TRANSIT

HOLDINGS LTD

ACN 121 184 316

ANNUAL REPORT

for the year ended 30 June 2011

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 Australian currency.

Transit is a company limited by shares, incorporated and domiciled in Australia. Its 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
Non-Executive Director

Sean Murray
Non-Executive Director

Chief Executive Officer
G.A Ben Binninger

Company Secretary:
Morgan Barron

Auditors:
MGI Perth Audit Services Pty Ltd
Level 7
1 William Street
PERTH WA 6000

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
Facsimile: + 618 9482 0505

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

Utah Office:
K2O Utah, LLC,
375 South Main St. #209, Moab,
Utah 84532, USA

Letter from the Chairman

Dear Shareholder

I am pleased to present the Annual Report of Transit for the year ended 30 June 2011. A year ago today I could not have anticipated the progress the Company has made in Utah with our Paradox Basin Potash Project. We have increased our ownership to 90%, made great strides with the geology, and broken new ground on the permitting front that has allowed the Company to begin drilling our first hole. We are delighted to report significant share price appreciation over last year while also raising additional funds to support our exploration activities which we believe will deliver a significant JORC compliant resource in 2012.

The price for potash remains firm and corporate activity in the sector continues further emphasising food security as a global issue. The strategic location of our K2O Utah project including infrastructure and available operating inputs makes your project uniquely attractive. Our JORC resource target was increased by a billion tonnes and is now estimated to be 3.4 to 5.2 billion tonnes of sylvinite with an average grade of 23% to 34% KCL.

We secured the federal right of way that allows access to state leases. Within 60 days we received approval from the state of Utah to drill. The cores from the first hole are expected in October and confirmation of the preliminary results from the laboratories the following month. Results from the remaining holes will follow. We are making progress on the federal drilling permits and intend to drill four holes on the federal block as soon as practicable.

I am happy to note the addition of Sean Murray to the board and Ben Binninger as the potash CEO. Both will play key roles in the company's development as we focus the company on potash. Several additional individuals and capabilities were also added to reinforce our efforts. Furthermore we will seek the shareholder approval to change the company name to Potash Minerals Limited to reflect this strategic direction.

The coming year promises to be one of the best yet for the Company as we drill out our first 4 holes on the state leases and move towards our maiden JORC compliant resource.

Thank you for investing your money and patience with Transit Holdings Ltd.

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 2011.

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 (formerly known as Australian Mining Investments Ltd), Meridian Minerals Ltd (formerly Bellevue Resources Ltd) Promesa Ltd, Mineq Ltd, Coronado Ltd and Intium Energy Ltd. His areas of expertise include corporate advice, capital raising, mergers and acquisitions. His focus is on the small cap resources and emerging business sectors.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Promesa Limited (Executive Director)
Radar Iron Ltd (Non-Executive Director)

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

Richard Monti – Non-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 five 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, which specialises in providing advisory services for small to mid cap mining exploration companies. Mr Monti resigned from his position at Ventnor Capital in June 2010.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Azimuth Resources Limited (Executive Director)
Poseidon Nickel Limited (Non Executive Director)
Triton Gold Limited (Non Executive Director)
Jaguar Minerals Limited (Non Executive Director)

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Bathurst Resources Limited
Whinnen Resources Limited

Directors' Report (continued)

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

EXPERIENCE AND EXPERTISE

Mr Thomas is a geologist and mineral economist with more than 20 years of mining and exploration industry experience in a broad range of commodities from precious and base metals, bulk and industrial minerals, diamonds plus oil and gas. This is complemented by 12 years in the Australian financial services sector working in corporate stock broking, investment banking, funds management and with an Australian commercial bank, sourcing mining finance opportunities.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Condoto Platinum NL (Non-Executive Director)
Charter Pacific Corporation Limited (Non-Executive Director)
Noble Mineral Resources Limited (Non-Executive Director)
Parker Resources NL (Non-Executive Chairman)
Strickland Resources Limited (Non-Executive Director)

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Aragon Resources Limited
Pacific Niugini Ltd
Namibian Copper NL
White Cliff Nickel Limited

Sean Murray – Non-Executive Director (appointed 19 April 2011)

EXPERIENCE AND EXPERTISE

Over the past 40 years, Mr Murray has worked worldwide in the chemicals and mining industries, including non-ferrous metals and minerals and industrial minerals. His successful executive management career includes senior roles with Rio Tinto Zinc Corporation and Pasminco Inc, where he also served as Chairman, and Rio Tinto Borax where he became Managing Director of Borax Europe and then Deputy Chief Executive, Rio Tinto Borax in the 1990s.

Mr Murray has also served on the boards of Rio Tinto subsidiary companies including U.S. Borax (California), Borax Francais (Paris and Dunkirk) and Borax Argentina (Buenos Aires and Salta). He has also served as a Vice-President of the European Zinc Institute (The Hague), as an Industry Advisor to the UK government on non-ferrous metals and minerals, and as Vice-president of the Industrial Minerals Association, and as President of the European Borates Association.

Since 2004, Mr Murray has provided specialist consulting services to the industrial minerals sector in Europe and North and Central America. Mr Murray is fluent in a number of European languages and brings considerable experience of industrial minerals to bear on the Company's activities and developments as it looks to develop its potash business.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Fluormin Minerals Plc (Non-Executive Director)

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Nil.

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

Directors' Report (continued)

POTASH CHIEF EXECUTIVE OFFICER

Ben Binninger - appointed 19 April 2011

Mr G.A "Ben" Binninger was appointed as Chief Executive Officer of Transit Holdings Limited's potash investments subsidiary, Citadel Capital Holdings Inc, with effect from 9th May 2011. Mr Binninger, who is resident in California, has a long and distinguished career that includes several senior executive leadership roles. His experience in resource companies includes Rio Tinto, ARCO, Hercules and EXXON. These roles include businesses in 24 countries ranging in size from a few million dollars to a billion dollars and provide a relevant base of experience to guide Transit's potash assets through their development trajectory.

Mr Binninger brings an unusual combination of global management, strategic positioning and financial expertise with hands on operating experience in chemicals, energy, materials, environmental, mining and consulting. He has commercialised novel technologies and developed new products and businesses. His broad functional background includes sales, marketing, distribution, operations, technology, planning, financial and business development.

Mr Binninger replaces Hugh Callaghan in the Company's Potash CEO role who after a handover period stepped down from the position on 30 June 2011 to pursue other business ventures.

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. Mr Barron is a director of Corporate Advisory firm Ventnor Capital Pty Ltd and Ventnor Securities Pty Ltd which specialise in the provision of corporate and financial advice to junior resource companies. 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 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. Mr Barron provides a strong commercial, financial and management background.

PRINCIPAL ACTIVITIES

Transit's principal activities are the exploration of potash in Utah, USA.

RESULTS

The net profit attributable to owners of the parent entity for the year ended 30 June 2011 amounted to $1,939,718 (2010: ($2,270,578)) after providing for income tax and eliminating non-controlling equity interests. The net profit is attributable to a fair value gain on the Company's investment in Radar Iron Ltd. The Company has not realised any of this profit on this investment to date.

The net loss from ordinary activities, not including amounts recognised in relation to the loss of control transaction, for the year amounted to $1,971,536 (2010: $2,270,578).

DIVIDENDS

There were no dividends paid or declared during the year.

Directors' Report (continued)

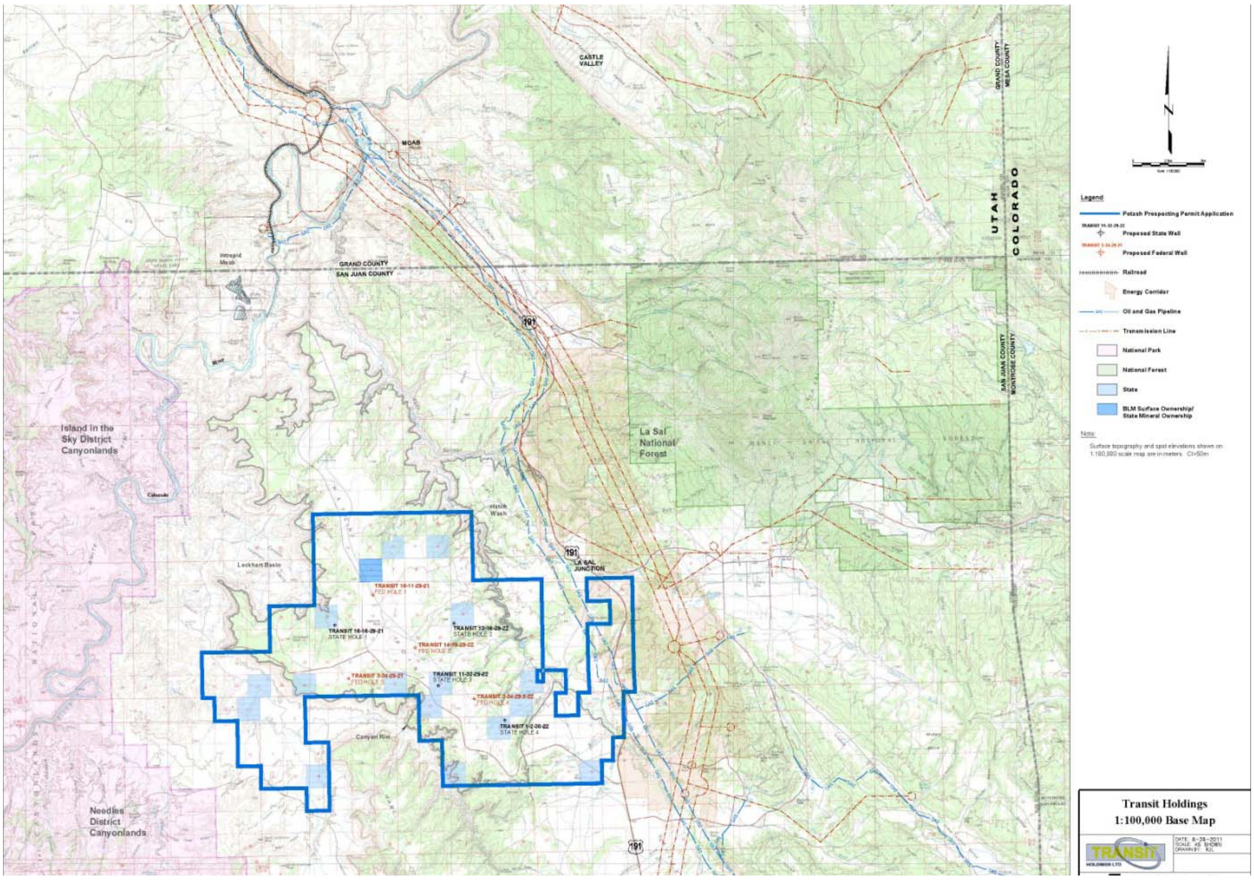
OPERATING AND FINANCIAL REVIEW

The potash market continues strongly with rising prices and demand growth especially in developing countries. In addition there were several acquisitions of potash resources as well as combinations involving existing producers. Some notable transactions were BHP's acquisition of Athabasca Potash, K+S acquisition of Potash One and Uralkali acquisition of Silvinit. Industry sources report current potash pricing already exceeds our scoping study estimate of $475 a tonne in 2012. Several favourable developments occurred last year with our K2O Utah project especially relating to geology, permitting and exploration activities.

Transit fulfilled its obligation to provide $2.3 million in funding, thereby securing its 90 percent ownership of K2O Utah. The project covers 365 km^2 of highly prospective potash permits in the Paradox basin of south eastern Utah. We remain confident in this project, as it exhibits five key elements required for a successful potash project:

- Massive high grade, mineable sylvinite resource
- Access to infrastructure, transportation and market
- Ability to secure regulatory approval with community support
- Necessary inputs of gas, water, power and labour
- Organisational capabilities to succeed.

During the last year Transit demonstrated significant progress in these critical areas as elaborated below. An overview of the current project area including the additional land added to the south is shown on the map below**.**

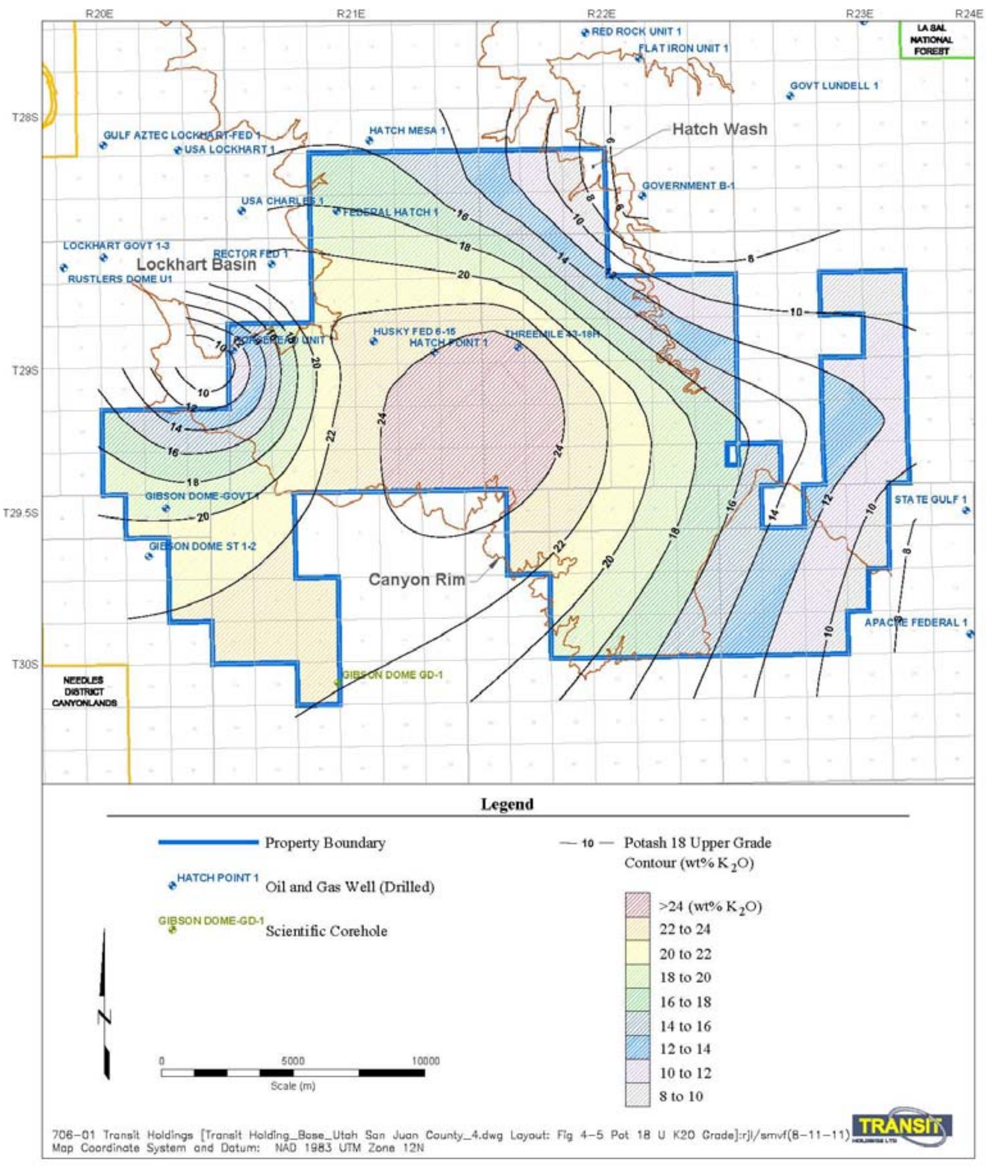


Directors' Report (continued)

The US Midwest is the country's largest potash consuming area. The K2O Utah project has access to this market via the Union Pacific Railroad which provides rail service to the nearby Intrepid potash mine shown in the map.

<u>Geology and Resource</u>
Our independent geologist Agapito Associates, Inc. re-analysed our Paradox Basin exploration target to reflect changes in the property boundary and added additional current geological information which now includes 39 wells with geophysical data. The exploration target is now estimated to be 3.4 to 5.2 billion tonnes of sylvinite of an average grade of 23% to 34% KCL. Furthermore, potash bed #18 which is our principal bed of interest was estimated to be 3.0 to 4.6 billion tonnes sylvinite at an average grade of 24% to 35% KCL.*

This new Exploration target represents an increase of more than 1.0 billion tonnes, and the average project grades of the individual beds have increased by 5 percent KCL in grade. This increase occurred despite tightening the resources estimate cut-off for grade and thickness which by itself had the effect of reducing the overall tonnage. A map of potash bed 18 upper follows and from this it is evident that there is a ten square mile area with a K2O grade in excess of 24% (38% KCL).*



Potash 18 Upper K2O Grade

Directors' Report (continued)

The scoping study prepared last year provided for a 2.3 billion tonne sylvinite exploration target with a 32% KCL grade. Only a portion of this would be needed to supply the potash required for a 2 million tonne plant to operate for at least 50 years*.

Approvals and Permits

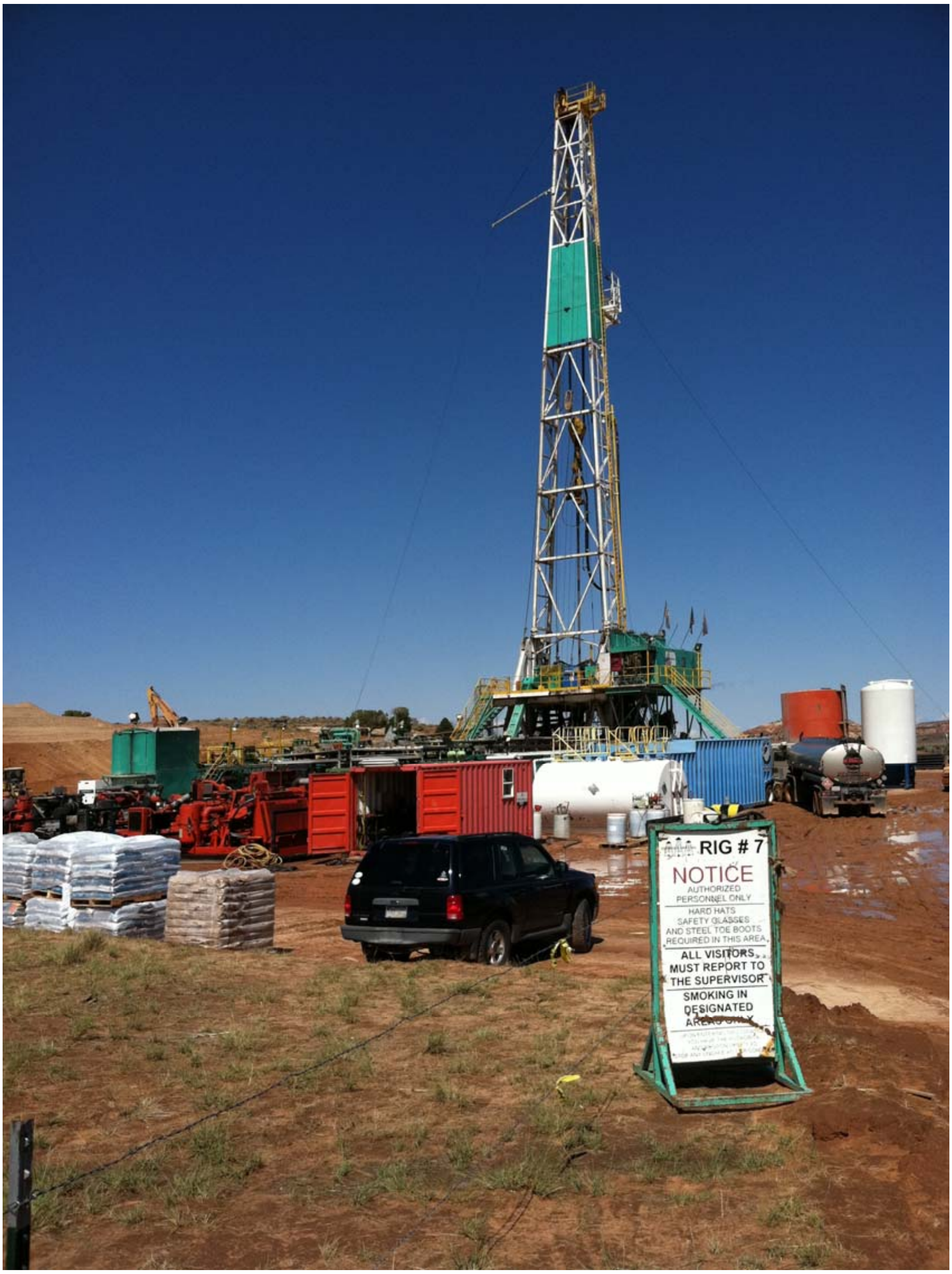
Several important milestones occurred in the second half of the fiscal year, beginning with the April receipt of a federal right of way to cross Bureau of Land Management (BLM) lands to access our state leases for drilling. Within 60 days of filing Utah permits to drill on state leases, we were granted permission to drill four state holes on these leases. For the Federal lands covered by the K2O applications, K2O has priority over any other entities for obtaining a permit on these lands. Transit's joint venture vehicle (K2O) has already purchased the rights to the potash on the state lands and has existing prospecting permits for the state lands.

K2O has been awarded a prospecting permit since November 2009 when the federal land under application was designated a non KPLA (known potash leasing area) land. Efforts were undertaken with the US BLM to clarify the process for the federal prospecting permit approval for drilling on the K2O Utah site. We are in discussion with the BLM to develop a Memorandum of Understanding (MOU) which sets forth the process and the environmental requirements for securing a prospecting permit to drill. Upon execution of this MOU the company intends to submit its prospecting permit application conforming to the MOU in order to drill four holes on federal land to delineate the resource for a JORC estimate on the federal as well as state lands. Earlier in the year, the US BLM also issued a letter advising K2O Utah that the original project boundary is not a known potash leasing area and therefore the company's rights will not be subject to competitive bidding for this property and further states that this will not be affected by subsequent drilling results.

Directors' Report (continued)

Construction and Exploration

Upon securing right of ways and state permits, construction began on roads and four drill pads which are now completed. San Juan County in which the project is located assisted our efforts by providing road construction materials which were used to improve county roads on the site. An agreement was executed with Sabine Storage and Operations of Houston, Texas to perform drilling of the four exploratory wells. Furthermore, we entered into a contract with Frontier Drilling of Denver, Colorado to provide a 27 ½ inch rotary table 131 foot mast rig with a 1,000 horsepower draw works to drill and core these four state holes. Drilling commenced on 15 September 2011 on the first hole (State Hole one as shown in the picture below).



Directors' Report (continued)

Industry experts Agapito Associates is overseeing the drilling in the salt formation and will be providing the chain of custody over the drill cores. Furthermore Agapito has been contracted to provide a JORC compliant report on the potash resource based on the cores from the state drilling and historical geological information available at that time.

Work was completed on the water supply for the project. Accordingly, upon approval of a pending water permit the water for drilling the first four state holes will come from on-site wells. Furthermore, additional work has been undertaken to delineate the water resource from the onsite aquifers which are expected to provide all the water necessary to operate a 2 million tonne potash production facility.

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. The above is not a production forecast by the Company but the result of calculation based on underlying assumptions in the December 2009 Scoping Study. It is uncertain that further exploration will result in sufficient resources being confirmed within the Project area as provided in the Scoping Study.*

CORPORATE ACTIVITIES

Organisational Refocus

The Transit board added individuals and capabilities to focus the company on potash at the board, management and project level including the addition of a US based CEO. One element of this refocus includes changing the Transit name to Potash Minerals Limited subject to shareholder approval at the annual meeting. A new logo and web site will be rolled out upon the approval of the name change**.**

Directors' Report (continued)

The organisational capabilities at the project level were strengthened with the addition of individuals and capabilities in geology, transportation, finance, engineering, permitting and law. Key documents are now accessible to the project personnel in two web-based systems including project materials and contractual & regulatory documents.

Funding and Outreach
We are pleased to report that a $9.5 Million placement was completed to provide funds for the state drilling program and support for additional permitting and corporate activities. Analyst reports were issued by Taylor Collison and Fosters stockbrokers that were favourable to the Company. The Company embarked on an extensive outreach program to the investment community which resulted in site visits by several analysts and numerous meeting with investors and industry analysts in Australia, Asia and North America. San Juan County where the project is located continues to encourage our development efforts.

Activities have accelerated since the granting of the federal right of way in April and the Transit stock price had responded favourably to this progress. Milestones for the next year include demonstrating cores which will validate the exploration target and securing the federal prospecting approval to drill four exploration holes on federal land. Upon the successful completion of these activities the company will be on a very sound footing and will have removed uncertainties in order to demonstrate a significant and attractive potash project.

Transit maintains a strong cash position of $5.87 million at 30 June 2011 with an additional $5.8 million raised in July. These funds will be used to further the assessment and development of the Paradox Basin Potash Project.

The consolidated net profit for the year was $1,939,718 (2010: ($2,270,578)) after providing for income tax and eliminating non-controlling equity interests. The net profit is attributable to a fair value gain on the Company's investment in Radar Iron Ltd. The Company has not realised any of this profit on this investment to date.

The net loss from ordinary activities, not including amounts recognised in relation to the loss of control transaction, for the year amounted to $1,971,536 (2010: $2,270,578).

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
On 29 July 2011 the Company announced the completion of Tranche 2 of its $9.5 million capital raising. The Company issued and allotted 10,366,600 ordinary shares to clients of Taylor Collison at a price of $0.56. A total of $5,805,296 was raised from the issue before costs.

Transit has issued the following options in the period after balance date in accordance with the resolutions approved at the meeting of shareholders held on 26 July 2011;

- 4,500,000 options issued to Directors;
- 3,000,000 options issued to Mr Ben Binninger.

In addition to the above, the Company has issued 700,000 Options under the Employee Shares Option Plan and a further 2,000,000 Options in consideration for services rendered from a consultant.

Expenses relating to the issue of the options described above will be accounted for in the next financial year.

Directors' Report (continued)

Since the end of the financial year a total of 3,150,000 unlisted options exercisable at 40 cents which were issued to employees of the Company have been exercised. The Company has raised $1,260,000 from the exercise of these options.

Other than as discussed above 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.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company has paid a premium of $15,912 excluding GST (2010: $9,384) 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	63,333	69,999	2,000,000	-
B. Thomas	10,000	100,000	-	1,500,000
R. Monti	-	2,524,166	-	2,000,000
S. Murray	-	-	-	1,000,000
TOTAL	**73,333**	**2,694,165**	**2,000,000**	**4,500,000**

Directors' Report (continued)

MEETINGS OF DIRECTORS

During the financial year, 7 meetings of Directors were held with the following attendances:

Directors	Meetings Attended	Meetings Eligible to Attend
A. Kathiravelu	7	7
B. Thomas	7	7
R. Monti	7	7
S. Murray	1	1

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Company for the year ended 30 June 2011. The information contained in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The information provided includes remuneration disclosures that are required under Accounting Standard AASB 124 "Related Party Disclosures". These disclosures have been transferred from the financial report.

This remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes those executives in the Parent and the Group receiving the highest remuneration.

Key Management Personnel

(i) Directors:
Mr Ananda Kathiravelu (Chairman)
Mr Richard Monti (Executive)(1)
Mr Brian Thomas (Non-Executive)
Mr Sean Murray (Non-Executive, appointed 19 April 2011)

(ii) Executives
Mr G.A. "Ben" Binninger (CEO – Potash, appointed 19 April 2011)
Mr Hugh Callaghan (CEO – Potash, resigned 30 June 2011)

(1) Mr Monti resigned from his Executive role in July 2011, he remains a Non-Executive Director.

Remuneration Policy

The Company's performance relies heavily on the quality of its Key Management Personnel. The Company has therefore designed a remuneration policy to align director and executive reward with business objectives and shareholder value.

Executive reward is linked to shareholder value 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 high calibre management personnel and directors to run and manage the Group.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration Structure
In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration
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 $300,000).

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.

Executive Remuneration
Executive Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed Remuneration
All KMP's are remunerated on a consultancy basis based on services provided by each person. The Board reviews KMP 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 fixed remuneration of the Company's KMP is detailed in the table below.

Variable 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.

Principles used to determine the nature and amount of variable 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 principal 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.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (CONTINUED)

On the resignation of Directors any vested 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 18(f) of the financial report.

The Board may exercise discretion in relation to approving incentives such as options. The policy is designed to reward key management personnel for performance that results in long-term growth in shareholder value.

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 2012 financial year.

<u>Service Contracts</u>
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.

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 of $48,000 per annum, to be reviewed annually by the Board
- No termination benefits are payable by the Company, and no notice period is specified in the agreement.

Note: Mr Monti resigned from his Executive role in July 2011, he remains a Non-Executive Director of the Company.

B Binninger, *Chief Executive Officer – Citadel Potash Pty Ltd (appointed 19 April 2011)*
- Term of agreement – 24 month agreement with extension by mutual consent
- Mr Binninger is engaged to provide at least 11 days per month of Chief Executive Officer services to the Company.
- Consulting fees of US$20,833.33 per month.
- Grant of Options in the Company on the following terms and conditions:

  If the Agreement is not terminated by either Party on or before August 9, 2011, the Company shall issue to Mr Ben Binninger three million (3,000,000) options of Transit Holdings Limited ("Transit") ordinary shares on the following terms and conditions:

  - One million (1,000,000) Options exercisable at $A0.50 cents each. Options may only be exercised if the Option share price is more than AUD $1.00 on a five (5) day weighted average basis. The right to purchase these options shall expire two (2) years after vesting. Options vest after Mr. Binninger has been providing Services to the Company for six (6) months continuously.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (CONTINUED)

- One million (1,000,000) Options exercisable at $A0.75 cents each. Options may only be exercised if the Option share price is more than AUD $1.25 on a five (5) day weighted average basis. The right to purchase these options shall expire two (2) years after vesting. Options vest after Mr Binninger has been providing Services to the Company for twelve (12) months continuously.

- One million (1,000,000) Options exercisable at $A1.00 each. Options may only be exercised if the Option share price is more than AUD $1.50 on a five (5) day weighted average basis. The right to purchase these options shall expire two (2) years after vesting. Options vest after the Mr Binninger has been providing Services to the Company for eighteen (18) months continuously.

H Callaghan, *Chief Executive Officer (resigned 30 June 2011)*

- 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 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 prevailing 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 prevailing 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 prevailing exchange rate).

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of Directors and Executives

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

2011	**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	58,200	-	4,590	-	62,790	0%
B. Thomas(3)	36,000	-	3,240	40,000	79,240	50%
S. Murray(5)	7,300	-	-	-	7,300	0%
Executive Directors						
R. Monti(1)	88,440	-	3,240	-	91,680	0%
Other Key Management Personnel						
H. Callaghan(4)	213,889	-	-	63,664	277,553	23%
B. Binninger(6)	37,137	-	-	-	37,137	0%
Total	**440,966**	**-**	**11,070**	**103,664**	**555,700**	**19%**

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 (2010: $36,000) in Director's fees and $52,440 (2010: $76,860) executive consulting fees.
(2) Resigned 31 May 2010
(3) Appointed 9 June 2010
(4) Appointed 14 April 2010, Resigned 30 June 2011
(5) Appointed 19 April 2011
(6) Appointed 14 April 2011

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (CONTINUED)

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.

2011							
Granted		**Terms & Conditions for each Grant**				**Vested**	
Directors	No Granted	Grant Date	Fair Value at Grant Date	Exercise Price per Option	Expiry Date	No	%
B. Thomas	500,000	6/12/10	$0.08	$0.40	31/12/12	500,000	100%

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	1,000,000	14/4/10	$0.1529	$0.40	31/12/12	1,000,000	100%
H. Callaghan	1,000,000	14/4/10	$0.1449	$0.40	31/12/12	1,000,000	100%
H. Callaghan	1,000,000	14/4/10	$0.1116	$0.40	31/12/12	1,000,000	100%

During the period 500,000 ordinary shares were issued at 40 cents per share on the exercise of options previously granted as compensation. The share price as at the date of exercise was 87.5 cents.

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

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

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

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 2011 has been received and can be found on page 25.

AUDITOR

MGI Perth Audit Services Pty Ltd (previously Ord Partners) continues in office in accordance with Section 327 of the *Corporation Act 2001*.

Directors' Report (continued)

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 12,300,000 unissued shares under option outstanding.

Date Granted	Expiry Date	Exercise Price	Number shares under option
4 December 2009*	31 December 2012	$0.40	1,600,000
6 December 2010*	31 December 2012	$0.40	500,000
29 July 2011*	31 July 2014	$0.75	2,250,000
29 July 2011*	31 July 2014	$1.00	2,250,000
29 July 2011*	31 July 2014	$1.25	500,000
10 August 2011*	30 November 2013	$0.50	1,000,000
10 August 2011*	31 May 2014	$0.75	1,000,000
10 August 2011*	30 November 2014	$1,00	1,000,000
10 August 2011*	31 July 2012	$0.50	500,000
10 August 2011*	31 July 2012	$0.75	500,000
10 August 2011*	31 July 2012	$1,00	1,000,000
22 September 2011*	31 November 2014	$1.25	200,000
			12,300,000

* 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 500,000 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 2011 $	**Consolidated 2010 $**
Audit Services		
Amounts payable to auditor of parent entity	26,210	31,058
	26,210	31,058

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.

A. Kathiravelu
Non Executive Chairman

Perth
Date: 30 September 2011

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 ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd edition with 2010 Amendments 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.

APPOINTMENTS TO OTHER BOARDS

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

Corporate Governance Statement (continued)

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.

GENDER DIVERSITY

The Company has not adopted an express policy specifically addressing achieving gender diversity. Due to the current limited size of the Board, the Board does not consider it necessary to have a gender diversity policy, but will consider adopting a policy in the future. Furthermore, the Company has not set any objectives for achieving gender diversity. Should a gender diversity policy be considered appropriate for the Company in the future due to increases in size of the organisation, the policy will specifically deal with the objectives for achieving diversity.

The Company's corporate code of conduct, provides a framework for undertaking ethical conduct in employment. Under the corporate code of conduct, the Company will not tolerate any form of discrimination or harassment in the workplace.

The company currently has no women board members, senior executives or employees.

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

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 Code of Conduct 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.

The Board delegates to management the 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.

Corporate Governance Statement (continued)

RISK MANAGEMENT SYSTEMS (CONTINUED)

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.

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 Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd edition with 2010 Amendments 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.

Corporate Governance Statement (continued)

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

ASX Principle		Reference / comment
Principle 3: Promote ethical and responsible decision-making		
3.2 – 3.3	Companies should establish a policy concerning diversity	The Company does not have an express policy specifically addressing achieving gender diversity. Due to the current limited size of the Board, the Board does not consider it necessary to have a gender diversity policy, but will consider adopting a policy in the future. The Company's Corporate Governance Plan includes a corporate code of conduct, which provides a framework for undertaking ethical conduct in employment. Under the corporate code of conduct, the Company will not tolerate any form of discrimination or harassment in the workplace.
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.
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.
8.3	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 8.3 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.

mgi BUSINESS SOLUTIONS WORLDWIDE

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Lead auditor's independent declaration under section 307C of the Corporations Act 2001

To the directors of Transit Holdings Limited,

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

(i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

MGI Perth Audit Services Pty Ltd

TJ Spooner **CA FCA(UK) ACIS**
Director

Perth, 30 September 2011

Statement of Comprehensive Income
For the year ended 30 June 2011

	Note	Consolidated 2011 $	2010 $
Finance income	4	196,339	147,756
Gain on loss of control of subsidiary	17	4,166,314	-
Financial administration, insurance and compliance costs		(397,183)	(200,871)
Exploration expenditure		(140,015)	(444,952)
Consulting and contracting expenses		(858,683)	(886,558)
Depreciation	11	(2,427)	(8,646)
Impairment of capitalised exploration expenditure	10	(49,132)	-
Employee expenses	5	(252,234)	(971,696)
Other expenses		(558,895)	(104,025)
Share of net loss of associates and jointly controlled entities		(58,737)	-
Profit (Loss) before income tax expense		2,045,347	(2,468,992)
Income tax (expense) benefit	7	(196,323)	(54,029)
Profit (Loss) for the year		1,849,024	(2,523,021)
Other Comprehensive Income		-	-
Total Comprehensive Profit (Loss) for the year		1,849,024	(2,523,021)
Profit (Loss) attributable to:			
Owners of the parent entity		1,939,718	(2,270,578)
Non-controlling interest		(90,694)	(252,443)
Total Comprehensive Profit (Loss) attributable to:			
Owners of the parent entity		1,939,718	(2,270,578)
Non-controlling interest		(90,694)	(252,443)
Basic Profit (Loss) per share – cents per share	6	4.25	(5.93)
Diluted Profit (Loss) per share – cents per share	6	3.79	(5.93)

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

TRANSIT HOLDINGS LTD
ACN: 121 184 316

Statement of Financial Position
As at 30 June 2011

	Note	Consolidated 30 June 2011 $	Consolidated 30 June 2010 $
ASSETS			
Current assets			
Cash and cash equivalents	8	5,865,727	4,626,434
Other receivables	9	32,634	89,660
Total current assets		5,898,361	4,716,094
Non-current assets			
Other receivables	9	425,195	-
Investments accounted for using the equity method	17	4,667,857	-
Exploration and evaluation expenditure	10	-	472,901
Plant and equipment	11	1,498	3,925
Total non-current assets		5,094,550	476,826
TOTAL ASSETS		10,992,911	5,192,920
LIABILITIES			
Current liabilities			
Trade and other payables	12	279,142	239,413
Total current liabilities		279,142	239,413
Non-current liabilities			
Deferred tax liabilities	13	201,162	131,970
Total non-current liabilities		201,162	131,970
TOTAL LIABILITIES		480,304	371,383
NET ASSETS		10,512,607	4,821,537
EQUITY			
Issued capital	14	14,874,673	11,022,291
Reserves	14	844,496	883,183
Accumulated losses		(4,827,593)	(6,795,662)
Parent interest		10,891,576	5,109,812
Non-controlling interest		(378,969)	(288,275)
TOTAL EQUITY		10,512,607	4,821,537

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 2011

Consolidated 2011

	Note	Issued Capital $	Option Reserve $	Accumulated Losses $	Minority Equity Interests $	Total Equity $
Total equity at the beginning of the year		11,022,291	883,183	(6,795,662)	(288,275)	4,821,537
Total comprehensive loss for the year		-	-	1,939,718	(90,694)	1,849,024
Transactions with equity holders:						
Shares issued during the year:						
Contributions of capital		3,493,382		-	-	3,493,382
Exercise of Options		314,000	(114,000)	-	-	200,000
Share based payments	19	45,000	-	-	-	45,000
Options issued or expired during the year:						
Expiry of Options		-	(28,351)	28,351	-	-
Issue of Options	19	-	103,664	-	-	103,664
Total equity at 30 June		**14,874,673**	**844,496**	**(4,827,593)**	**(378,969)**	**10,512,607**

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:						
Exercise of Options		4,362,575	(927,438)	-	-	3,435,137
Expiry of Options		-	(155,791)	155,791	-	-
Issue of Options	19	-	854,831	-	-	854,831
Total equity at 30 June		**11,022,291**	**883,183**	**(6,795,662)**	**(288,275)**	**4,821,537**

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 2011

	Note	Consolidated 2011 $	Consolidated 2010 $
Cash flows from operating activities			
Receipts from customers		70,363	80,749
Interest received		266,317	77,778
Payments to suppliers and employees		(1,072,428)	(515,475)
Payments for acquisition of prospects		(70,518)	(326,239)
Exploration expenditure		(964,423)	(941,356)
Net cash used in operating activities	15	(1,770,689)	(1,624,543)
Cash flows from investing activities			
Payments for bonds in favour if the company		(425,195)	-
Payments for capitalised exploration expenditure		(209,255)	(119,608)
Payments for additional interest in equity accounted investments		(151,271)	-
Proceeds from disposal of entities, net of cash disposed		102,321	-
Net cash used in investing activities		(683,400)	(119,608)
Cash flows from financing activities			
Proceeds from issues of shares and options		3,896,000	3,439,058
Capital raising costs		(202,618)	(3,920)
Net cash flows provided by financing activities		3,693,382	3,435,138
Net increase/(decrease) in cash and cash equivalents		1,239,293	1,690,987
Cash and cash equivalents at the beginning of the year		4,626,434	2,935,447
Cash and cash equivalents at the end of the year	8	**5,865,727**	**4,626,434**

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 2011

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 2011 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 6, 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.

Transit Holdings Ltd was incorporated in Australia on 11 August 2006 and is a company limited by shares. The financial report is presented in the Australian currency, which is also the Group's functional currency.

This Consolidated Financial Report was approved by the Board of Directors on 29 September 2011.

Historical cost convention

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

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 2011 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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Principles of Consolidation (continued)

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.

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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Segment Reporting (continued)

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.

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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2011

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Income Tax (continued)

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.

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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. Investment in associated entities

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements, after initially being recognised at cost.

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Notes to the Financial Statements (continued)
For the year ended 30 June 2011

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Investment in associated entities (continued)
Under the equity method, the investment in the associate is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. Goodwill included in the carrying amount of the investment in an associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivable and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The balance dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

J. 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.

K. 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 (continued)
For the year ended 30 June 2011

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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 to 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.

L. Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position 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 statement of cash flows cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. 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.

N. 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.

O. 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.

P. 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.

Q. 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.

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.

Notes to the Financial Statements (continued)
For the year ended 30 June 2011

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. 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.

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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2011

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Significant Accounting Estimates and Assumptions (continued)

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 19. 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.

S. Comparative Information

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

T. New Accounting Standards for Application in Future Periods

In the year ended 30 June 2011, the Group has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

It has been determined by the Group that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2011. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

Notes to the Financial Statements (continued)
For the year ended 30 June 2011

NOTE 4: INCOME

	Consolidated 2011 $	2010 $
Finance income		
Interest income	196,339	147,756
Total income	**196,339**	**147,756**

NOTE 5: LOSS

	2011	2010
Loss before income tax has been determined after:		
Employee benefit expense:		
Directors Fees and superannuation[1]	148,570	116,865
Equity settled share based payments	103,664	854,831
Total	**252,234**	**971,696**

(1) Excludes consulting fees paid to Directors

NOTE 6: LOSS PER SHARE

	2011	2010
Basic profit (loss) per share - cents	4.25	(5.93)
Diluted profit (loss) per share - cents	3.79	(5.93)
	$	$
Profit (Loss) used in the calculation of basic and diluted loss per share	1,939,718	(2,270,578)
		No.
Weighted average number of ordinary shares outstanding during the year used in calculation of basic profit/loss per share	45,672,809	38,264,362
Weighted average number of options outstanding	5,540,466	9,768,383
Less: anti-dilutive options	-	(9,768,383)
Weighted average number of converting shares on issue	3,000,000	6,000,000
Less: anti-dilutive converting shares	(3,000,000)	(6,000,000)
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted profit/loss per share	51,213,275	38,264,362

Notes to the Financial Statements (continued)
For the year ended 30 June 2011

NOTE 7: INCOME TAX

	Consolidated 2011 $	Consolidated 2010 $
(a) Income tax expense		
The major components of income tax expense are:		
Statement of Comprehensive Income		
Current Income Tax		
Current income tax charge	-	-
Deferred income tax		
Relating to movements in temporary differences	196,323	54,029
Income tax benefit reported in the statement of comprehensive income	196,323	54,029

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

(c) Numerical reconciliation between aggregate tax expense recognised in the statement of comprehensive income 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:

	2011 $	2010 $
Accounting profit/(loss) before income tax	2,045,347	(2,468,992)
Income tax expense (benefit) at the statutory income tax rate of 30%	613,604	(740,698)
Expenditure not allowable for tax purposes		
Share based payments	44,599	256,449
Share of net loss of associates	17,621	-
Temporary differences		
Accruals	7,350	9,900
Impairment of exploration expenditure	14,740	-
Unrealised fair value (gain)/loss	(1,249,894)	-
Exploration Expenditure capitalised but deductible for tax purposes	(58,855)	(51,945)
Capital raising costs deductible	(36,484)	(24,327)
Unrecognised tax losses	647,319	550,621
Movements in deferred tax balances	196,323	54,029
Income tax expense/(benefit)	**196,323**	**54,029**

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.

	2011	2010
Unutilised Australian Tax Losses	230,650	3,603,415
Unrecognised Deferred tax Assets in relation to:		
Tax Losses	69,195	1,081,025
Temporary Differences	55,865	31,564

NOTE 8: CASH AND CASH EQUIVALENTS

	2011	2010
Cash at bank and on hand [(a)]	5,865,727	4,626,434
[(a)] Cash at bank is subject to floating interest rates at an effective interest rate of	4.73% per annum	5.36% per annum

Notes to the Financial Statements (continued)
For the year ended 30 June 2011

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated 2011 $	Consolidated 2010 $
Current		
Other receivables	32,634	89,660
	32,634	**89,660**
Non-Current		
Bureau of Land Management Government Bonds	425,195	-
	425,195	**-**

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

NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE

	2011	2010
Costs carried forward in respect of:		
Exploration and evaluation expenditure, at cost	-	472,901

Reconciliation:
A reconciliation of the carrying amounts of exploration and evaluation expenditure is set out below:

	2011	2010
Carrying amount at beginning of year	472,901	294,050
Additions	263,528	178,851
Impairment of exploration expenditure	(49,132)	-
Derecognition of exploration assets due to loss of control	(687,297)	-
Carrying amount at end of year	**-**	**472,901**

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.

	2011 $	2010 $
Within one year	-	250,000
Within two year to five years	-	-
Later than five years	-	-
Total	-	250,000

Notes to the Financial Statements (continued)
For the year ended 30 June 2011

NOTE 11: PLANT AND EQUIPMENT

Consolidated	Plant & Equipment $	Computer Equipment & Software $	Total $
Opening balance 1 Jul 2009	2,915	9,656	12,571
Depreciation for the year	(709)	(7,937)	(8,646)
Balance at 30 June 2010	**2,206**	**1,719**	**3,925**
Depreciation for the year	(708)	(1,719)	(2,427)
Balance at 30 June 2011	**1,498**	**-**	**1,498**
At 30 June 2011			
Cost	4,371	24,013	28,384
Accumulated depreciation	(2,873)	(24,013)	(26,886)
Net book value	**1,498**	**-**	**1,498**
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**

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated 2011 $	2010 $
Trade payables (a)	249,900	142,029
Amounts payable to:		
- other related parties (b)	-	61,964
Accruals	24,500	33,000
Other payables (c)	4,742	2,420
	279,142	**239,413**

(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 18 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.

NOTE 13: DEFERRED TAX LIABILITIES

	Consolidated 2011 $	2010 $
The balance comprises temporary differences relating to:		
Exploration properties	-	141,870
Fair value adjustment on loss of control of subsidiary	986,166	-
Less: Deferred Tax Assets offset	(785,004)	(9,900)
Total Deferred Tax Liabilities	**201,162**	**131,970**

Movements – Consolidated	**Total $**
At 1 July 2009	77,941
Charged to the income statement	54,029
At 30 June 2010	**131,970**
Derecognition of deferred tax liability on loss of control	(127,131)
Charged to the income statement	196,323
At 30 June 2011	**201,162**

Notes to the Financial Statements (continued)
For the year ended 30 June 2011

NOTE 14: ISSUED CAPITAL & RESERVES

	Number of Shares		$
	Ordinary	**Converting**	
CONSOLIDATED			
(a) Issued and Paid Up Capital			
Fully paid ordinary shares	52,765,474	3,000	14,874,673
	52,765,474	3,000	14,874,673
(b) Movements in fully paid shares on issue			
Balance as at 1 July 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
Exercise of Options	500,000	-	314,000
Conversion of Class A & Class B Converting Shares	3,000	(3,000)	-
Issue of shares in consideration for services	281,250	-	45,000
Issue of shares in relation to capital raising	6,600,000	-	3,696,000
Capital raising costs	-	-	(202,618)
Balance as at 30 June 2011	**52,765,474**	**3,000**	**14,874,673**

(c) Share Options	**Number of Options**	**$**
Balance as at 1 July 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**
Options issued to CEO	-	63,664
Options issued to Directors	500,000	40,000
Expiry of Options	(250,000)	(28,351)
Exercise of Options	(500,000)	(114,000)
Balance as at 30 June 2011	**5,250,000**	**844,496**

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 (continued)
For the year ended 30 June 2011

NOTE 15: OPERATING CASH FLOW INFORMATION

	Consolidated 2011 $	2010 $
Reconciliation of cash flow from operations with profit/loss after income tax		
Profit (Loss) for the year	1,849,024	(2,523,021)
Less - Non cash items:		
Share based payments	148,664	854,831
Impairment of exploration expenditure	49,132	-
Depreciation	2,427	8,646
Share of (profit) loss of equity accounted investees	58,737	-
Gain on loss of control of subsidiary	(4,166,313)	-
Changes in assets and liabilities		
Movement in trade creditors and accruals	34,292	52,607
Movement in other debtors	57,025	(71,635)
Movement in deferred tax balances	196,323	54,029
Cash flows used in operations	**(1,770,689)**	**(1,624,543)**

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 2011	2010
Citadel Potash Pty Ltd	Australia	Ordinary	100%	100%
Citadel Capital Holdings Inc	USA	Ordinary	100%	100%
K2O Utah LLC	USA	Membership interests	90%	86%

During the year Transit's membership interest in K2O Utah LLC increased from 86% to 90% 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 have increased its interest, in accordance with a specified formula, to a maximum interest of 90%.

Notes to the Financial Statements (continued)
For the year ended 30 June 2011

NOTE 17: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of entity	Principal activity	Country of incorporation	Ownership interest 2011 %	Ownership interest 2010 %	Published fair value 2011 $	Published fair value 2010 $
Associated entities						
Radar Iron Ltd	Iron-ore exploration	Australia	36.7%	Nil	4,840,046*	-

* The investment in Radar Iron is carried at fair value on the date the loss of control transaction occurred. In accordance with AASB 128 the fair value of the investment in Radar Iron as at 30 June 2011 was made up of the following financial instruments. The fair value is disclosed for accounting information only, as at the date of this report Transit has not realised any profit on its investment in Radar.

	Consolidated 2011 $	Consolidated 2010 $
22,690,612 Ordinary Shares (RAD.ASX closing price on 30 June 2011: $0.20)	4,538,122	-
7,563,538 Listed Options (RADO.ASX closing price on 30 June 2011: $0.035)	264,724	
12,000,000 Unlisted Options*	37,200	-
	4,840,046	-

* There is not a published price quotation for the Unlisted Options, therefore the cost valuation of 0.31 cents per option represents the fair value.

Carrying Value of Investments accounted for using the equity method	Consolidated 2011 $	Consolidated 2010 $
Investments in associated entities	4,667,857	-
Investments in jointly controlled entities	-	-
	4,667,857	-

On 3 December 2010 Transit sold 100% of the ownership of Radar Resources Pty Ltd to another subsidiary Radar Iron Ltd in return for $120,000 cash, 22,690,612 shares and 12 million options exercisable at 25 cents expiring on or before 30 November 2013. The sale of Radar Resources Pty Ltd by Transit met the definition of acquisitions from entities under common control and as such is specifically excluded from the scope of AASB 3: *Business Combinations.* Accordingly, the consideration received for the sale was valued at Radar Resources Pty Ltd's Net Asset value as at the date of the sale, which amounted to $529,008, and no profit or loss has been recognised from the transaction.

On 16 December 2010 Radar Iron completed an Initial Public Offering ("IPO") of shares and was subsequently admitted to the official list of the ASX. On the allotment of the IPO shares Transit's ownership interest in Radar Iron diluted from a controlling interest to 36.7% which is considered one of significant influence and has therefore been deconsolidated and accounted for under equity accounting provisions.

In accordance with accounting standards, Transit's retained interest in Radar Iron has been re-valued to fair value as at the date control was lost. The table below outlines the gain on the revaluation of the Group's interest in Radar Iron Ltd which has been recognised in the profit or loss.

Notes to the Financial Statements (continued)
For the year ended 30 June 2011

NOTE 17: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

	2011 $
Fair Value of Investment in Radar Iron*	4,575,322
Less: Original carrying value of Investment in Radar Iron as a Subsidiary	(409,008)
Gain on loss of control	4,166,314

* 22,690,612 ordinary shares at 20 cents per share, and 12 million options valued at 0.31 cents per option

The Group has recognised a Deferred Tax Liability in respect of this gain to the value of $201,162. This Deferred Tax Liability is net of the offset of available Deferred Tax Assets.

	Consolidated 2011 $	Consolidated 2010 $
Reconciliation of movements in investments accounted for using the equity method:		
Balance at 1 July 2010	-	-
Fair value of investment in Radar Iron on loss of control transaction	4,575,322	-
Share of profit for the year	(58,737)	-
Distributions	-	-
Additional investment	151,272	-
Balance at 30 June 2011	4,667,857	-
Summarised financial information of associates:		
Financial position		
Total assets	9,523,035	-
Total liabilities	2,458,564	-
Net assets	7,064,471	-
Group's share of Associates' net assets	2,592,661	-
Financial performance		
Total revenue	160,750	-
Total loss for the year	581,730	-
Group's share of associate's profit/(loss)*	58,737	-

* The Group's share of Associates loss is for the period from the date of which loss of control occurred to 30 June 2011

Capital commitments and contingent liabilities of associate:		
Share of capital commitments incurred jointly with other investors	-	-
Share of contingent liabilities incurred jointly with other investors	-	-

Notes to the Financial Statements (continued)
For the year ended 30 June 2011

NOTE 18: 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 14.

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.

Ventnor Capital Pty Ltd ("Ventnor"), a corporate services company was paid rent, company secretarial fees, geological consultancy fees and financial accounting fees in relation to the administration of the Group. Mr Richard Monti was a director of Ventnor in the comparative period, he resigned from his position at Ventnor Capital on 1 July 2010.

Ventnor has continued to provide services to Transit during the current year however no longer remains a related party of the Group due to Mr Monti's resignation from Ventnor. A summary of the total fees paid to Ventnor during the comparative year is as follows:

	2011 $	2010 $
Rent & Office Administration, Bookkeeping & Secretarial support	-	72,000
Company secretarial fees	-	80,952
Joint venture accounting fees	-	24,000
Executive Director fees	-	76,860
Total	**-**	**253,812**

The total amount of fees due to Ventnor Capital at the end of the comparative period was $56,331 (excl GST).

Interminco Services Ltd, a company in which Hugh Callaghan holds a beneficial interest, was paid CEO consulting fees during the year totalling $213,889 (2010: $Nil). The total amount of fees due to Lalapansi Pty Ltd as at 30 June 2011 was $14,984 (2010: $Nil) in relation to CEO consulting fees.

Lalapansi Pty Ltd, a company in which Hugh Callaghan holds a beneficial interest, was paid CEO consulting fees during the comparative year totalling $35,000. The total amount of fees due to Lalapansi Pty Ltd as at 30 June 2011 was $Nil (2010: $Nil) in relation to CEO consulting fees.

Notes to the Financial Statements (continued)
For the year ended 30 June 2011

NOTE 18: RELATED PARTY TRANSACTIONS (CONTINUED)

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 2010	Movement during year(1)	Options Exercised	Held at 30 June 2011
A. Kathiravelu	83,332	50,000	-	133,332
R. Monti	2,524,166	-	-	2,524,166
B. Thomas	-	110,000	-	110,000
S. Murray	-	-	-	-
H. Callaghan(3)	-	-	-	-
Total	**2,607,498**	**160,000**	**-**	**2,767,498**

Directors	Held at 1 July 2009	Movement during year(1)	Options Exercised	Held at 30 June 2010
A. Kathiravelu	70,000	-	13,332	83,332
G. Ceccon(2)	1,610,873	(2,314,206)(2)	703,333	-
R. Monti	1,195,000	-	1,329,166	2,524,166
B. Thomas	-	-	-	-
H. Callaghan(3)	-	-	-	-
Total	**2,875,873**	**(2,314,206)**	**2,045,831**	**2,607,498**

(1) Movement represents on market purchases during the year.
(2) Mr Ceccon resigned on 31 May 2010.
(3) Mr Callaghan resigned on 30 June 2011.

f) Option 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 2010	Movement during year	Exercised	Held at 30 June 2011	Vested and exercisable at 30 June 2011
A. Kathiravelu	500,000	-	-	500,000	500,000
R. Monti	1,000,000	-	-	1,000,000	1,000,000
B. Thomas	-	500,000	-	500,000	500,000
S. Murray	-	-	-	-	-
H. Callaghan(2)	3,000,000	-	-	3,000,000	3,000,000
Total	**4,500,000**	**500,000**	**-**	**5,000,000**	**5,000,000**

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. Callaghan(2)	-	3,000,000	-	3,000,000	-
Total	**2,047,497**	**4,498,334**	**(2,045,831)**	**4,500,000**	**1,500,000**

(1) Mr Ceccon resigned on 31 May 2010.
(2) Mr Callaghan resigned on 30 June 2011.

Notes to the Financial Statements (continued)

For the year ended 30 June 2011

NOTE 19: 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 2011 $	Consolidated 2010 $
Share-based payments:		
261,250 Ordinary Shares issued in consideration for services[(a)]	45,000	-
Options issued to executives	103,664	801,606
Options issued under ESOP	-	53,225
	148,664	**854,831**

(a) Ordinary Shares issued at $0.16 per share

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

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	-	500,000	-	1,500,000
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
6/12/11	31/12/12	0.40	-	500,000	-	-	500,000
			11,000,000	**500,000**			**5,250,000**

During the year, 500,000 options were exercised to take up ordinary shares (2010: 13,756,224). As at the year end the Company had a total of 5,250,000 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 1.36 years (2010: 2.42 years).

1. Options issued to Directors

<u>Current Year</u>

On 6 December 2010 the Company issued 500,000 Director Options to the nominee of Mr Brian Thomas. The issue of Director Options was approved by shareholders at the Annual General Meeting held on 26 November 2010. 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 the Director are as follows:

2011 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	%
B. Thomas	500,000	26/11/10	$0.08	$0.40	31/12/12	6/12/10	31/12/12	500,000	100%

Notes to the Financial Statements (continued)
For the year ended 30 June 2011

NOTE 19: SHARE BASED PAYMENTS (CONTINUED)

Comparative Year

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%

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 were not to 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 prevailing 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 prevailing exchange rate);

Notes to the Financial Statements (continued)
For the year ended 30 June 2011

NOTE 19: SHARE BASED PAYMENTS (CONTINUED)

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 prevailing 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	1,000,000	100%
H. Callaghan	1,000,000	14/04/10	$0.1449	$0.40	31/12/12	See 3.b. above	31/12/12	1,000,000	100%
H. Callaghan	1,000,000	14/04/10	$0.1116	$0.40	31/12/12	See 3.c. above	31/12/12	1,000,000	100%

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.

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

	2011	2010	
Model Inputs	**Director Options**	**Director Options**	**ESOP Options**
1. Options granted for no consideration:	500,000	2,000,000	250,000
2. Exercise price (cents):	40	40	40
3. Valuation date:	26 Nov 2010	16 Nov 2009	4 Dec 2009
4. Expiry date:	31 Dec 2012	31 Dec 2012	31 Dec 2012
5. Underlying security spot price at grant date (cents):	21	36	34.5
6. Expected price volatility of the Company's shares:	100%	100%	100%
7. Expected dividend yield:	0%	0%	0%
8. Risk-free interest rate	5.07%	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.

NOTE 19: SHARE BASED PAYMENTS (CONTINUED)

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. Vesting 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%

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

NOTE 20: AUDITORS' REMUNERATION

	Consolidated 2011 $	Consolidated 2010 $
Audit Services		
Audit of the financial report of the entity and any other entity in the Group	26,210	31,058
	26,210	31,058

NOTE 21: 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 Management 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.

NOTE 21: FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2011 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.

(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:**	
Consolidated		**Profit 2011**	**Profit 2010**	**Equity 2011**	**Equity 2010**
Risk Variable	**Sensitivity***	**$**	**$**	**$**	**$**
Interest Rate	+ 1.50%	87,986	54,680	87,986	54,680
	- 1.50%	(87,986)	(54,680)	(87,986)	(54,680)

* It is considered that 150 basis points a 'reasonably possible' estimate of the sensitivity in the interest rate.

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

<u>*Capital management*</u>
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.

Notes to the Financial Statements (continued)

For the year ended 30 June 2011

NOTE 22: 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 maker) 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.

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 a 90% 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 during the comparative period, 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.

Transit sold its interest in Radar Resources Pty Ltd to Radar Iron Ltd on 16 December 2010. This segment no longer remains relevant for the current year.

Investments

As described above, Transit sold its interest in Radar Resources Pty Ltd to Radar Iron Ltd. In consideration for the sale, Transit was issued a 37% interest in Radar Iron. The investment in Radar Iron accounts for greater than 10% of combined assets of all operating segments and is therefore determined as both an operating segment and reportable segment.

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

Notes to the Financial Statements (continued)

For the year ended 30 June 2011

NOTE 22: SEGMENT REPORTING (CONTINUED)

Information about reportable segments

2011	**Potash Exploration $**	**Investments in associates $**	**All Other Segments $**	**Consolidated $**
Finance income	-	-	196,339	196,339
Depreciation Expense	-	-	(2,427)	(2,427)
Impairment of exploration expenditure	-	-	(49,132)	(49,132)
Income tax expense	-	(196,323)	-	(196,323)
Segment Profit (Loss)	(823,122)	3,911,254	(1,239,108)	1,849,024
Unallocated expenses				-
Results from operating activities				1,849,024
Less: discontinued operation				-
Results from continuing operations				1,849,024
Reportable Segment Assets	425,195	4,667,857	5,899,858	10,992,910
Reportable Segment Liabilities	154,857	201,162	124,284	480,303

2010	**Potash Exploration $**	**Investments $**	**All Other Segments $**	**Consolidated $**
Finance income	-	-	147,756	147,756
Depreciation Expense	-	-	(8,646)	(8,646)
Impairment of exploration expenditure	-	-	-	-
Segment Loss	(1,289,155)	-	(1,233,866)	(2,523,021)
Unallocated expenses				-
Results from operating activities				(2,523,021)
Less: discontinued operation				-
Results from continuing operations				(2,523,021)
Reportable Segment Assets	-	-	5,192,920	5,192,920
Reportable Segment Liabilities	-	-	371,383	371,383

Geographical Segments

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

NOTE 23: PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ending 30 June 2011 the parent company of the Group was Transit Holdings Limited

	Company	
Result of the parent entity	**2011 $**	**2010 $**
Profit/(Loss) for the year	1,689,366	(2,673,256)
Other comprehensive income	-	-
Total comprehensive loss for the year	1,689,366	(2,673,256)

Notes to the Financial Statements (continued)
For the year ended 30 June 2011

NOTE 23: PARENT ENTITY DISCLOSURES (CONTINUED)

	Company 2011 $	Company 2010 $
Financial Position of the parent entity at year end		
Current assets	5,897,777	4,699,555
Total assets	10,739,321	4,899,555
Current Liabilities	279,141	171,949
Total Liabilities	480,303	171,949
Total equity of the parent entity comprising of:		
Share capital	14,874,673	11,022,291
Options reserve	844,496	883,183
Accumulated Losses	(5,460,151)	(7,177,868)
Total Equity	10,259,018	4,727,606

Parent Entity Contingencies
The Directors are not aware of any contingent liabilities that may arise from the Company's operations as at 30 June 2011.

NOTE 24: SUBSEQUENT EVENTS

On 29 July 2011 the Company announced the completion of Tranche 2 of its $9.5 million capital raising. The Company issued and allotted 10,366,600 ordinary shares to clients of Taylor Collison at a price of $0.56. A total of $5,805,296 was raised from the issue.

Transit has issued the following options in the period after balance date in accordance with the resolutions approved at the meeting of shareholders held on 26 July 2011;

- 4,500,000 options issued to Directors;
- 3,000,000 options issued to Mr Ben Binninger; and

In addition to the above, the Company has issued 700,000 Options under the Employee Shares Option Plan and a further 2,000,000 Options in consideration for services rendered from a consultant.

Expenses relating to the issue of the options described above will be accounted for in the next financial year.

Since balance date a total of 3,150,000 unlisted options exercisable at 40 cents which were issued to employees of the Company have been exercised. The Company has raised $1,260,000 from the exercise of these options.

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 25: CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities that may arise from the Group's operations as at 30 June 2011.

Directors' Declaration

In the Directors' opinion:

a) the financial statements and notes set out on pages 26 to 57 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 2011 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 2011.

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

On behalf of the Board

A. Kathiravelu
Non-Executive Chairman

Perth
30 September 2011

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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 consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control 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 that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as 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. Those 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, we consider internal controls 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 controls. 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.

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

Independence

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

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 2011 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.*

(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 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of Transit Holdings Limited for the year ended 30 June 2011, complies with Section 300A of the *Corporations Act 2001*.

MGI Perth Audit Services Pty Ltd

TJ Spooner **CA FCA(UK) ACIS**
Director

Perth, 30 September 2011

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 23 September 2011 is 66,282,074 ordinary fully paid shares. All ordinary shares carry one vote per share.

Top 20 Shareholders as at 23 September 2011

		No. of Shares Held	% Held
1	DREAMPT PTY LTD	4,000,000	6.03%
2	RIVERVIEW CORPORATION PTY LTD	3,123,986	4.71%
3	GREATCITY CORPORATION PTY LTD	2,284,166	3.45%
4	CITICORP NOMINEES PTY LIMITED	2,107,090	3.18%
5	BARK (NSW) PTY LTD	1,851,213	2.79%
6	SINO PORTFOLIO INTERNATIONAL	1,739,000	2.62%
7	ZEBON TWO PTY LTD	1,550,000	2.34%
8	INTERMINCO SERVICES LIMITED	1,292,924	1.95%
9	MR YI WENG &	1,030,000	1.55%
10	MARTIN PLACE SECURITIES	1,000,000	1.51%
11	SHIPBAG PTY LTD	820,000	1.24%
12	VALERIE LYNETTE KATHIRAVELU	642,500	0.97%
13	DETOTA PTY LIMITED	630,000	0.95%
14	HUXIDE SUPERANNUATION	629,032	0.95%
15	BT PORTFOLIO SERVICES LIMITED <N J FAMILY SHARES 1 A/C>	579,544	0.87%
16	MR JOHN CHARLES VASSALLO &	575,000	0.87%
17	NATIONAL NOMINEES LIMITED	570,000	0.86%
18	BT PORTFOLIO SERVICES LIMITED <TWIN PINES BTML A/C>	564,040	0.85%
19	COMSEC NOMINEES PTY LIMITED	555,803	0.84%
20	HSBC CUSTODY NOMINEES	429,779	0.65%
		25,974,077	39.18%

Shares Range	**No. of Holders**	**No. of Shares**
1 – 1,000	440	318,536
1,001 – 5,000	1,090	3,555,265
5,001 – 10,000	491	4,241,426
10,001 – 100,000	610	19,153,708
100,001 and over	83	39,013,139
	2,714	66,282,074
Number holding less than a marketable parcel at $0.89 per share	156	57,019

Shareholders by Location	**No. of Holders**	**No. of Shares**
Australian holders	2,598	62,132,376
Overseas holders	116	4,149,698
	2,714	66,282,074

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.

ASX Additional Information (continued)

Substantial Shareholders as at 23 September 2011

		No. of Shares Held	% Held
1	DREAMPT PTY LTD	4,000,000	6.03%

Converting Shares

The Company has the following classes of converting shares on issue at 23 September 2011 as detailed below. Converting Shares do not carry any rights to vote.

Class	Conversion Terms	No. of Shares
Class C	Upon the completion of a positive prefeasibility study	3,000

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

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

Holder	Converting Shares Class C
Bessarlie Pty Ltd	1,000
Ardath Investments Pty Ltd	1,000
Western Pacific Corporate Investments Pty Ltd	1,000

Option Holdings

The Company has the following classes of options on issue at 23 September 2011 as detailed below. Options do not carry any rights to vote.

Class		Terms	No. of Options
TRH-1	Unlisted Options	Exercisable at $0.40 expiring on or before 31 Dec 2012	2,100,000
TRH-2	Unlisted Options	Exercisable at $0.50 expiring on or before 30 Nov 2013	1,000,000
TRH-3	Unlisted Options	Exercisable at $0.75 expiring on or before 31 May 2014	1,000,000
TRH-4	Unlisted Options	Exercisable at $1.00 expiring on or before 30 Nov 2014	1,000,000
TRH-5	Unlisted Options	Exercisable at $0.75 expiring on or before 31 July 2014	2,250,000
TRH-6	Unlisted Options	Exercisable at $1.00 expiring on or before 31 July 2014	2,250,000
TRH-7	Unlisted Options	Exercisable at $1.25 expiring on or before 31 July 2014	500,000
TRH-8	Unlisted Options	Exercisable at $0.50 expiring on or before 31 July 2012	500,000
TRH-9	Unlisted Options	Exercisable at $0.75 expiring on or before 31 July 2012	500,000
TRH-10	Unlisted Options	Exercisable at $1.00 expiring on or before 31 July 2012	1,000,000
TRH-11	Unlisted Options	Exercisable at $1.25 expiring on or before 30 Nov 2014	200,000

ASX Additional Information (continued)

Options Range	**Unlisted Options** No. of Holders	**Unlisted Options** No. of Options
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001 and over	8	12,300,000
	8	12,300,000
Shareholders by Location		
Australian holders	4	6,100,000
Overseas holders	4	6,200,000
	8	12,300,000

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

Holder	**Unlisted Options** TRH-1	TRH-2	TRH-3	TRH-4	TRH-5
Greatcity Corporation Pty Ltd	1,000,000	-	-	-	500,000
Mr Ananda Kathiravelu	500,000	-	-	-	500,000
Ms Sabina Marie Schlink	500,000	-	-	-	500,000
Mr George Binninger	-	1,000,000	1,000,000	1,000,000	-
Mr Sean Murray	-	-	-	-	500,000

Holder	**Unlisted Options** TRH-6	TRH-7	TRH-8	TRH-9	TRH-10	TRH-11
Greatcity Corporation Pty Ltd	500,000	-	-	-	-	-
Mr Ananda Kathiravelu	500,000	500,000	-	-	-	-
Ms Sabina Marie Schlink	500,000	-	-	-	-	-
Mr Sean Murray	500,000	-	-	-	-	-
Mr Jackie Au Yeung	-	-	500,000	500,000	1,000,000	-
Mr Don Hamilton	-	-	-	-	-	200,000