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20 April 2011

ASX Compliance Pty Limited
 Level 8
 Exchange Plaza
 2 The Esplanade
 Perth WA 6000

Dear Farlee,

Re: Transit Holdings Limited (the "Company")

Please find the Company's response detailed below in regards to ASX's query received by the Company today;

1. *When did the Company become aware of the granting of the Permit and the Appointments?*

The Company was notified by its US Consultant at 6am (Perth, WST time) on Saturday 16 April 2011 that the process for the granting of a Right Of Way had been completed and the Company had been granted a Right of Way over Federal Land.

The appointments were finalized and completed on Monday 18th April 2011. The CEO appointment was finalised and signed at 3pm (WST) on Monday the 18th April 2011. The Non Executive Director appointment was finalized at 10pm (WST) on 18th April 2011

2. *Does the Company consider the granting of the Permit and/or the Appointments to be material to the Company?*

Yes.

3. *If the answer to question 2 is "no", please provide a detailed explanation of the basis on which the Company does not consider the grant of the Permit and/or the Appointments to be material?*

N/A



4. *If the answer to question 2 is "yes", and the Company became aware of the Appointments or the granting of the Permit prior to making the Announcements, please address each of the following.*

4.1 *Please identify any earlier announcement from the Company;*

4.1.1 *in relation to the Appointments prior to the Appointment Announcement,*

The Company notes that in the announcement of a presentation at 7:05AM WST on Thursday 14 April 2011 the Company noted that "Board and Management changes were underway - to reflect North American/potash focus." However, at this time, negotiations with potential candidates were confidential and incomplete.

4.1.2 *confirming the grant of the Permit, prior to the release of the Permit Announcement.*

The Company notes that in the announcement of a presentation at 7:05AM WST on Thursday 14 April 2011 the Company noted that "Regulatory approvals expected in April 2011." However, at this time, a definitive answer as to the granting of a Right of Way had not been reached.

- 4.2 *If there was no earlier announcement, please advise why the Company did not make an announcement at an earlier time or request a trading halt at an earlier time prior to the release of the Announcements, or upon becoming aware of the grant of the Permit or the Appointments.*

The Company became aware of the granting of the permits on Saturday morning 16th April 2011 when an email was received advising that the "Right of Way Grant" had been signed in the Moab field office of the Bureau of Land Management (BLM), by BLM and TRH officials on the afternoon of Friday 15th April (Mountain Time USA - some 15 hours behind Perth time. The email was sent on the afternoon of Friday 15th April (Mountain Time) in the USA and received approximately 6am on Saturday 16th April 2011. The email enclosed a executed signed copy of the Grant of the Right of Way.

Prior to this, a corporate presentation released to the market on Thursday 14th April 2011 had advised that the Right of Way permit was expected during April 2011.

In relation to the Appointments, the Company was still in confidential and incomplete negotiations with both the potential CEO and Board member to agree the role and the contents of employment contracts. These negotiations were not completed until the afternoon/evening of Monday 18 April 2011 when the Company was in Trading Halt.



The Company also notes that in a presentation announced at 7:05AM WST on Thursday 14 April 2011 it was advised that Board and Management changes were underway - to reflect North American/potash focus.

- 4.3 *If there was no earlier announcement, please advise why the Company did not make an announcement or request a trading halt on receipt of the Price Query letter when it became apparent it could not rely on the exceptions to listing rule 3.1 in listing rule 3.1A in relation to the Permit or the Appointments.*

The Company announced a presentation at 7:05AM WST on Thursday 14 April 2011 which disclosed that the Company anticipated the grant of a Right of Way which was expected to occur during April. The Presentation also disclosed that the Company was implementing Board and Management changes to reflect North American/potash focus.

At the time the Price Query was issued, no new information, other than as disclosed in the presentation, was available which would lead the Company to believe a trading halt was necessary. The negotiations regarding the appointments were still at an incomplete and confidential stage with no certainty of a successful outcome, and we had no certain expectation of the week or day on which a signed granting of a Right of Way would be finalised.

5. *Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.*

The Company confirms that it is in compliance with the listing rules, in particular listing rule 3.1

Yours Sincerely,

A handwritten signature in black ink, appearing to read "Morgan Barron", with a long horizontal flourish extending to the right.

Morgan Barron
Company Secretary



20 April 2011

Mr. Morgan Barron
Company Secretary
Transit Holdings Limited
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Dear Mr. Barron

Transit Holdings Limited (the "Company")

ASX Limited ("ASX") refers to the following:

- The announcement entitled, "Grant of a Right of Way Permit in Utah", lodged at 12:20 am WST and released to the market at 7:03 am (WST) on 19 April 2011 (the "Permit Announcement"). The Permit Announcement advised that a subsidiary of the Company had, on 15 April 2011, been awarded a Right of Way Permit (the "Permit") over Federal land to access and drill State Lease Blocks in Utah, USA.
- A second announcement released by the Company on Tuesday 19 April 2011 at 7:59 am WST entitled "Board and Management Changes – Focus on Potash" (the "Appointment Announcement") which announced the appointment and remuneration of a new CEO residing in the US with Potash experience and a new non-executive director with similarly relevant experience (together "The Appointments"). The Permit Announcement and the Appointment Announcement are together "The Announcements".
- The Price Query letter issued to the Company at 9:20 am WST following a change in the price of the Company's securities from a closing price of 48.5 cents on Wednesday, 13 April 2011 to a high of 75 cents by 9:20 am WST Thursday 14 April 2011. An unusually high volume also traded in this time.
- The Company's response was released at 12:00 pm WST on 13 April 2011 and stated it had nothing to announce and was in compliance with listing rule 3.1 (the "Price Query Letter Response").

Australian Securities Exchange

Australian Stock Exchange
Sydney Futures Exchange

Australian Clearing House
SFE Clearing Corporation

ASX Settlement and Transfer Corporation
Austraclear

- The Company's intra day high was 80.5 cents and it closed at 80.5 cents on significantly increased volumes. The shares traded at a high of 92 cents and a closed at 72.5 cents on Friday 15 April 2011 on similarly significant volumes.
- The Company's request a trading halt in it's securities on Monday 18 April 2011 which was in place prior to market open at 7:20 am WST in respect of an announcement regarding it's USA potash project.

As you are aware, listing rule 3.1 requires an entity, once it becomes *aware* of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, to immediately tell ASX that information. The exceptions to this requirement are set out in listing rule 3.1A.

I would like to draw your attention to the definition of "aware" in Chapter 19 of the listing rules. This definition states that:

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity."

Furthermore, paragraph 17 of Guidance Note 8 states:

"Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example."

Listing rule 3.1A sets out an exception from the requirement to make immediate disclosure, provided that each of the following are satisfied.

- 3.1A.1 *A reasonable person would not expect the information to be disclosed.*
- 3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential.*
- 3.1A.3 *One or more of the following applies.*
 - *It would be a breach of a law to disclose the information.*
 - *The information concerns an incomplete proposal or negotiation.*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure.*
 - *The information is generated for the internal management purposes of the entity.*
 - *The information is a trade secret."*

Finally, I would like to draw your attention to ASX's policy position on the concept of "confidentiality" which is detailed in paragraphs 33 to 39 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:

"Confidential' in this context has the sense of 'secret'..." and "Loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity's securities, or by reference to the information in the media or analysts reports".

Having regard to the above definitions, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, ASX asks that you answer the following questions in a format suitable for release to the market, in accordance with listing rule 18.7A.

1. When did the Company become aware of the granting of the Permit and the Appointments?
2. Does the Company consider the granting of the Permit and/or the Appointments to be material to the Company?
3. If the answer to question 2 is "no", please provide a detailed explanation of the basis on which the Company does not consider the grant of the Permit and/or the Appointments to be material?
4. If the answer to question 2 is "yes", and the Company became aware of the Appointments or the granting of the Permit prior to making the Announcements, please address each of the following.
 - 4.1. Please identify any earlier announcement from the Company;
 - 4.1.1. in relation to the Appointments prior to the Appointment Announcement,
 - 4.1.2. confirming the grant of the Permit, prior to the release of the Permit Announcement.
 - 4.2. If there was no earlier announcement, please advise why the Company did not make an announcement at an earlier time or request a trading halt at an earlier time prior to the release of the Announcements, or upon becoming aware of the grant of the Permit or the Appointments.
 - 4.3. If there was no earlier announcement, please advise why the Company did not make an announcement or request a trading halt on receipt of the Price Query letter when it became apparent it could not rely on the exceptions to listing rule 3.1 in listing rule 3.1A in relation to the Permit or the Appointments.

In addressing this question, comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.

5. Please confirm that the Company is in compliance with the listing rules and, in particular, listing rule 3.1.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter. If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your response should be sent to me by facsimile on **facsimile number (08) 9220 2020**. It should not be sent to the Company Announcements Office. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible, and in any event, not later than **5:00 pm WST on Thursday 21 April, 2011**.

Please note that ASX reserves the right, under listing rule 18.7A, to release this letter and the Company's response to the market if it considers it necessary for an informed market. Accordingly, it would be appreciated if you would prepare your response in a format suitable for release to the market and separately address each of the questions asked.

If you have any concerns about release of your response, or any queries in relation to this matter, please contact me immediately.

Yours sincerely

A handwritten signature in black ink, consisting of a stylized initial 'F' followed by a long horizontal line.

Farlee Walker
Adviser, Listings (Perth)