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## **PARADOX BASIN POTASH PROJECT DRILLING UPDATE**

### **STATE HOLE #1**

**SAN JUAN COUNTY, UTAH, USA  
(Operator: Sabine Storage and Operations, Inc.)**

Transit Holdings (ASX: TRH) is pleased to advise the drilling of State Hole #1 has been completed at a total depth (TD) of 6,434 ft (1,962 m) and has successfully cored potash in both Bed 13 and Bed 18.

State Hole #1 is the first hole of the current 4 hole program on State Land designed to upgrade part of the Paradox Basin Potash Project's exploration target into JORC code compliant Resource. The company recently executed a MOU with the United States Bureau of Land Management (BLM) to facilitate drilling a further four holes on federal lands, as the exploration target incorporates both federal and state land holdings.

The drilling rig is now being moved 5 miles (approximately 8 km) to the east to commence State Hole #2.

The Paradox Basin Potash Project comprises potash (KCl) mineralization in two beds of interest, Potash 13 and Potash 18, the latter which occurs in two sub-beds. Potash 18 Upper is ubiquitous across the property, while Potash 18 Lower occurs locally to the southwest. An Exploration Target\* estimated by independent consultants Agapito Associates Inc. for Potash Beds 13 and 18 of 3.4 to 5.2 billion tonnes of sylvinites at an average grade of 23% to 34% KCl has been delineated within the Project. Potash 18, which is the principal bed of interest, was estimated to be 3.0 to 4.6 billion tonnes sylvinites at an average grade of 24 to 35% KCl.

The Exploration Target assumes a grade cutoff of 16% KCl and a thickness cutoff of 2.0 m, below which mineralization is excluded from the estimate. The Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code (2004). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.

State Hole #1 was drilled to the southwest of Husky Fed 6-15 (an existing oil and gas exploration well) which intercepted thick potash in Bed 18 as well as moderately thick potash in Bed 13. The location of Transit State Hole #1 was chosen to determine the known extent of potash mineralisation in Bed 18 and Bed 13 to the south of an east-west fault.

Visual results from Transit State Hole #1 suggest thinner and lower grade potash in Bed 18 and Bed 13 compared to Husky Fed 6-15, which may be related to differences in mineralisation across the east-west fault. Transit will use the results to attain a better understanding of the geology of the basin.

Transit's second hole (State Hole #2) will be drilled to the east as planned in the mineralised area north of the east-west fault. The location of this hole is designed to confirm the results from previous oil well drilling, as well as to determine the extent of potash mineralisation in Bed 18 and Bed 13 to the east. This hole is expected to commence in the next few days.

**For and on behalf of Transit Holdings Ltd**

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

**Ananda Kathiravelu**  
Chairman

**Transit Holdings Ltd**

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## About the Project

Transit has earned 90% of the Paradox Basin Potash Project ("the Project") which covers applications for 365 km<sup>2</sup> of highly prospective potash permits in the Paradox Basin in south eastern Utah. The company's focus is on sylvinitic, a high grade form of potash ore that is cheaper and more effective to process to a saleable form than any other form of potash ore.

The Paradox Basin Potash Project is located close to key agricultural regions of the United States and as such is well situated to supply fertiliser manufacturers and agricultural cooperatives in the western United States. The Project also has substantial export potential given its excellent proximity to key US rail infrastructure leading to West Coast ports.

Transit and its joint venture partner have completed a Scoping Study on the Project based on 2 million tonnes per annum production of KCl from solution mining of the potash deposit. The Scoping Study was based on mining only Potash Bed 18. An estimate of tonnage and grade of 2.3 billion tonnes at 32.8% KCl for the two Potash 18 sub-beds was used in the Scoping Study.

The Scoping Study demonstrated that the Project has robust financials and the Company is proceeding immediately to a Pre-Feasibility Study which will include drilling of fresh exploratory wells to augment a database of historical drilling. All drilling information will then be used for the estimation of the project's maiden JORC compliant resource. The identification of substantial subterranean aquifers and opportunities to capture seasonal snowmelt provides confidence in the availability of water for the project, to add to an impressive suite of infrastructure in the region.

*The information set out above that relates to exploration target and exploration results is based on information prepared by Dr Michael P. Hardy, who is a Senior Consultant with Agapito Associates, Inc. Mr. Hardy is a Registered Member of The Society of Mining, Metallurgy, and Exploration (SME), a Recognised Overseas Professional Organisation and is employed by Agapito Associates Inc who is a consultant to the Company. Mr Hardy has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Hardy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears"*

*\*The potential quantity and grade of potash reported as exploration potential is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.*