HOLDINGS LTD
ACN: 121 184 316

Contents

This Annual Report covers Transit Holdings Ltd ("Transit" or the "Company") as a Group consisting of Transit Holdings Ltd and its subsidiaries, collectively referred to as the "Group". The financial report is presented in the Australian currency.

Transit is a company limited by shares, incorporated and domiciled in Australia. It's registered office and principal place of business is:

Transit Holdings Ltd
Suite 2
12 Parliament Place
West Perth WA 6005

Corporate Information

Directors:
Ananda Kathiravelu
Chairman

Brian Thomas
Non Executive Director

Richard Monti
Executive Director

Chief Executive Officer – Iron Ore
John Lea

Chief Executive Officer - Potash
Hugh Callaghan

Company Secretary:
Morgan Barron

Auditors:
Ord Partners
Level 1
47-49 Stirling Highway
NEDLANDS WA 6009

Bankers:
Westpac Banking Corporation
108 Stirling Highway
Nedlands WA 6009

Registered & Principal Office:
Suite 2, 12 Parliament Place
WEST PERTH WA 6005
Telephone: + 618 9482 0515
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Postal Address:
P.O. Box 902
WEST PERTH WA 6872

Home Stock Exchange:
Australian Securities Exchange Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

ASX Code:
TRH

Share Registry:
Security Transfers Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153

Website:
www.transitholdings.com

Letter from the Chairman

Dear Shareholder

I am pleased to present the Annual Report of Transit for the year ended 30 June 2010. This year has seen significant progress at both of the Company's projects. A federal government lobbying strategy is being formulated and drill targets identified at the Potash project in Utah. In addition a focus revisit of the Johnston Range Iron Project has revealed the significant potential of that project.

The Company has commenced a formal programme to review the commercial opportunity presented by the large and prospective Johnstone Range iron ore assets. The project covers over 200km2 of Exploration Licences containing a 35 kilometre long sequence hosting multiple banded iron formations.

Increasing activity in the Yilgarn Iron Ore Province ("YIOP") has lead to the recognition that the region is an emerging iron ore province. This factor, along with recent corporate and exploration successes in the YIOP combined with continuing strong appetite for iron ore feed for the Chinese steel industry, has encouraged my fellow Board members and I to investigate strategies to unlock shareholder value in the Johnston Range Iron Project.

At Transit's Potash Project in Utah USA, the Joint Venture Vehicle completed a Scoping Study on the Project based on a 2 million tonne per annum production scenario of KCl from solution mining of the potash deposit. The Scoping Study has demonstrated that the Project has robust financials to support the Company proceeding to a Pre-Feasibility Study once exploration and resource definition are completed.

Unfortunately, due to delays in commencing active exploration, while awaiting a determination of the KPLA (Known Potash Leasing Area) status of the lease application area on Federal land, which took almost a full 12 months to be determined, Transit has not been able to commence drilling the Potash leases to define a resource at this stage. The Company has commenced an urgent process of consultation and lobbying of the federal government, with an aim that prospecting permit will be issued as a result of this process and drilling can commence once these obstacles have been removed.

Your Directors are committed to creating a successful company that rewards shareholders and are extremely eager to progress both projects in the Company's portfolio. We look forward to the continued support of shareholders in achieving these outcomes.

Yours faithfully,

Ananda Kathiravelu
Chairman

Directors' Report

Your Directors have pleasure in submitting their report on the Company and its subsidiaries, for the year ended 30 June 2010.

DIRECTORS

The names and details of Directors in office at any time during the financial year are:

Ananda Kathiravelu - Non Executive Chairman (appointed 11 August 2006)

EXPERIENCE AND EXPERTISE
Ananda Kathiravelu has been in the financial services funds management and stock broking industries for over 20 years. He holds a Bachelor of Business and a Graduate Diploma of Applied Finance and Investment.

Mr Kathiravelu is the Managing Director of Armada Capital Ltd, a corporate advisory company that has been involved in providing strategic corporate advice and services to listed and unlisted public companies including, Pryme Oil and Gas Ltd, CuDeco Ltd (formally known as Australian Mining Investments Ltd) and Rockstead Group (formally known as First Capital Group Ltd), Meridian Minerals Ltd (formally Bellevue Resources Ltd) and Intium Energy Ltd. His areas of expertise include corporate advice, capital raising, mergers and acquisitions. His focus is on the small cap and emerging business sectors.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Director – Promesa Limited

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Pryme Oil and Gas Ltd
Rockstead Group Ltd

Brian Thomas - Non Executive Director (appointed 9 June 2010)

EXPERIENCE AND EXPERTISE
Brian 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.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Non-Executive Chairman – Bailey Minerals NL
Non-Executive Director - Noble Mineral Resources Limited
Non-Executive Director - Aragon Resources Limited

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Pacific Niugini Ltd
Namibian Copper NL
White Cliff Nickel Limited

Directors' Report (continued)

Richard Monti - Executive Director (appointed 15 December 2006)

EXPERIENCE AND EXPERTISE
Richard Monti has qualifications in Geology (Bachelor of Science with Honours from the University of Western Australia) and Finance (Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia). He has gained broad experience over a twenty four year career working in the technical, marketing and financial fields of the international exploration and mining industry.

Mr Monti has worked for a number of international and Australian companies including Anaconda Nickel, RTZ Exploration, the North Group and the Normandy Group. During a seven year term at Anaconda Nickel he held General Manager positions in technical, corporate/commercial and marketing fields. He has also held positions on the boards of a number of ASX listed and private mining companies. Mr Monti was a founding Director of corporate advisory firm Ventnor Capital Pty Ltd but resigned in July 2010. Ventnor Capital provides office and administrative services to Transit.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Executive Director, Azimuth Resources Limited
Non Executive Director, Poseidon Nickel Limited
Non Executive Director, Whinnen Resources Limited
Non Executive Director, Jaguar Minerals Limited

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Executive Director, Bathurst Resources Limited

Giovanni (John) Ceccon - Non Executive Director (appointed 11 August 2006, resigned 31 May 2010)

Directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

POTASH CHIEF EXECUTIVE OFFICER

Hugh Callaghan - appointed 14 April 2010
Hugh Callaghan has accumulated potash experience during his career with large projects in West Africa and in Argentina, and is well acquainted with the commercial and technical opportunities and challenges of developing potash projects to meet the rapidly growing demand for fertilizer feedstocks.

Mr Callaghan spent the earlier part of his career in large international mining companies, in a variety of commercial roles working across all major mining centers. Subsequently, he was founder and Managing Director of ASX-listed Riversdale Mining Limited, and then Chairman of Tamaya Resources Limited, and has experience of identifying, acquiring and developing mining projects around the world.

IRON ORE CHIEF EXECUTIVE OFFICER

John Lea - appointed 30 August 2010
Jon has qualifications in geology and mineral economics with 25 years experience in the international resource industry. He held the roles as Technical Director and Managing Director of Polaris Metals Ltd until the takeover by Mineral Resources Ltd. During Jon's tenure Polaris made significant discoveries in the Yilgarn Iron Ore Province of haematite/goethite mineralisation, commencing the development process towards mining and also advancing the Mayfield magnetite project.

Directors' Report (continued)

COMPANY SECRETARY

Morgan Barron - appointed 15 December 2006
Morgan Barron is a qualified Chartered Accountant who has worked in various corporate roles both in Australia and Europe. Whilst at Ventnor Capital Pty Ltd he has been involved in a number of director and company secretarial functions and ASX junior transactions. Mr Barron is currently a director of ASX listed ZYL Ltd.

Mr Barron holds a Bachelor of Commerce Degree, is an Associate of the Securities Institute of Australia, and an Associate of the Institute of Chartered Accountants in Australia. After graduating from UWA he started his career at Horwath and then KPMG. Once qualified, he made the move to London where he gained experience in Banking and European acquisitions for a US listed Investment bank, providing him with a strong commercial, financial and management background.

PRINCIPAL ACTIVITIES

Transit's principal activities are the exploration of potash in Utah, USA and iron ore and gold in Western Australia.

RESULTS

The net loss of the Group for the year ended 30 June 2010 amounted to $2,270,578 (2009: $1,108,077) after providing for income tax and eliminating minority equity interests.

DIVIDENDS

There were no dividends paid or declared during the year.

OPERATING AND FINANCIAL REVIEW

Transit Holdings has operations in the Marda-Diemals area of Western Australia, 100 kilometres north of the Great Eastern Highway and the town of Southern Cross and also in the Paradox Basin of south eastern Utah, USA. Transit's Western Australian tenements are prospective for iron ore and gold, whilst the US operations are focussed on Potash exploration. Transit has made significant progress at both of the Company's projects during the reporting period.

JOHNSTON RANGE AND COPPER BORE IRON ORE PROJECT

Previous work by Transit at the Johnston Range Iron Project had focused on the exploration of haematite direct shipping ore ("DSO"). In February 2008 the Company completed a 37 hole RC drilling campaign targeting haematite mineralisation. At the time, only intersections showing haematite mineralisation were sampled and assayed.

However, in light of recent exploration successes in the region the Company recognized that it is in shareholders' best interests to assess the Project's magnetite potential. As a first stage in assessing the Project's magnetite potential, Transit sampled and assayed drill cuttings from the 2008 Johnston Range Iron Project drilling programme which intersected magnetite-rich BIF.

The Johnston Range Iron Project contains a 35km long sequence containing a number of sub-parallel Banded Iron Formation ("BIF") units, and therefore has potential to host a significant magnetite deposit. In assessing the magnetite potential of the Project the Company sampled and assayed drill cuttings from the previous drilling programme which intersected magnetite-rich BIF, confirming grades in line with other magnetite iron ore projects in Western Australia currently being developed. The best intersections are detailed in the Table 1 below.

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Table 1: Intersections at a cut off grade of 25% Fe

Hole ID	Prospect	Type	From	To	Intercept	Fe %	SiO2 %	Al2O3 %	P %
TRC0003	Muldoon	Magnetite	35	**60**	**25**	33.2	43.9	2.9	0.05
TRC0006	Muldoon	Magnetite	35	**53**	**18**	39.5	39.0	1.4	0.06
TRC0010	Muldoon	Magnetite	29	**52**	**23**	36.8	42.0	1.9	0.06
TRC0011	Muldoon	Magnetite	27	**64**	**37**	36.1	45.1	0.5	0.05
TRC0013	Muldoon	Magnetite	12	**52**	**40**	35.4	45.1	0.8	0.06
TRC0015	Muldoon	Magnetite	42	**59**	**17**	35.2	46.5	0.5	0.08
TRC0018	Muldoon	Magnetite	17	**43**	**26**	35.9	43.1	1.9	0.04
TRC0020	Muldoon	Magnetite	60	**80**	**20**	32.2	50.6	0.9	0.03
TRC0022	Muldoon	Magnetite	10	**64**	**54**	32.2	38.2	9.1	0.03
TRC0026	Bolger	Magnetite	0	**16**	**16**	35.3	29.0	11.3	0.04
TRC0026	Bolger	Magnetite	26	**72**	**46**	37.2	42.0	1.4	0.05
TRC0029	Bolger	Magnetite	2	**32**	**30**	33.9	32.5	10.1	0.05
TRC0030	Bolger	Magnetite	28	**63**	**35**	32.6	46.1	3.1	0.05
TRC0031	Bolger	Magnetite	1	**49**	**48**	32.5	20.9	17.1	0.07
TRC0033	Lange	Magnetite	51	**82**	**31**	33.9	36.2	6.6	0.08

As the initial assessment has confirmed the Project's magnetite potential, Transit is now undertaking additional exploration work to contribute towards the Company's assessment of the Projects potential to host an economic magnetite deposit as well as further investigation of the Project's prospectivity for DSO mineralisation.

Transit is undertaking a program of haematite target generation through geophysics (gravity and magnetic surveys) and interpretation of landsat satellite imagery followed by ground checking.

Originally, 31 geophysical targets had been presented by Southern Geoscience Consultants and ground truthing of these targets has resulted in 15 targets being defined for further work. The haematite targets have been prioritised with targets designated Priority 1 if field checking identified outcrops of haematite and/or goethitised haematite and Priority 2 if under cover. A further 2 targets were identified from the analysis of landsat imagery.

POTASH - K2O UTAH LLC JOINT VENTURE

Transit has the right to earn up to 90% in the Paradox Basin Potash Project ("the Project"). The Project covers applications for 390km^2 of highly prospective potash permits in the Paradox Basin in south eastern Utah. Approximately 12% of the land lies on Leases owned and controlled by the State of Utah, while the reminder lies on Federal Land administered by the Bureau of Land Management.

An exploration target of 2.3 billion tonnes of potash ore at 32.8% KCl has been delineated within the Project by independent consultants (Agapito Associates Inc), which focused on 2 of several beds of potash in the area: The Potash 18 Upper and Lower beds, each of which averages 4-4.5m in width.

During the year under review, Transit's Joint Venture vehicle K2O Utah LLC ("K2O") completed a Scoping Study on the Project based on a 2 million tonne per annum production scenario of KCl from solution mining of the potash deposit. The Scoping Study demonstrated that the Project has robust financials to support the Company proceeding to a Pre-Feasibility Study once exploration and resource definition are completed.

Directors' Report (continued)

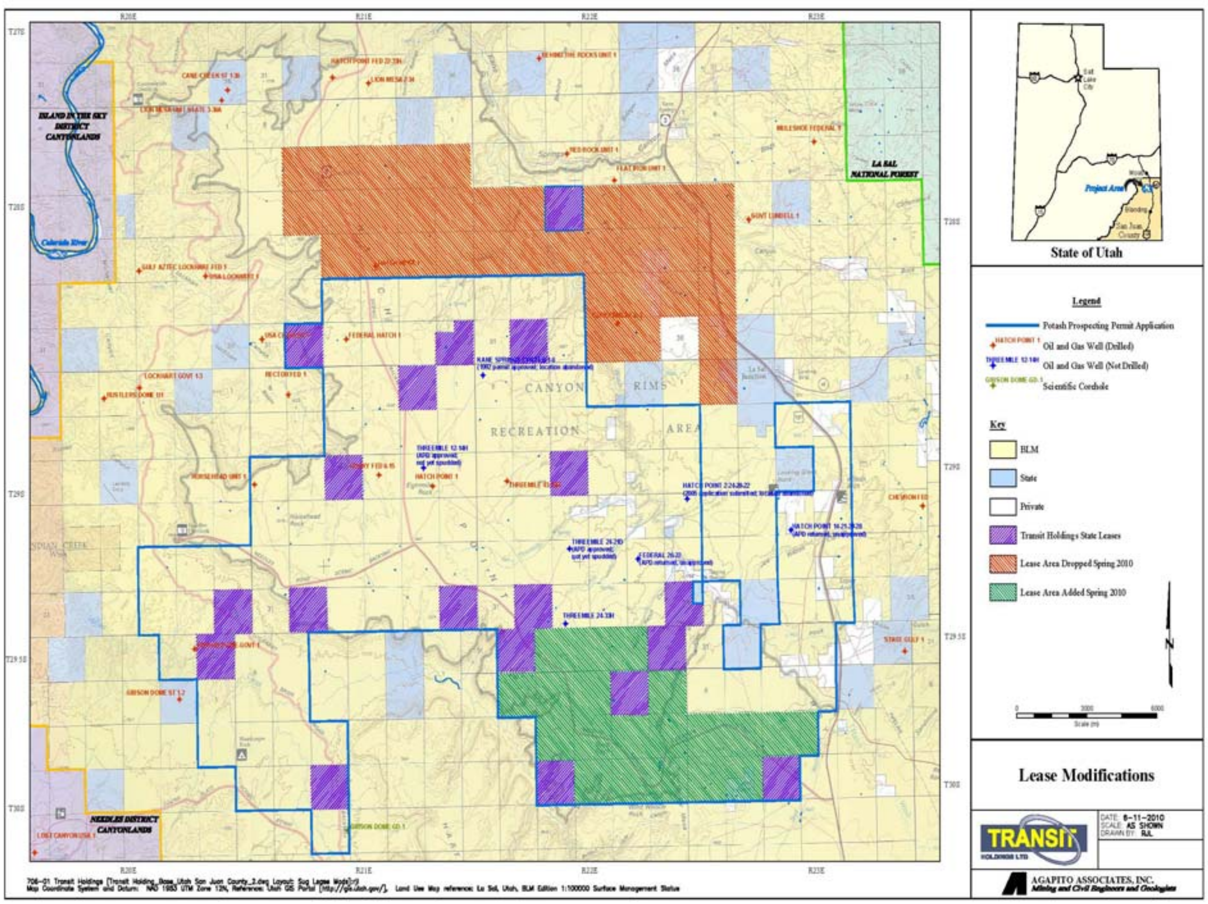
OPERATING AND FINANCIAL REVIEW (CONTINUED)

For much of the year under review, Transit and its Joint Venture partners were delayed in commencing active exploration, while awaiting a determination of the KPLA (Known Potash Leasing Area) status of the lease application area on Federal land, which took almost a full 12 months to be determined. The confirmation of the non-KPLA status indicated that the lease needs exploration and is not subject to competitive bidding.

<u>Exploration</u>

"K2O successfully lodged a prospecting right application for additional land in a highly prospective area to the South of the previous application area. Land in the north of the application area was dropped with the revised prospecting lease application area shown below (see diagram).

Confirmation is awaited from the Bureau of Land Management (BLM) that the new area under application is not a Known Potash Lease Area (KPLA) leasing area.



K2O has appointed Boyd Petrosearch, a leading Vancouver based expert in seismic analysis for the potash industry to review, acquire, process, interpret and analyse available 2D data across the Paradox Basin. Transit has access to a substantial database of 2D seismic which is available at a fraction of the price of conducting new seismic surveys. Initial work is scheduled to be completed by the end of the September 2010 quarter.

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Agapito Associates, advisors to Transit Holdings on geology and exploration, are working with Boyd Petrosearch to co-ordinate the review and site drill holes on both State and Federal Leases. Co-ordination meetings were also convened with the Company's environmental advisors to ensure that the siting of holes are in environmentally acceptable locations.

During the year, an independent assessment of the project's economic impact on the State of Utah and San Juan County was completed. The study demonstrated the considerable beneficial impact that successful project development would have on an economically depressed county in Utah with high unemployment levels. The study is being presented in the new financial year, to legislators and government officials to expedite permitting processes.

Prospecting Permit on Federal Land – Current Status
K2O has been awaiting a prospecting permit since November 2009 when the federal land under application was designated non KPLA land. BLM policy requires that issuance of a prospecting permit for the lands in an application be consistent with the land use plan for the area as determined in the BLM's Resource Management Plan for that area. A review of the current land use plan indicates that prospecting permit applications for potash are specifically addressed in the plan, and the lands applied for by K2O have not been withdrawn from leasing, so they should be available for issuance of the permits.

In late June, the BLM issued a notice to all applicants for a prospecting permit on both KPLA and non KPLA land, advising that due to the unexpected volume of applicants in the area, workload and the need to review the cumulative impacts of these potential applicants on the region, the BLM would defer for an indefinite period, the issue of prospecting permits. Transit has commenced an urgent process of consultation and lobbying, and is confident that the prospecting permit will be issued as a result of this process.

Permitting – State Lease Blocks
For the lands covered by K2O applications, K2O has priority over any other entities for obtaining a permit on those lands, subject to environmental review to establish the terms and conditions under which the permits will be issued.

Transit's Joint Venture vehicle (K2O) has purchased the rights to the potash on the state lands. The JV has existing Prospecting Permits for the State lands. These permits have been issued. In order to begin drilling the four holes which are currently proposed to be drilled on the state lease blocks a Notice of Intent needs to be issued.

Transit intends to submit a notice of intent to drill by the end of the September, with permission to commence drilling on state leases expected during the December quarter.

Corporate
During the June quarter, the K2O Joint Venture Committee reviewed the 2010 Budget and approved planned expenditures for the year. K2O Resources, Transit Holdings' partner in the project joint venture, confirmed it would not contribute its share and would dilute to the residual carried interest of 10% under the shareholder's agreement.

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

CORPORATE ACTIVITIES
Transit appointed Mr Hugh Callaghan as Potash Chief Executive Officer to oversee the Potash Project developments on the ground in Utah and expedite the application approval process, allowing the Company to commence its exploration programme and progress the Project into pre-feasibility stage. Mr Callaghan is based predominantly in Salt Lake City, focusing initially on the permitting of the next phase of resource drilling at the Paradox Basin project.

Subsequent to the end of the year Transit appointed Mr John Lea as Iron Ore Chief Executive Officer to drive forward Transit's iron ore strategy. Jon has over 25 years experience in the international resource industry.

Transit's 31 December 2009 and 31 January 2010 options expired during the year. The Company raised approximately $3.4 million from the exercise of these options.
John Ceccon resigned as a Non Executive Director in June 2010 and was replaced by Brian Thomas. Brian is a geologist and mineral economist with extensive experienced in exploration, banking, and board level management of small to midsize companies.

Transit maintains a strong cash position of $4.6m which will be used to further the assessment and development of the Johnston Range Iron Project and the Paradox Basin Potash Project. The consolidated net loss for the year was $2,270,578 (2009: $1,108,077) after providing for income tax and eliminating minority equity interests. This included a share based payment expenses of $845,831 (2008: $1,820,378)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group that occurred during the financial period not otherwise disclosed in this report or the financial statements.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

As discussed in the corporate activities above, Transit has appointed John Lea as Iron Ore Chief Executive Officer after the balance date.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company or Group, the results of those operations or the state of affairs of the Company and Group in subsequent financial years.

ENVIRONMENTAL REGULATION

The Directors believe that the Group has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations.

The Group's operations are subject to various environmental regulations under the Federal and State Laws of Australia and the USA. The majority of the Group's activities involve low level disturbance associated with exploration drilling programs. Approvals, licences and hearings and other regulatory requirements are performed as required by the management of Transit for each permit or lease in which the Group has an interest.

Directors' Report (continued)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company has paid a premium of $9,384 excluding GST (2009: $7,820) to insure the Directors and secretary of the Company.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company.

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in ordinary shares, listed and unlisted options of the Company were:

	Shares		**Unlisted Options**	
Director	*Held Directly*	*Held Indirectly*	*Held Directly*	*Held Indirectly*
A. Kathiravelu	13,333	79,999	500,000	-
B. Thomas	-	-	-	-
R. Monti	-	2,524,166	-	1,000,000
TOTAL	**13,333**	**2,604,165**	**500,000**	**1,000,000**

MEETINGS OF DIRECTORS

During the financial year, 11 meetings of Directors were held with the following attendances:

Directors	**Meetings Attended**	**Meetings Eligible to Attend**
A. Kathiravelu	11	11
G. Ceccon	10	10
B. Thomas	1	1
R. Monti	11	11

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Company. The remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation
E. Additional information

The information provided in Sections A-D includes remuneration disclosures that are required under Accounting Standard AASB 124 "Related Party Disclosures". These disclosures have been transferred from the financial report and have been audited.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (CONTINUED)

A. Principles used to determine the nature and amount of remuneration

The remuneration policy of the Company has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel and directors to run and manage the Group. The key management personnel of the Company are the Board of Directors and Executive Officers.

The Board's policy for determining the nature and amount of remuneration for board members and key management personnel of the Group is as follows:

- The remuneration policy, setting the terms and conditions for the executive Directors and key management personnel, was developed by the Board. All key management personnel are remunerated on a consultancy basis based on services provided by each person. The Board reviews key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.
- The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of key management personnel and reward them for performance that results in long-term growth in shareholder wealth.
- Key management personnel are also entitled to participate in the employee share and option arrangements.
- The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting (currently $200,000). Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and are able to participate in employee option plans, that may exist from time to time.
- The Company does not currently have a policy pertaining to Directors hedging their exposure to risks associated to the Company's securities they receive as compensation.

During the year the Board has not completed a performance evaluation for senior executives. This is expected to take place in 2011 financial year.

Performance based remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and key management personnel. Currently, this is facilitated through the issue of options to key management personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (CONTINUED)

B. Details of remuneration

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures)* of Transit Holdings Limited are set out in the following table.

Key management personnel of Transit Holdings Limited

2010	Short Term Benefits		Post Employment Benefits	Share Based Payments		
Key Management Personnel	**Salary and Fees $**	**Non Monetary $**	**Super-annuation $**	**Options $**	**Total $**	**% of remuneration consisting of options**
Non-Executive Directors						
A. Kathiravelu	36,000	-	3,240	114,000	153,240	74%
G. Ceccon(2)	33,000	-	2,970	114,000	149,970	76%
B. Thomas(3)	2,215	-	200	-	2,415	0%
Executive Directors						
R. Monti(1)	112,860	-	3,240	228,000	344,100	66%
Other Key Management Personnel						
H. Callaghan(4)	35,000	-	-	345,606	380,606	91%
Total	**219,075**	**-**	**9,650**	**801,606**	**1,030,331**	**78%**

(1) Salary and Fees for R. Monti consist of $36,000 in Director's fees and $76,860 executive consulting fees.
(2) Resigned on 31 May 2010
(3) Appointed 9 June 2010
(4) Appointed 14 April 2010

2009	Short Term Benefits		Post Employment Benefits	Share Based Payments		
Key Management Personnel	**Salary and Fees(1) $**	**Non Monetary $**	**Super-annuation $**	**Options $**	**Total $**	**% of remuneration consisting of options**
Non-Executive Directors						
A. Kathiravelu	36,000	-	3,240	-	39,240	0%
A. Parker(2)	25,742	-	-	-	25,742	0%
G. Ceccon	36,000	-	3,240	-	39,240	0%
Executive Directors						
R. Monti	84,000	-	3,240	-	87,240	0%
Total	**181,742**	**-**	**9,720**	**-**	**191,462**	**0%**

(1) Salary and Fees for R. Monti consist of $36,000 in Director's fees and $48,000 executive consulting fees.
(2) Resigned on 18 March 2009.

C. Service agreements

Upon appointment to the Board, all non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the policies and terms, including compensation, relevant to the office of Director.

Remuneration and other terms of employment for the Executive Director and Chief Executive Officer are formalised in service agreements. Each agreement provides for the participation, when eligible in the Transit Holdings Employee Share Option Plan. Other major provisions of the agreement relating to remuneration are set out below.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (CONTINUED)

C. Service agreements (continued)

R Monti, *Executive Director*

- Term of agreement – ongoing subject to annual review
- Director's fees of $36,000 per annum plus statutory superannuation, to be reviewed annually by the Board.
- Executive Consulting Fees for the year ended 30 June 2010 of $48,000, to be reviewed annually by the Board (refer Ventnor Capital Pty Ltd agreement below for further details of the executive portion of Mr Monti's remuneration).
- No termination benefits are payable by the Company, and no notice period is specified in the agreement.

Ventnor Capital Pty Ltd, a company associated with Richard Monti has been engaged to provide Executive Director, Company Secretarial and general office services. Executive Director services are in addition to the Director's fees for Mr. Monti noted above.

- Term of agreement – ongoing, subject to annual review.
- Remuneration for Executive Director services is charged at $4,000 per month (excluding GST) for the year ended 30 June 2010.
- Remuneration for Company Secretarial services is charged at $4,000 per month (excluding GST) for the year ended 30 June 2010.
- General office expenses are charged at $6,000 per month (excluding GST) for the year ended 30 June 2010.
- Specific Accounting Services in relation to the K2O Utah Potash Joint Venture are charged at $2,000 per month (excluding GST) for the year ended 30 June 2010
- Contract may be terminated on 30 days written notice by either party, or immediately on breach of certain contract terms. No termination benefits are payable by the Company.

H Callaghan, *Chief Executive Officer*

- Term of agreement – 12 month agreement with extension by mutual consent
- Mr Callaghan is engaged to provide at least 11 days per month of Chief Executive Officer services to the Company.
- Consulting fees, exclusive of GST, of $140,000 per annum, to be reviewed annually by the Board.
- Grant of Executive Options on the terms and conditions described in part D below.

D. Share-based compensation

Details of the share based remuneration of the Directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures)* of the Company are set out in the following table.

Key management personnel of Transit Holdings Limited – Share-based compensation

2010							
Granted		Terms & Conditions for each Grant				Vested	
Directors	No Granted	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	No	%
A. Kathiravelu	500,000	16/11/09	$0.228	$0.40	31/12/12	500,000	100%
G. Ceccon	500,000	16/11/09	$0.228	$0.40	31/12/12	500,000	100%
R. Monti	1,000,000	16/11/09	$0.228	$0.40	31/12/12	1,000,000	100%
Other Key Management Personnel							
H. Callaghan	3,000,000	14/4/10	$0.1365	$0.40	31/12/12	-	0%

There were no options issued to Key Management Personnel during the comparative period.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (CONTINUED)

D. Share-based compensation (continued)

Details of the vesting profiles of the options granted to H. Callaghan are detailed below:

The options will not be exercisable until the later of 3 months after issue and the date upon which the volume weighted average price of the Company's share price exceeds the following prices for a period of 10 trading days on which sales in the Company were recorded on the Australian Securities Exchange or any other recognised stock exchange;

a. In respect of 1,000,000 options, 40 cents (or, if the company's shares are only trading on another stock exchange, the equivalent of 40 cents, based on the then current exchange rate);
b. In respect of 1,000,000 options, 60 cents (or, if the company's shares are only trading on another stock exchange, the equivalent of 60 cents, based on the then current exchange rate);
c. In respect of 1,000,000 options, 80 cents (or, if the company's shares are only trading on another stock exchange, the equivalent of 80 cents, based on the then current exchange rate).

During the period 1,890,000 ordinary shares were issued at 25 cents per share on the exercise of options previously granted as compensation.

During the period 610,000 options that were previously granted as compensation expired.

E. Additional information

Principles used to determine the nature and amount of remuneration: relationship between remuneration and company performance

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and prior year. The main performance criteria used in determining the executive reward remuneration is increasing shareholder value through aligning the Company with high quality exploration assets. Due to the nature of the Group's principle activities the Directors assess the performance of the Group with regard to the price of the Company's ordinary shares listed on the ASX, and the market capitalisation of the Group.

Directors and executives are issued options to encourage the alignment of personal and shareholder interests. Options issued to Directors may be subject to market based price hurdles and vesting conditions, and the exercise price of options is set at a level that encourages the Directors to focus on share price appreciation. The Company believes this policy will be effective in increasing shareholder wealth. Key Management Personnel are also entitled to participate in the employee share and option arrangements.

On the resignation of Directors any options issued as remuneration are retained by the relevant party. For details of Directors and key management personnel interests in options at year end, refer Note 19(f) of the financial report.

The Board may exercise discretion in relation to approving incentives such as options. The policy is designed to attract the highest calibre of Key Management Personnel and reward them for performance that results in long-term growth in shareholder wealth.

***********END OF REMUNERATION REPORT***********

Directors' Report (continued)

LIKELY DEVELOPMENTS

There are no likely developments in the operations of the Company that were not finalised at the date of this report. Further information as to likely developments in the operations of the Group and Company and likely results of those operations would in the opinion of the Directors, be likely to result in unreasonable prejudice to the Group.

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2010 has been received and can be found on page 18.

AUDITOR

Ord Partners continues in office in accordance with Section 327 of the *Corporation Act 2001*.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

SHARE OPTIONS

Shares under Option
At the date of this report there are 5,500,000 unissued shares under option outstanding.

Date Granted	Expiry Date	Exercise Price	Number shares under option
29 August 2007*	31 January 2011	$0.35	250,000
4 December 2009*	31 December 2012	$0.40	2,250,000
14 April 2010*	31 December 2012	$0.40	3,000,000
			5,500,000

* Unlisted options

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate.

During the period a total of 13,756,224 ordinary shares were issued as a result of the exercise of an option.

NON-AUDIT SERVICES

During the year the following fees were paid or payable for services provided by the auditor.

	Consolidated 2010 $	Consolidated 2009 $
Audit Services		
Amounts payable to auditor of parent entity	31,058	25,000
	31,058	25,000

There were no non-audit services performed by the auditor during the year (2009: Nil).

Directors' Report (continued)

Signed in accordance with a resolution of the Directors.

R. Monti
Executive Director

Perth
Date: 3 September 2010

Corporate Governance Statement

Transit Holdings Limited and the Board are committed to achieving and demonstrating the highest standards or corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Company and its Controlled Entities together are referred to as the Group in this statement.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. The Corporate Governance Statement has been structured with reference to the Australian Stock Exchange Corporate Governance Council's ("Council") "Principles of Good Corporate Governance and Best Practice Recommendations" to the extent that they are applicable to the Company.

Information about the Company's corporate governance practices are set out below. All of these practices were put in place subsequent to the listing of the Company in December 2006.

THE BOARD OF DIRECTORS

The Company's Constitution provides that the number of Directors shall not be less than three. There is no requirement for any shareholding qualification.

If the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately supervise the Company's activities will be determined within the limitations imposed by the Constitution and as circumstances demand.

The membership of the Board, its activities and composition is subject to periodic review. The criteria for determining the identification and application of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board, subject to election by shareholders at the next Annual General Meeting. Under the Company's Constitution the tenure of a Director (other than Managing Director, and only one Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for the period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the appointment may be revoked on notice.

The Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of other separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

Corporate Governance Statement (continued)

APPOINTMENTS TO OTHER BOARDS

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

INDEPENDENT PROFESSIONAL ADVICE

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to Director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Company. Such information must be sufficient to enable the Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The Directors recognise that iron ore and potash exploration are businesses with inherent risks and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

CODE OF CONDUCT AND TRADING POLICY

The Company has adopted a Code of Conduct for company executives that promotes the highest standards of ethics and integrity in carrying out their duties to the Company.

The Company has adopted a trading blackout period which requires that executives in possession of confidential information are prohibited from trading in the Company's securities until two days after the information has been released to the market.

The Code of Conduct and the Trading Policy can be found on the Company's website at www.transitholdings.com.au.

RISK MANAGEMENT SYSTEMS

The identification and management of risk, including calculated risk-taking activity is viewed by management as an essential component in creating shareholder value.

Management, through the Executive Director is responsible for developing, maintaining and improving the Company's risk management and internal control system. Management provides the board with periodic reports identifying areas of potential risks and the safeguards in place to efficiently manage material business risks. These risk management and internal control systems are in place to protect the financial statements of the entity from potential misstatement, and the Board is responsible for satisfying itself annually, or more frequently as required, that management has developed a sound system of risk management and internal control.

Strategic and operational risks are reviewed at least annually as part of the forecasting and budgeting process. The Company has identified and actively monitors risks inherent in the industry in which the Company operates.

Corporate Governance Statement (continued)

RISK MANAGEMENT SYSTEMS (CONTINUED)

The Board also receives a written assurance from the Executive Director and Company Secretary that to the best of their knowledge and belief, the declaration provided to the Board in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control, and that the system is operating effectively in relation to financial reporting risks. The Board notes that due to its nature, internal control assurance from the Executive Director and Company Secretary can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in internal control procedures.

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Board has reviewed its current practices in light of the ASX principles of good corporate governance and best practice guidelines 2007 2nd edition with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the ASX Corporate Governance Guidelines with which the Company does not comply:

	ASX Principle	Reference / comment
Principle 2: Structure the Board to add value		
2.1	A majority of the Board should be independent Directors	Given the Company’s present size and scope, it is currently not company policy to have a majority of independent Directors. Persons have been selected as Directors to bring specific skills and industry experience to the Company.
2.2	The chairperson should be an independent Director	The Chairman Ananda Kathiravelu is not independent under definition in the ASX Corporate Governance Guidelines. The Board believes the alignment of the interests of Directors with those of shareholders as being the most efficient way to ensure shareholders interests are protected. The Board believes that this is both appropriate and acceptable at this stage of the Company’s development.
2.4	The Board should establish a nomination committee	The Board has no formal nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new Directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process.
Principle 4: Safeguard integrity in financial reporting		
4.1 – 4.4	The Board should establish an audit committee	The Company does not have an Audit Committee. The Board believes that, with only 4 Directors on the Board, the Board itself is the appropriate forum to deal with this function.

Corporate Governance Statement (continued)

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

Principle 8: Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee	Given the current size of the Board, the Company does not have a remuneration committee. The Board as a whole reviews remuneration levels on an individual basis, the size of the Company making individual assessment more appropriate than formal remuneration policies. In doing so, the Board seeks to retain professional services as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary.
8.2	Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.	The Board acknowledges the grant of options to Directors is contrary to Recommendation 8.2 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Director Options to be 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.

O|R|D
PARTNERS
CHARTERED ACCOUNTANTS

Ian K Macpherson CA

Robert W Parker CA

To the Board of Directors of Transit Holdings Limited

Dear Sirs

AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2010, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Yours faithfully
ORD PARTNERS

Ian Macpherson
Partner

Perth, 3 September 2010

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Statement of Comprehensive Income
For the year ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Finance income	4	147,756	183,888
Financial administration, insurance and compliance costs		(200,871)	(200,181)
Exploration expenditure		(444,952)	(88,131)
Consulting and contracting expenses		(886,558)	(171,785)
Depreciation	11	(8,646)	(8,931)
Impairment of capitalised exploration expenditure	10	-	(810,989)
Employee expenses		(971,696)	(210,129)
Other expenses		(104,025)	(97,478)
Loss on sale of assets	5	-	(100,108)
Loss before income tax expense	5	(2,468,992)	(1,503,844)
Income tax (expense) benefit	7	(54,029)	200,798
Loss for the year		(2,523,021)	(1,303,046)
Other Comprehensive Income		-	-
Total Comprehensive Loss for the year		(2,523,021)	(1,303,046)
Loss attributable to:			
Owners of the parent entity		(2,270,578)	(1,108,077)
Non-controlling interest		(252,443)	(194,969)
Total Comprehensive Loss attributable to:			
Owners of the parent entity		(2,270,578)	(1,108,077)
Non-controlling interest		(252,443)	(194,969)
Basic and Diluted Loss per share – cents per share	6	(5.93)	(3.50)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position
As at 30 June 2010

	Note	Consolidated 30 June 2010 $	Consolidated 30 June 2009 $
ASSETS			
Current assets			
Cash and cash equivalents	8	4,626,434	2,935,447
Other receivables	9	89,660	18,026
Total current assets		4,716,094	2,953,473
Non-current assets			
Exploration and evaluation expenditure	10	472,901	294,050
Plant and equipment	11	3,925	12,571
Total non-current assets		476,826	306,621
TOTAL ASSETS		5,192,920	3,260,094
LIABILITIES			
Current liabilities			
Trade and other payables	12	239,413	127,563
Total current liabilities		239,413	127,563
Non-current liabilities			
Deferred tax liabilities	13	131,970	77,941
Total non-current liabilities		131,970	77,941
TOTAL LIABILITIES		371,383	205,504
NET ASSETS		4,821,537	3,054,590
EQUITY			
Issued capital	14	11,022,291	6,659,716
Reserves	14	883,183	1,111,581
Accumulated losses		(6,795,662)	(4,680,875)
Parent interest		5,109,812	3,090,422
Non-controlling interest		(288,275)	(35,832)
TOTAL EQUITY		4,821,537	3,054,590

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
For the year ended 30 June 2010

Consolidated 2010

	Note	Issued Capital $	Option Reserve $	Accumulated Losses $	Minority Equity Interests $	Total Equity $
Total equity at the beginning of the year		6,659,716	1,111,581	(4,680,875)	(35,832)	3,054,590
Total comprehensive loss for the year		-	-	(2,270,578)	(252,443)	(2,523,021)
Transactions with equity holders:						
Issue of Shares on Exercise of Options		4,362,575	(927,438)	-	-	3,435,137
Expiry of Options		-	(155,791)	155,791	-	-
Issue of Options	18	-	854,831	-	-	854,831
Total equity at 30 June		**11,022,291**	**883,183**	**(6,795,662)**	**(288,275)**	**4,821,537**

Consolidated 2009

	Note	Issued Capital $	Option Reserve $	Accumulated Losses $	Minority Equity Interests $	Total Equity $
Total equity at the beginning of the year		6,490,966	1,111,581	(3,572,798)	-	4,029,749
Total comprehensive loss for the year		-	-	(1,108,077)	(194,969)	(1,303,046)
Transactions with equity holders:						
Acquisition of Citadel Potash	16	168,750	-	-	159,137	327,887
Total equity at 30 June		**6,659,716**	**1,111,581**	**(4,680,875)**	**(35,832)**	**3,054,590**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows
For the year ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Cash flows from operating activities			
Receipts from customers		80,749	43,609
Interest received		77,778	183,888
Payments to suppliers and employees		(515,475)	(459,935)
Exploration expenditure		(941,356)	(287,706)
Net cash used in operating activities	15	(1,298,304)	(520,144)
Cash flows from investing activities			
Proceeds from sale of plant and equipment		-	566
Proceeds on sale of investments		-	79,892
Payments for capitalised exploration expenditure		(119,608)	(163,517)
Payments for acquisition of prospects		(326,239)	-
Loans to subsidiary		-	(97,077)
- Net cash acquired/(paid) on acquisition		-	(129,712)
Net cash used in investing activities		(445,847)	(309,848)
Cash flows from financing activities			
Proceeds from issues of shares and options		3,439,058	-
Capital raising costs		(3,920)	-
Net cash flows provided by financing activities		3,435,138	-
Net increase/(decrease) in cash and cash equivalents		1,690,987	(829,992)
Cash and cash equivalents at the beginning of the year		2,935,447	3,765,439
Cash and cash equivalents at the end of the year	8	**4,626,434**	**2,935,447**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 1: REPORTING ENTITY

Transit Holdings Ltd (the "Company") is a company domiciled in Australia. The consolidated financial report of the Company as at and for the year ended 30 June 2010 comprises the Company and its subsidiaries (collectively referred to as the "Group").

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' report on page 5, which does not form part of this financial report.

NOTE 2: BASIS OF PREPARATION

This General Purpose Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Interpretations) and the *Corporations Act 2001*.

The Consolidated Financial Statements and Notes of the Group comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

On 28 June 2010, the government announced the passage of the Corporations Amendment (Corporate Reporting Reform) Bill 2010 ("the Bill"). The changes contained within the Bill have come into effect for the financial year ended 30 June 2010. A key change that impacted the financial report of Transit Holdings Limited is the abolition of the requirement to present parent company financial statements in addition to consolidated financial statements. As a result of this, the separate financial statements of the parent entity, Transit Holdings Limited have not been presented within this group financial report. Certain disclosures required by the Corporations Act 2001 in relation to the parent entity are detailed in Note 24 to the financial statements.

The Group has applied the revised AASB 101 Presentation of Financial Statements which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

Transit Holdings Ltd was incorporated in Australia on 11 August 2006 and is a company limited by shares. The financial report is presented in Australian currency.

This Consolidated Financial Report was approved by the Board of Directors on 3 September 2010.

<u>Historical cost convention</u>

These financial statements have been prepared under the historical cost convention.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

A. Principles of Consolidation

Subsidiaries

The consolidated accounts comprise the assets and liabilities of Transit Holdings Ltd and its subsidiaries at 30 June 2010 and the results of all subsidiaries for the year then ended. A subsidiary is any entity controlled by Transit Holdings Ltd.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The financial statements of subsidiaries are prepared from the same reporting period as the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-entity transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Investments in subsidiaries are accounted for at cost in the individual financial statements of Transit Holdings Ltd.

Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period which Transit Holdings Ltd has control.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (see note 3(H)).

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Principles of Consolidation (continued)

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including any goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

B. Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the nature of the minerals targeted.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

Comparative segment information has been re-presented in conformity with the transitional requirements of IFRS 8 Operating Segments. Since the change in accounting policy only affects presentation and disclosure aspects, there has been no impact on earnings per share.

C. Income Tax

The income tax expense or benefit for the year is the tax payable on the current year’s taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Income Tax (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly-owned Australian resident subsidiary have not formed a tax-consolidated Group as at balance sheet date.

D. Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except; where the GST incurred on a purchase of goods and services is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable and receivables and payables in the balance sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less any impairment losses.

F. Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Costs are only carried forward to the extent that right of tenure is current and those costs are expected to be recouped through the successful development of the area (or, alternatively by its sale) or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and above operations in relation to the area are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

G. Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to the statement of comprehensive income during the reporting period in which they were incurred.

Depreciation is calculated using the straight-line method to allocate asset costs over their estimated useful lives, as follows:

- Computer equipment 3 years
- Software 3 years
- Plant & equipment 5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, securities issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

I. Impairment of Assets

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit (group of assets) to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

J. Share-Based Payments

The Group has provided payment to related parties in the form of share-based compensation, whereby related parties render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined using either a Binomial or Black & Scholes methodology depending on the nature of the option terms.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Share-Based Payments (continued)

The Binomial option pricing model uses an iterative procedure, allowing for the specification of nodes, or points in time, during the time span between the valuation date and the option's expiration date. It assumes that underlying security prices can only either increase or decrease with time until the option expires.

The Binomial model reduces possibilities of price changes, removes the possibility for arbitrage, assumes a perfectly efficient market, and shortens the duration of the option. Under these simplifications, it is able to provide a mathematical valuation of the option at each point in time specified. The Binomial model takes a risk-neutral approach to valuation.

The Black & Scholes option pricing model takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non market vesting conditions. Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected become exercisable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant parties become fully entitled to the award (‘vesting date’).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

K. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Finance income and expense

Finance income comprises interest income on funds invested, gains on disposal of financial assets and changes in fair value of financial assets held at fair value through profit or loss. Finance expenses comprise changes in the fair value of financial assets held at fair value through profit or loss and impairment losses on financial assets.

Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

M. Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

N. Earnings per Share

i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

O. Trade and other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

Trade and other payables are stated at amortised cost, using the effective interest method.

P. Foreign Currency Translation

i) Functional and presentation currency
Both the functional and presentation currency of Transit Holdings Limited and its subsidiaries is Australian dollars ($).

ii) Transactions and balances
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Foreign Currency Translation (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Q. Significant Accounting Estimates and Assumptions

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

i) Impairment of capitalised exploration and evaluation expenditure
The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Significant Accounting Estimates and Assumptions (continued)

ii) Recoverability of potential deferred tax assets
The Group recognises deferred income tax assets in respect of tax losses to the extent that it is probable that the future utilisation of these losses is considered probable. Assessing the future utilisation of these losses requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, this could result in significant changes to the deferred income tax assets recognised, which would in turn impact the financial results.

iii) Share-based payment transactions
The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors using either the Binomial or the Black-Scholes valuation methods, taking into account the terms and conditions upon which the equity instruments were granted. The assumptions in relation to the valuation of the equity instruments are detailed in Note 18. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

R. Comparative Information

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

S. New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. A discussion of those future requirements and their impact on the Group is set out below:

- AASB 9 *Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9* includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application is generally required, although there are exceptions, particularly is the entity adopts the standard for the year ended 30 June 2012 or earlier. The Group has not yet determined the potential effect of this standard;
- AASB 124 *Related Party Disclosures* (revised December 2009) simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government related entities. The amendments, which will become mandatory for the Group's 30 June 2012 financial statements, are not expected to have any impact on the financial statements.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. New Accounting Standards for Application in Future Periods (continued)

- AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (applicable for annual reporting periods commencing from 1 January 2010) prescribes certain changes to existing standards, of which the only effect on the Group is that only expenditures resulting in a recognised asset in the statement of financial position are eligible for classification as investing activities in the cash flow statement. The Board has adopted this presentation in the financial statements and adjusted comparative disclosure as required.
- AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions* resolves diversity in practice regarding the attribution of cash-settled share based payments between different entities within a group. As a result of the amendments AI 8 *Scope of AASB 2* and AI 11 *AASB 2 – Group Treasury Share Transactions* will be withdrawn from the application date. The amendments, which become mandatory for the Group's 30 June 2011 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issue* [AASB 132] (October 2010) clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendments, which will become mandatory for the Group's 30 June 2011 financial statements, are not expected to have any impact on the financial statements.
- AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031] amends to AASB 8 requiring an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. This Standard also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. These amendments have no major impact on the requirements of the amended pronouncements.
- AASB 2009-13 Amendments to Australian Accounting Standards arising from interpretation 19 makes amendments to Australian Accounting Standard AASB 1 First-time Adoption of Australian Accounting Standards. These amendments arise from the issuance of IFRIC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments and allow first time adopters to apply the transitional provisions in Interpretation 19 to Extinguish Financial Liabilities with Equity Instruments as identified in AASB 1048.

The Group has decided against early adoption of any of the above reporting requirements except amendments resulting from AASB 2009-5 and does not expect the requirements of the other new accounting standards to have any material effect on the Group's financial statements.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 4: INCOME

	Consolidated 2010 $	2009 $
Finance income		
Interest income	147,756	183,888
Total income	**147,756**	**183,888**

NOTE 5: LOSS

Loss before income tax has been determined after:		
Impairment of exploration expenditure	-	810,989
Financial expenses		
Fair value loss on disposal of investment	-	100,108
Employee benefit expense:		
Wages and consulting fees	116,865	210,129
Equity settled share based payments	854,831	-

NOTE 6: LOSS PER SHARE

Basic and diluted loss per share - cents	(5.93)	(3.50)
	$	$
Loss used in the calculation of basic and diluted loss per share	(2,270,578)	(1,108,077)
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share	38,264,362	31,625,000
Weighted average number of options outstanding	9,768,383	14,916,666
Less: anti-dilutive options	(9,768,383)	(14,916,666)
Weighted average number of converting shares on issue	6,000,000	6,000,000
Less: anti-dilutive converting shares	(6,000,000)	(6,000,000)
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share	38,264,362	31,625,000

Performance shares and options outstanding during the period have not been taken into account in the calculation of the weighted average number of ordinary shares as they are anti-dilutive.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 7: INCOME TAX

	Consolidated 2010 $	Consolidated 2009 $
(a) Income tax expense		
The major components of income tax expense are:		
Income statement		
Current Income Tax		
Current income tax charge	-	-
Deferred income tax		
Relating to movements in temporary differences	54,029	(200,798)
Income tax benefit reported in the income statement	54,029	(200,798)

(b) Amounts charged directly to equity
There were no amounts charged directly to equity

(c) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

	2010 $	2009 $
Accounting loss before income tax	(2,468,992)	(1,503,844)
Income tax (benefit) at the statutory income tax rate of 30%	(740,698)	(451,153)
Expenditure not allowable for tax purposes		
Accruals	9,900	10,274
Share based payments	256,449	-
Impairment of exploration expenditure	-	5,580
Other	(76,272)	(70,051)
Unrealised fair value (gain)/loss	-	30,032
Unrecognised tax losses	550,621	475,318
Movements in deferred tax balances	54,029	(200,798)
Income tax expense/(benefit)	**54,029**	**(200,798)**

Transit Holdings Limited has unrecognised tax losses arising in Australia which are available indefinitely to offset against future profits of the Company providing the tests for deductibility against future profits are met.

	2010 $	2009 $
Unutilised Australian Tax Losses	3,603,415	2,561,128
Unrecognised Deferred tax Assets in relation to:		
Tax Losses	1,081,025	768,338
Temporary Differences	-	-

NOTE 8: CASH AND CASH EQUIVALENTS

	2010 $	2009 $
Cash at bank and on hand [a]	4,626,434	2,935,447
[a] Cash at bank is subject to floating interest rates at an effective interest rate of	5.36% per annum	2.75% per annum

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2010	**2009**
	$	**$**
Current		
Other receivables	89,660	18,026
	89,660	**18,026**

The above amounts do not bear interest and their carrying amount is equivalent to their fair value.

NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE

Costs carried forward in respect of:		
Exploration and evaluation expenditure, at cost	472,901	294,050
Reconciliation:		
A reconciliation of the carrying amounts of exploration and evaluation expenditure is set out below:		
Carrying amount at beginning of year	294,050	149,132
Acquired on acquisition of subsidiary	-	792,390
Additions	178,851	163,517
Impairment of exploration expenditure	-	(810,989)
Carrying amount at end of year	**472,901**	**294,050**

Exploration commitments

In order to maintain rights of tenure to exploration permits, the Group has certain obligations to perform minimum exploration work and expend minimum amounts of money.

These commitments may be varied as a result of renegotiations, relinquishments, farm-outs, sales or carrying out work in excess of the permit obligations. The minimum expenditure required by the Group on exploration permits as at the balance sheet date is estimated below. Commitments beyond this time frame cannot be estimated reliably as minimum expenditure requirements are reassessed annually. The commitments have not been provided for in the financial report.

	2010	**2009**
	$	**$**
Within one year	250,000	950,000
Within two year to five years	-	-
Later than five years	-	-
Total	250,000	950,000

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 11: PLANT AND EQUIPMENT

Consolidated	**Plant & Equipment**	**Computer Equipment & Software**	**Total**
	$	**$**	**$**
Opening balance 1 Jul 2008	3,624	18,444	22,068
Additions	-	-	-
Disposals	-	(566)	(566)
Depreciation for the year	(709)	(8,222)	(8,931)
Balance at 30 Jun 2009	**2,915**	**9,656**	**12,571**
Additions	-	-	-
Disposals	-	-	-
Depreciation for the year	(709)	(7,937)	(8,646)
Balance at 30 Jun 2010	**2,206**	**1,719**	**3,925**
At 30 June 2010			
Cost	4,371	24,013	28,384
Accumulated depreciation	(2,165)	(22,294)	(24,459)
Net book value	**2,206**	**1,719**	**3,925**
At 30 June 2009			
Cost	4,371	24,013	28,384
Accumulated depreciation	(1,456)	(14,357)	(15,813)
Net book value	**2,915**	**9,656**	**12,571**

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated	
	2010	**2009**
	$	**$**
Trade payables (a)	142,029	57,531
Amounts payable to:		
- other related parties (b)	61,964	40,937
Accruals	33,000	24,247
Other payables (c)	2,420	4,848
	239,413	**127,563**

(a) Trade payables are non interest bearing and are normally settled on 30-day terms.
(b) Transactions with related parties are non interest bearing and are normally settled on 30-day terms. Refer Note 17 for details of related party transactions.
(c) Other payables are non-trade payables, are non-interest bearing and have an average term of 3 months.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 13: DEFERRED TAX LIABILITIES

	Consolidated 2010 $	Consolidated 2009 $
The balance comprises temporary differences relating to:		
Exploration properties	141,870	88,215
Less: Deferred Tax Assets offset	(9,900)	(10,274)
Total Deferred Tax Liabilities	**131,970**	**77,941**

Movements – Consolidated	**Exploration expenditure**	**Total**
At 1 July 2008	44,740	41,022
Charged to the income statement	(194,242)	(200,798)
Recognised on acquisition of subsidiary	237,717	237,717
At 30 June 2009	**88,215**	**77,941**
Charged to the income statement	53,655	54,029
At 30 June 2010	**141,870**	**131,970**

NOTE 14: ISSUED CAPITAL & RESERVES

	Number of Shares Ordinary	Number of Shares Converting	$
CONSOLIDATED			
(a) Issued and Paid Up Capital			
Fully paid ordinary shares	45,381,224	6,000	11,022,291
	45,381,224	6,000	11,022,291
(b) Movements in fully paid shares on issue			
Balance as at 1 July 2008	31,625,000	-	6,490,966
Issued on acquisition of subsidiaries	-	6,000	168,750
Balance as at 30 June 2009	31,625,000	6,000	6,659,716
Exercise of Options	13,756,224	-	4,366,495
Capital raising costs	-	-	(3,920)
Balance as at 30 June 2010	**45,381,224**	**6,000**	**11,022,291**

(c) Share Options	**Number of Options**	**$**
Balance as at 1 July 2008	14,916,666	1,111,581
Balance as at 30 June 2009	14,916,666	1,111,581
Options issued to Directors	2,000,000	456,000
Options issued under ESOP	250,000	53,225
Exercise of options	(13,756,224)	(927,438)
Expiry of Options	(910,442)	(155,791)
Options issued to CEO	3,000,000	345,606
Balance as at 30 June 2010	**5,500,000**	**883,183**

Nature and purpose of reserves

1) Options reserve

The options reserve is used to recognise the fair value of all options on issue but not yet exercised.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 15: OPERATING CASH FLOW INFORMATION

	Consolidated 2010 $	Consolidated 2009 $
Reconciliation of cash flow from operations with loss after income tax		
Loss for the year	(2,523,021)	(1,303,046)
Less - Non cash items:		
Share based payments	854,831	-
Impairment of exploration expenditure	-	810,989
Depreciation	8,646	8,931
Fair value loss on sale of investments	-	100,108
Payments for investing activities not capitalised	326,239	-
Changes in assets and liabilities		
Movement in trade creditors and accruals	52,607	60,572
Movement in other debtors	(71,635)	3,100
Movement in deferred tax balances	54,029	(200,798)
Cash flows used in operations	**(1,298,304)**	**(520,144)**

NOTE 16: INTERESTS IN CONTROLLED ENTITIES

(a) Controlled Entities Consolidated

The Company has the following subsidiaries:

Name of Subsidiary	Country of Incorporation	Class of Shares	Percentage held 2010	Percentage held 2009
Radar Resources Pty Ltd	Australia	Ordinary	100%	100%
Citadel Potash Pty Ltd	Australia	Ordinary	100%	100%
Citadel Capital Holdings Inc	USA	Ordinary	100%	100%
K2O Utah LLC	USA	Membership interests	86%	75%

During the year Transit's membership interest in K2O Utah LLC increased from 75% to 86% in accordance with the terms of the operating agreement. Transit initially acquired a 75% interest in the joint venture through the expenditure of US$708,500. Transit's contributions over and above this amount increase its interest, in accordance with a specified formula, to a maximum interest of 90%.

(b) Acquisition of Controlled Entities

During the comparative period the parent entity acquired 100% of Citadel Potash Pty Ltd, in order to obtain a 75% interest in the Paradox Basin Potash Project in Utah, USA. The consideration for the purchase was as follows:

Purchase consideration:	$
Cash	154,130
6,000 Converting Shares (refer Note 14)	168,750
Total purchase consideration	322,880

Converting shares convert to 1,000 ordinary TRH shares on satisfaction of certain performance conditions relating to the Paradox Basin Potash Project. Values were determined based on the traded price of TRH shares at acquisition date, with reductions in the number of shares applied to reflect the reduced probability of each successive conversion condition being met, and the reduced marketability of the performance shares.

NOTE 16: INTERESTS IN CONTROLLED ENTITIES (CONTINUED)

The assets and liabilities arising from the acquisition are as follows:

	Pre-acquisition carrying amount $	Fair value adjustments $	Recognised values on acquisition $
Cash	24,417	-	24,417
Receivables	3	-	3
Exploration expenditure	-	792,390	792,390
Loans	(97,077)	-	(97,077)
Deferred tax liability	-	(237,717)	(237,717)
	(72,657)	554,673	482,016
Less: Minority interests*			(159,136)
Net Assets Acquired			322,880

*Minority interest is calculated as a proportion of the net assets of K2O Utah LLC at acquisition date, based on the fair value of consideration provided by the Company. Under the acquisition agreement, minority interests were deemed to be $283,989 at the date of acquisition, representing the agreed non-cash contributions of the prior owners. At acquisition date, Citadel Capital Holdings LLC (a 100% owned subsidiary of Citadel Potash Pty Ltd) had a 75% interest in K2O Utah LLC. The carrying value of the investment in Citadel Potash Pty Ltd was assessed for impairment at 30 June 2009 and an impairment provision was raised in accordance with Group's accounting policy. There was no foreign exchange impact as a result of the acquisition.

At the end of the comparative period, a loss relating to Citadel Potash Pty Ltd amounting to $194,969 is included in the consolidated income statement for the year ended 30 June 2009. Had the results relating to Citadel Potash Pty Ltd been consolidated from 1 July 2008, consolidated revenue would have remained unchanged and the consolidated loss would have been $1,336,363 for the year ended 30 June 2009.

NOTE 17: RELATED PARTY TRANSACTIONS

a) Parent and ultimate controlling party

The parent entity and ultimate controlling party is Transit Holdings Ltd.

b) Related party compensation

Information on remuneration of Directors and Key Management Personnel is contained in the Remuneration Report within the Directors' Report on page. Please refer to page 12 of the Directors Report for Key Management Personnel remuneration information.

c) Loans to and from related parties

Terms and Conditions of loans

Loans between entities in the wholly owned Group are not interest bearing, unsecured and are payable upon reasonable notice having regard to the financial stability of the Company.

d) Other related party transactions

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 17: RELATED PARTY TRANSACTIONS (CONTINUED)

Ventnor Capital Pty Ltd, a company of which Mr Richard Monti was a Director during the year, was paid rent, company secretarial fees and financial accounting fees in relation to the administration of the Group. Ventnor Capital Pty Ltd also provided geological consultancy services to the Group during the year. A summary of the total fees paid to Ventnor Capital Pty Ltd during the year is as follows:

	2010 $	2009 $
Rent & Office Administration, Bookkeeping & Secretarial support	72,000	72,000
Company secretarial fees	80,952	70,495
Joint venture accounting fees	24,000	-
Executive Director fees	76,860	48,000
Total	**253,812**	**190,495**

The total amount of fees due to Ventnor Capital as at 30 June 2010 was $56,331 (excl GST) (2009: $40,937 excl GST).

Lalapansi Pty Ltd, a company of which Hugh Callaghan holds a beneficial interest, was paid CEO consulting fees during the year totalling $35,000 (2009: Nil). The total amount of fees due to Lalapansi Pty Ltd as at 30 June 2010 was $Nil (2009: $Nil) in relation to CEO consulting fees.

Trident Capital Pty Ltd, a company of which Andrew Parker is a Director, was paid Director's fees during the comparative period totalling $25,742, there were no fees paid to Trident Capital Pty Ltd during the current year. The total amount of fees due to Trident Capital as at 30 June 2010 was $Nil (2009: $Nil) in relation to Director's fees.

e) Share holdings of key management personnel

The number of ordinary shares of Transit Holdings Limited held, directly, indirectly or beneficially, by each Director, including their personally-related entities as at balance date:

Directors	Held at 1 July 2009	Movement during year(2)	Options Exercised	Held at 30 June 2010
A. Kathiravelu	80,000	-	13,332	93,332
G. Ceccon(3)	1,610,873	(2,314,206)(3)	703,333	-
R. Monti	1,195,000	-	1,329,166	2,524,166
B. Thomas	-	-	-	-
H. Callaghan	-	-	-	-
Total	**2,885,873**	**(2,314,206)**	**2,045,831**	**2,617,498**

Directors	Held at 1 July 2008	Movement during year	Options Exercised	Held at 30 June 2009
A. Kathiravelu	80,000	-	-	80,000
A. Parker	1,525,000	(1,525,000)(1)	-	-
G. Ceccon	856,893	753,980(2)	-	1,610,873
R. Monti	1,195,000	-	-	1,195,000
Total	**3,656,893**	**(771,020)**	**-**	**2,885,873**

(1) Mr Parker resigned on 18 March 2009. During the year Mr Parker disposed of 1,500,000 shares.
(2) Movement represents on market purchases during the year.
(3) Mr Ceccon resigned on 31 May 2010.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 17: RELATED PARTY TRANSACTIONS (CONTINUED)

f) Options holdings of key management personnel

The number of options over ordinary shares in Transit Holdings Limited held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities as at balance date, is as follows:

Directors	Held at 1 July 2009	Movement during year	Exercised	Held at 30 June 2010	Vested and exercisable at 30 June 2010
A. Kathiravelu	13,332	500,000	(13,332)	500,000	500,000
G. Ceccon(1)	704,999	(1,666)(1)	(703,333)	-	-
R. Monti	1,329,166	1,000,000	(1,329,166)	1,000,000	1,000,000
B. Thomas	-	-	-	-	-
H. Callghan	-	3,000,000	-	3,000,000	-
Total	**2,047,497**	**4,498,334**	**(2,045,831)**	**4,500,000**	**1,500,000**

Directors	Held at 1 July 2008	Movement during year	Exercised	Held at 30 June 2009	Vested and exercisable at 30 June 2009
A. Kathiravelu	13,332	-	-	13,332	13,332
A. Parker	1,000,000	(1,000,000)(2)	-	-	-
G. Ceccon	704,999	-	-	704,999	704,999
R. Monti	1,329,166	-	-	1,329,166	1,329,166
Total	**3,047,497**	**(1,000,000)**	**-**	**2,047,497**	**2,047,497**

(1) Mr Ceccon resigned on 31 May 2010.
(2) Mr Parker resigned on 18 March 2009. No options were exercised or disposed by Mr Parker during his period in office.

NOTE 18: SHARE BASED PAYMENTS

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	Consolidated 2010 $	Consolidated 2009 $
Share-based payments:		
Options issued to executives	801,606	-
Options issued under ESOP	53,225	-
	854,831	**-**

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 18: SHARE BASED PAYMENTS (CONTINUED)

The movements of Options issued under share based payment transactions are detailed below:

2010

Date Granted	Expiry Date	Exercise Price	Number at beginning of year	Movement during year: Issued	Exercised	Expired	Number at end of year
13/12/06	31/12/09	0.25	1,500,000	-	1,500,000	-	-
29/08/07	31/12/09	0.25	1,500,000	-	1,500,000	-	-
29/08/07	31/01/10	0.25	500,000	-	390,000	110,000	-
29/08/07	31/01/11	0.35	250,000	-	-	-	250,000
7/12/07	31/12/09	0.25	2,000,000	-	1,500,000	500,000	-
16/11/09	31/12/12	0.40	-	2,000,000	-	-	2,000,000
4/12/09	31/12/12	0.40	-	250,000	-	-	250,000
14/04/10	31/12/12	0.40	-	3,000,000	-	-	3,000,000
			5,750,000	**5,250,000**			**5,500,000**

During the year, 13,756,224 options were exercised to take up ordinary shares. As at the year end the Company had a total of 5,500,000 unissued ordinary shares on which options are outstanding with an exercise price of 40 cents. The weighted average remaining contractual life of all share options outstanding at the end of the financial year is 2.42 years.

1. Options issued to Directors

On 4 December 2009 the Company issued 2,000,000 Director Options to Directors or their nominees. The issue of Director Options was approved by shareholders at the Annual General Meeting held on 16 November 2009. There are no voting rights attached, the options are transferable by instrument in the form commonly used for the transfer of options, and they may be exercised at any time until 31 December 2012. The details of the options issued to Directors are as follows:

2010 Granted		Terms & Conditions for each Grant						Vested	
Directors	No Granted	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date	No	%
A. Kathiravelu	500,000	16/11/09	$0.228	$0.40	31/12/12	4/12/10	31/12/12	500,000	100%
G. Ceccon	500,000	16/11/09	$0.228	$0.40	31/12/12	4/12/10	31/12/12	500,000	100%
R. Monti	1,000,000	16/11/09	$0.228	$0.40	31/12/12	4/12/10	31/12/12	1,000,000	100%

2. Options issued under ESOP

On 4 December 2009, the Company issued 250,000 share options to employees of the Company under the ESOP. The options were issued on the same terms as the Director Options issued on the same day. The details of the options issued under the ESOP are as follows:

2010 Granted		Terms & Conditions for each Grant						Vested	
Recipient	No Granted	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date	No	%
M. Barron	250,000	4/12/09	$0.2129	$0.40	31/12/12	4/12/10	31/12/12	250,000	100%

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 18: SHARE BASED PAYMENTS (CONTINUED)

The exercise price of the options under the ESOP was determined by Directors and the employees eligible to participate in the plan are at the discretion of Directors. The options hold no voting rights and are not transferable. At balance date no options have been exercised and no employees have ceased employment.

3. Consulting Options issued to CEO
On 14 April 2010, the Company issued 3,000,000 share options to the Chief Executive Officer of the Company in accordance with the terms of the CEO consulting contract. The options were issued on the following terms and conditions.

The options will not be exercisable until the later of 3 months after issue and the date upon which the volume weighted average price of the Company's share price exceeds the following prices for a period of 10 trading days on which sales in the Company were recorded on the Australian Securities Exchange or any other recognised stock exchange;

a. In respect of 1,000,000 options, 40 cents (or, if the company's shares are only trading on another stock exchange, the equivalent of 40 cents, based on the then current exchange rate);
b. In respect of 1,000,000 options, 60 cents (or, if the company's shares are only trading on another stock exchange, the equivalent of 60 cents, based on the then current exchange rate);
c. In respect of 1,000,000 options, 80 cents (or, if the company's shares are only trading on another stock exchange, the equivalent of 80 cents, based on the then current exchange rate).

2010									
Granted		**Terms & Conditions for each Grant**						**Vested**	
Recipient	No Granted	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	First Exercise Date	Last Exercise Date	No	%
H. Callaghan	1,000,000	14/04/10	$0.1529	$0.40	31/12/12	See 3.a. above	31/12/12	-	0%
H. Callaghan	1,000,000	14/04/10	$0.1449	$0.40	31/12/12	See 3.b. above	31/12/12	-	0%
H. Callaghan	1,000,000	14/04/10	$0.1116	$0.40	31/12/12	See 3.c. above	31/12/12	-	0%

Fair value of options granted

The fair value at grant date of the Director and ESOP options has been determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 18: SHARE BASED PAYMENTS (CONTINUED)

The table below summarises the model inputs for Director and ESOP options granted during the year:

Model Inputs	**Director Options**	**ESOP Options**
1. Options granted for no consideration:	2,000,000	250,000
2. Exercise price (cents):	40	40
3. Valuation date:	16 Nov 2009	4 Dec 2009
4. Expiry date:	31 Dec 2012	31 Dec 2012
5. Underlying security spot price at grant date (cents):	36	34.5
6. Expected price volatility of the Company's shares:	100%	100%
7. Expected dividend yield:	0%	0%
8. Risk-free interest rate	4.98%	4.98%

The fair value at grant date of the CEO Consulting options has been determined using a Binomial option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. The Binomial option pricing model uses an iterative procedure, allowing for the specification of nodes, or points in time, during the time span between the valuation date and the option's expiration date. It assumes that underlying security prices can only either increase or decrease with time until the option expires.

To correctly account for the vesting conditions (as discussed in 3.a. to 3.c. above) in the valuation of the CEO Consulting Options, the exercise price of the option in each tranche has been adjusted to reflect the price when vesting conditions are satisfied. It is for this reason that the fair value of an option in Tranche 2 or Tranche 3 is lower that the in Tranche 1.

The table below summarises the model inputs for CEO Consulting options granted during the year:

Model Inputs	**CEO Consultant Options Tranche 1**	**CEO Consultant Options Tranche 2**	**CEO Consultant Options Tranche 3**
1. Options granted for no consideration:	1,000,000	1,000,000	1,000,000
2. Exercise price (cents):	40	60	80
3. Valuation date:	14 April 2010	14 April 2010	14 April 2010
4. Expiry date:	31 December 2012	31 December 2012	31 December 2012
5. Underlying security spot price at grant date (cents):	28	28	28
6. Expected price volatility of the company's shares:	100%	100%	100%
7. Expected dividend yield:	0%	0%	0%
8. Risk-free interest rate	5.28%	5.28%	5.28%
Binomial Valuation per Option	0.1529	0.1449	0.1116

The expected price volatility is based on the historic volatility of the Company.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 19: AUDITORS' REMUNERATION

	Consolidated 2010 $	2009 $
Audit Services		
Audit of the financial report of the entity and any other entity in the Group	31,058	25,000
	31,058	25,000

NOTE 20: FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks that includes market risk (including currency risk, interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the Executive Director under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange and interest rate and credit risks.

a) Market Risk

Foreign Currency Risk

As a result of significant operations in the United States, the Group's statement of financial position can be affected significantly by movements in the US$/A$ exchange rates. As at the end of the reporting period the group's exposure to foreign currency risk is considered immaterial by the Company and therefore no sensitivity analysis has been disclosed.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

Price risk

The Company is not directly exposed to any price risk.

Interest rate risk

The Group is exposed to interest rate risk on cash balances held in interest bearing accounts. The Board constantly monitors its interest rate exposure and attempts to maximise interest income by using a mixture of fixed and variable interest rates, whilst ensuring sufficient funds are available for the Group's operating activities. The Group's net exposure to interest rate risk at 30 June 2010 approximates the value of cash and cash equivalents.

b) Credit Risk

The Group has no significant concentrations of credit risk.

c) Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained for the coming months. Upcoming capital needs and the timing of raisings are assessed by the Board at each Meeting of Directors.

The maturity of the Group's payables is disclosed in Note 12.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Cash flow and Interest Rate Risk
The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result in changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities is disclosed in Note 8, only cash is affected by interest rate risk as cash is the Groups only financial asset exposed to fluctuating interest rates.

In accordance with AASB 7 the following sensitivity analysis has been performed for The Company's Interest Rate risk:

		Effect On:		Effect On:	
		Profit	**Profit**	**Equity**	**Equity**
Consolidated		**2010**	**2009**	**2010**	**2009**
Risk Variable	**Sensitivity***	**$**	**$**	**$**	**$**
Interest Rate	+ 1.50%	54,680	35,222	54,680	35,222
	- 1.50%	(54,680)	(35,222)	(54,680)	(35,222)

*The method used to arrive at the possible change of 150 basis points was based on the analysis of the absolute nominal change of the Reserve Bank of Australia (RBA) monthly issued cash rate. Historical rates indicate that for the past five financial years, interest rate movements ranged between 0 to 150 basis points. It is considered that 150 basis points a 'reasonably possible' estimate as it accommodates for the maximum variations inherent in the interest rate movement over the past five years.

The fair values of all financial assets and liabilities of the Group approximate their carrying values.

Capital management
The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's capital includes ordinary share capital and convertible performance shares, supported by financial assets.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor the Group are subject to externally imposed capital requirements.

NOTE 21: SEGMENT REPORTING

Identification of reportable segments
The group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of the mineral being targeted and the country of origin. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

Reportable segments requiring disclosure are operating segments that meet any of the following thresholds:

- Segment loss greater than 10% of combined loss of loss making operating segments; and
- Segment assets greater than 10% of combined assets of all operating segments.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 21: SEGMENT REPORTING (CONTINUED)

In accordance with AASB 8, the reportable segments are based on aggregated operating segments determined by the similarity of the minerals targeted, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Once reportable segments have been identified, all remaining segments that do not satisfy the thresholds are to be aggregated together to form an all other segments reporting segment. In accordance with AASB 8 Segment Reporting corporate and administration activities are to be included in the all other segments reporting segment.

Description of Operating Segments
Potash Exploration
Transit's subsidiary Citadel Capital Holding LLC has an 86% interest in K2O Utah LLC, a company with a 100% interest in permits for the exploration for Potash in Utah, USA. The electronics business has been determined as both an operating segment and reportable segment.

Iron-Ore and Gold Exploration
Radar Resources, a wholly owned subsidiary of Transit, is the holder of tenements in the south west of Western Australia which are prospective for Iron-Ore, Gold and other base metal alloys. The iron-ore and gold exploration operating segments do not meet the thresholds for reportable segments and have been included in all other segments for reporting purposes.

Accounting policies and inter-segment transactions
The accounting policies used by the Group in reporting segments internally are the same as those contained in note 3 to the accounts and in the prior period

Information about reportable segments

	Potash Exploration		**All Other Segments**		**Consolidated**	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**
Finance income	-	-	147,756	183,888	147,756	183,888
Depreciation Expense	-	-	(8,646)	(8,931)	(8,646)	(8,931)
Impairment of exploration expenditure	-	(792,390)	-	(18,599)	-	(810,989)
Segment Loss	(1,289,155)	(863,801)	(1,233,866)	(439,245)	(2,523,021)	(1,303,046)
Unallocated expenses					-	-
Results from operating activities					(2,523,021)	(1,303,046)
Less: discontinued operation					-	-
Results from continuing operations					(2,523,021)	(1,303,046)
Reportable Segment Assets	-	-	5,192,920	3,260,094	5,192,920	3,260,094
Reportable Segment Liabilities	-	-	371,383	205,503	371,383	205,503

Geographical Segments
The Potash Exploration Segment operates out of the United States of America. All other segments operate in Australia.

Notes to the Financial Statements
For the year ended 30 June 2010

NOTE 22: PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ending 30 June 2010 the parent company of the Group was Transit Holdings Limited

	Company	
	2010	**2009**
Result of the parent entity		
Loss for the period	(2,673,256)	(1,091,063)
Other comprehensive income	-	-
Total comprehensive loss for the period	(2,673,256)	(1,091,063)
Financial Position of the parent entity at year end		
Current assets	4,699,555	2,925,821
Total assets	4,899,555	3,237,642
Current Liabilities	171,949	126,749
Total Liabilities	171,949	126,749
Total equity of the parent entity comprising of:		
Share capital	11,022,291	6,659,716
Options reserve	883,183	1,111,581
Accumulated Losses	(7,177,868)	(4,660,404)
Total Equity	4,727,606	3,110,893

Parent Entity Contingencies

The Directors are not aware of any contingent liabilities that may arise from the Company's operations as at 30 June 2010.

NOTE 23: SUBSEQUENT EVENTS

As discussed in the Directors Report, Transit has appointed John Lea as Iron Ore Chief Executive Officer after the balance date.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

NOTE 24: CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities that may arise from the Group's operations as at 30 June 2010.

Directors' Declaration

In the Directors' opinion:
a) the financial statements and notes set out on pages 22 to 52 and the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001,* including:

i. giving a true and fair view of the Company's and Group's financial position as at 30 June 2010 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the period ended on that date; and

ii. complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements;

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2010.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Board

R. Monti
Executive Director

Perth
3 September 2010

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRANSIT HOLDINGS LIMITED

Report on the financial report

We have audited the accompanying financial report of Transit Holdings Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes 1 to 24 and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes complies with International Financial Reporting Standards, issued by the International Accounting Standards Board.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

O|R|D PARTNERS
CHARTERED ACCOUNTANTS

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of Transit Holdings Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the remuneration report

We have audited the remuneration report included in paragraphs A to E of the directors' report for the year ended 30 June 2010. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporation Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Transit Holdings Limited for the year ended 30 June 2010, that are contained in paragraphs A to E of the directors' report complies with Section 300A of the *Corporation Act 2001*.

ORD PARTNERS
Chartered Accountants

Ian Macpherson
Partner

Perth, 3 September 2010

ASX Additional Information

Additional information required by the ASX Limited Listing Rules not disclosed elsewhere in this Annual Report is set out below.

Shareholdings

The issue capital of the Company at 31 August 2010 is 45,381,224 ordinary fully paid shares. All ordinary shares carry one vote per share.

Top 20 Shareholders as at 31 August 2010

		No. of Shares Held	% Held
1	DREAMPT PTY LTD	4,630,000	10.20%
2	RIVERVIEW CORPORATION PTY LTD	3,480,986	7.67%
3	GREATCITY CORPORATION PTY LTD	2,284,166	5.03%
4	BARK NSW PTY LTD	1,851,213	4.08%
5	ZEBON TWO PTY LTD	1,550,000	3.42%
6	KATHIRAVELU VALERIE L	934,000	2.06%
7	SAJAMAT PTY LTD	631,500	1.39%
8	MR JOHN CHARLES VASSALLO & MRS JANELLE KERRIE VASSALLO	600,000	1.32%
9	RBC DEXIA INVESTOR SVCS A	588,860	1.30%
10	KATHIRAVELU V L + T	500,000	1.10%
11	HAMBOUR MARK	430,000	0.95%
12	THOMPSON BRETT WILLIAM	406,000	0.89%
13	KATHIRAVELU VALERIE L	400,000	0.88%
14	WENG Y + N L Y + A/C N L	400,000	0.88%
15	MAOYI INV PL	400,000	0.88%
16	PROPLUS INV PL	400,000	0.88%
17	SUPER FOXY PL	399,000	0.88%
18	DANG V Q M + NGUYEN T K D	395,330	0.87%
19	MOSEL BRENDON	386,396	0.85%
20	SABRE POWER SYSTEMS PL	382,232	0.84%
		21,049,683	46.37%

Shares Range	**No. of Holders**	**No. of Shares**
1 – 1,000	17	4,387
1,001 – 5,000	93	304,254
5,001 – 10,000	155	1,398,736
10,001 – 100,000	319	11,428,965
100,001 and over	77	32,244,882
	661	45,381,224
Number holding less than a marketable parcel at $0.135 per share	76	154,884

Shareholders by Location	**No. of Holders**	**No. of Shares**
Australian holders	638	44,786,723
Overseas holders	23	594,501
	661	45,381,224

ASX Additional Information (continued)

Voting Rights

In accordance with the Company's Constitution, on a show of hands every shareholder present in person or by proxy, attorney or representative of a shareholder has one vote and on a poll every shareholder present in person or by proxy, attorney or representative of a shareholder has in respect of fully paid shares, one vote for every share held. No class of option holder has a right to vote, however the shares issued upon exercise of options will rank pari passu with the then existing issued fully paid ordinary shares.

Substantial Shareholders as at 31 August 2010

		No. of Shares Held	% Held
1	DREAMPT PTY LTD	4,630,000	10.20%
2	RIVERVIEW CORPORATION PTY LTD	3,480,986	7.67%
3	GREATCITY CORPORATION PTY LTD	2,284,166	5.03%

Converting Shares

The Company has the following classes of converting shares on issue at 31 August 2010 as detailed below. Converting Shares do not carry any rights to vote.

Class	Conversion Terms	No. of Shares
Class A	Upon the earn in of 75% of K2O Utah via spending US$708,500 and the securing of 50,000 acres of exploration leases	1,000
Class B	- 1,000 convert upon the delineation of a JORC Code compliant resource of 50 million tonnes at a minimum of 20% K2O. - Remainder convert at 100 share intervals upon up to ten additional occurrences of 5 million tonne increments of JORC code compliant resource, or the conversion of Class C	2,000
Class C	Upon the completion of a positive prefeasibility study	3,000

Converting Shares Range	Class A		Class B		Class C	
	No. of Holders	No. of Shares	No. of Options	No. of Shares	No. of Options	No. of Shares
1 – 1,000	3	1,000	3	2,000	3	3,000
1,001 – 5,000	-	-	-	-	-	-
5,001 – 10,000	-	-	-	-	-	-
10,001 – 100,000	-	-	-	-	-	-
100,001 and over	-	-	-	-	-	-
	3	1,000	3	2,000	3	3,000
Shareholders by Location						
Australian holders	3	1,000	3	2,000	3	3,000
Overseas holders	-	-	-	-	-	-
	3	1,000	3	2,000	3	3,000

The following Converting Shares holders hold more than 20% of a particular class of the Company's Converting Shares.

	Converting Shares		
Holder	Class A	Class B	Class C
Bessarlie Pty Ltd	334	666	1,000
Ardath Investments Pty Ltd	333	667	1,000
Western Pacific Corporate Investments Pty Ltd	333	667	1,000

ASX Additional Information (continued)

Option Holdings

The Company has the following classes of options on issue at 31 August 2010 as detailed below. Options do not carry any rights to vote.

Class		Terms	No. of Options
TRH-X	Unlisted Options	Exercisable at $0.35 expiring on or before 31 Jan 2011	250,000
TRH-Y	Unlisted Options	Exercisable at $0.40 expiring on or before 31 Dec 2012	2,250,000
TRH-Z	Unlisted Options	Exercisable at $0.40 expiring on or before 31 Dec 2012	3,000,000

Options Range	Unlisted Options	
	No. of Holders	No. of Options
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 and over	6	5,500,000
	6	5,500,000
Shareholders by Location		
Australian holders	6	5,500,000
Overseas holders	-	-
	6	5,500,000

The following Option holders hold more than 20% of a particular class of the Company's Unlisted Options.

	Unlisted Options		
Holder	TRH-X	TRH-Y	TRH-Z
Nicholas Jolly	250,000	-	-
Greatcity Corporation Pty Ltd	-	1,000,000	-
Ananda Kathiravelu	-	500,000	-
Vermont Capital Pty Ltd	-	500,000	-
GTMS MERCANTILE LIMITED	-	-	3,000,000