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QUARTERLY ACTIVITIES REPORT FOR THREE MONTHS ENDED 30 SEPTEMBER 2011

Highlights

- ❖ **Drilling Commences on State Land**
- ❖ **Signed Memorandum of Understanding for Access to Federal Lands**
- ❖ **Completed 2nd Tranche of \$9.5m Capital raise**
- ❖ **Cash Position of \$10.6m**
- ❖ **Transit to change its name to Potash Minerals Limited**
- ❖ **US technical and environmental team expanded**

Overview

The board of Transit Holdings Ltd ("Transit") is pleased to present its quarterly activities report for the quarter ended 30 September 2011.

At Transit's 90% owned Paradox Basin Potash Project in south east Utah USA, the Company is working towards delivering to shareholders an estimation of the project's maiden JORC compliant resource. Reflecting this progress, and the Company's primary focus on potash, Transit has expanded its US management team and will move to change its name to Potash Minerals Limited at AGM on 17 November 2011.

At the Paradox Basin Potash Project, drilling of four holes on state lands has commenced. The first hole was completed and the rig has been relocated to the second hole where spudding occurred on 23 October 2011.

The Company has also executed a Memorandum of Understanding (MOU) with the United States Bureau of Land Management to facilitate exploration for potash on Federal Lands.

Tranche 2 of the \$9.5m capital raising was completed in July, providing capital for the current drilling program.

Paradox Basin Potash Project

Activities have progressed rapidly this quarter at the Project beginning with commencement of drilling on the State Leases after the US Bureau of Land Management (BLM) approved a right of way to allow access to drill wells on our Utah State lease blocks earlier this year. The program on State Land is designed to upgrade part of the Paradox Basin Potash Project's exploration target into JORC code compliant Resource.

A significant milestone toward granting of exploration permits on Federal Leases was also achieved with the execution of an MOU with the BLM concerning our Federal Leases.

DRILLING PROGRAM

The drill rig arrived at the Company's Paradox Basin Utah site and the first hole was spudded on 15 September 2011.

The first hole was drilled to a depth of 6,434 ft (1,962 m) and was completed on 20 October 2011. The hole successfully cored potash in both Bed 13 and Bed 18.



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

The drilling rig has now been moved 5 miles (approximately 8 km) to the east and drilling of Transit's second hole (State Hole #2) has commenced. State Hole #2 is being drilled as planned in the mineralised area north of the east-west fault. The location of this hole is designed to confirm the results from previous oil well drilling, as well as to determine the extent of potash mineralisation in Bed 18 and Bed 13 to the east.

Gamma log and visual results from Transit State Hole #1 suggest thinner and lower grade potash in Bed 18 and Bed 13 compared to Husky Fed 6-15, which may be related to differences in mineralisation across the east-west fault. Transit will use the results to attain a better understanding of the geology of the basin. All drilling information will then be used for the estimation of the project's maiden JORC compliant resource. The Company expects to be advising shareholders of progress at State Hole #2 during the final quarter of 2011.

BUREAU of LAND MANAGEMENT - MEMORANDUM OF UNDERSTANDING

Transit has executed a Memorandum of Understanding (MOU) with the United States Bureau of Land Management concerning exploration for potash on Federal Lands on the Paradox Basin Potash Project.

The MOU establishes an understanding between K2O Utah (Transit's JV vehicle) and the BLM regarding respective responsibilities, procedures to be followed, and conditions to be adhered to for the exploration and leasing of the potash resource that may exist within the prospecting area of interest on Federal Lands in the Paradox Basin. The MOU provides clarity and guidance for the approval process relating to K2O's intention to drill 4 exploratory core holes on federal lands. This MOU has a schedule of six months for the BLM to publish a final Environmental Assessment (EA) with a decision record (DR) and findings of no significant impact (FONSI). This six months period is a mutually agreed schedule which is dependent on a number of factors including the completeness of the documents lodged with the BLM, and technical and legal acceptability including a final approval from the BLM.

K2O Utah will work diligently to comply with the MOU's requirements in order to have the opportunity to further develop this significant potash opportunity.

ABOUT THE PROJECT

Transit has earned 90% of the Paradox Basin Potash Project ("the Project") which covers applications for 365 km² of highly prospective potash permits in the Paradox Basin in south eastern Utah. The company's focus is on sylvinitic, a high grade form of potash ore that is cheaper and more effective to process to a saleable form than any other form of potash ore.

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

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

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

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

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

RADAR IRON INVESTMENT (TRANSIT STAKE ~37%)

For further information regarding Transits 37% investment in Radar Iron Limited (RAD), visit Radar Iron's website www.radariron.com.au

Corporate

The Company appointed Mr G.A. "Ben" Binninger as a Non-Executive Director of Transit at the end of the quarter. This position is in addition to his current role as Chief Executive Officer of Transit Holdings Limited's potash investments subsidiary, Citadel Capital Holdings Inc.

During the quarter the US management team has been augmented with the addition of technical, administrative and environmental capabilities.

Mr Binninger completed an interview with Boardroom Radio. Shareholders can listen to the audio broadcast via the following web address: www.brr.com.au/event/86882 .

Tranche 2 of the \$9.5m capital raising was completed in July, cementing significant working capital to complete the current drilling program.

Transit's cash position at 30 September 2011 was \$10.6 million.

Transit will change its name to Potash Minerals Limited at the AGM on 17 November 2011 upon receiving shareholder approval.

ASX Announcements

The Company made the following announcements during the quarter.

Date	Announcement
25/10/2011	Drilling Commences on Second State Hole
20/10/2011	PARADOX BASIN POTASH PROJECT DRILLING UPDATE
19/10/2011	Initial Director's Interest Notice
14/10/2011	Notice of Annual General Meeting/Proxy Form
13/10/2011	BUREAU of LAND MANAGEMENT - MEMORANDUM OF UNDERSTANDING
11/10/2011	Update on drilling operations at the Paradox Basin Project
5/10/2011	Update on Drilling Operations at the Paradox Basin Project
30/09/2011	PATERSONS FERTILISERS BOOK REPORT
30/09/2011	Annual Report to shareholders
27/09/2011	US Potash Presentation
26/09/2011	TRH Boardroom Radio Interview
23/09/2011	Appendix 3B
19/09/2011	Appendix 3B
16/09/2011	Drilling Commences on Potash Project
14/09/2011	Appendix 3B
12/09/2011	Appendix 3B
7/09/2011	Appendix 3B
7/09/2011	Change in substantial holding
2/09/2011	Response to ASX Price and Volume Query
12/08/2011	Appendix 3B
11/08/2011	TRANSIT EXECUTES LAND DRILLING RIG CONTRACT
11/08/2011	Appendix 3B
3/08/2011	Change of Director's Interest Notice
3/08/2011	Appendix 3B
2/08/2011	Change in substantial holding
29/07/2011	Secondary trading notice pursuant to section 708A(5)
29/07/2011	Appendix 3B - Tranche 2 of \$9.5m Placement

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.*

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Transit Holdings Ltd

ABN

121 184 316

Quarter ended ("current quarter")

30 September 2011

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(1,721)	(1,721)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(317)	(317)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	110	110
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(1,928)	(1,928)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects	-	-
	(b)equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a)prospects	-	-
	(b)equity investments	-	-
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	- Cash disposed of in sale of subsidiary	-	-
	- Bond Payments to Government Agencies	-	-
	Net investing cash flows	-	-
1.13	Total operating and investing cash flows (carried forward)	(1,928)	(1,928)

1.13	Total operating and investing cash flows (brought forward)	(1,928)	(1,928)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	7,065	7,065
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other - Capital Raising Costs	(382)	(382)
Net financing cash flows		6,683	6,683
Net increase (decrease) in cash held		4,755	4,755
1.20	Cash at beginning of quarter/year to date	5,866	5,866
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	10,621	10,621

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	52
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Amounts paid to directors includes salaries and wages for director services.

Non-cash financing and investing activities

2.1

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	6,000
4.2	Development	-
4.3	Production	-
4.4	Administration	500
Total		6,400

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	10,621	5,866
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		10,621	5,866

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed				
6.2	Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description) (Converting shares)	3,000 Class C Converting Shares	-	Nil	Nil
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	66,282,074	66,282,074		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	10,366,600 3,150,000	10,366,600 3,150,000	\$0.56 \$0.40	\$0.56 \$0.40
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options (description and conversion factor)	2,100,000 1,000,000 1,000,000 1,000,000 2,250,000 2,250,000 500,000 500,000 500,000 1,000,000 200,000 12,300,000	- - - - - - - - - - - -	<i>Exercise price</i> 40 cents 50 cents 75 cents 100 cents 75 cents 100 cents 125 cents 50 cents 75 cents 100 cents 125 cents	<i>Exercise date</i> 31/12/12 30/11/13 31/05/14 30/11/14 31/07/14 31/07/14 31/07/14 31/07/12 31/07/12 31/07/12 30/11/14
7.8 <i>Total</i> Issued during quarter				
	1,000,000 1,000,000 1,000,000 2,250,000 2,250,000 500,000 500,000 500,000 1,000,000 200,000	- - - - - - - - - -	50 cents 75 cents 100 cents 75 cents 100 cents 125 cents 50 cents 75 cents 100 cents 125 cents	30/11/13 31/05/14 30/11/14 31/07/14 31/07/14 31/07/14 31/07/12 31/07/12 31/07/12 30/11/14
7.9 Exercised during quarter	3,150,000	-	40 cents	31/12/12
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 31 October 2011

(Director/**Company secretary**)

Print name: Morgan Barron

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Cash Flow Statements* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.