TRANSIT

HOLDINGS LTD

ACN 121 184 316

ANNUAL FINANCIAL REPORT

for the year ended 30 June 2009

Contents

This financial report covers both Transit Holdings Ltd as an individual entity and the Consolidated Entity consisting of Transit Holdings Ltd and its subsidiaries. The financial report is presented in the Australian currency.

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

Transit Holdings Ltd
Level 2
16 Altona Street
West Perth WA 6005

TRANSIT HOLDINGS LTD
ACN: 121 184 316

Corporate Information

Directors:

Ananda Kathiravelu
Chairman

Giovanni (John) Ceccon
Non Executive Director

Richard Monti
Executive Director

Company Secretary:
Morgan Barron

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

Solicitors - Perth:
Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
PERTH WA 6000

Registered & Principal Office:
Level 2, 16 Altona Street
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 Codes – TRH, TRHO

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

Letter from the Chairman

Dear Shareholder

I am pleased to present the Annual Report of Transit Holdings Limited for the year ended 30 June 2009. During the year, Transit announced that it had signed a Memorandum of Understanding with Citadel Potash Pty Ltd, a company which had the right to earn 75% interest in the Paradox Basin Potash Project.

The Paradox Basin Potash Project covers applications for 93,000 acres in the Paradox Basin in south eastern Utah. Previous drilling has shown that the project area is underlain by a number of potash rich beds.

In March 2009 a vast exploration target of 2.5 to 3.8 billion tonnes of potash ore at 20% to 30% KCl was announced. Since then, our focus has been on progressing the permit approval process, assembling the project technical and permitting team and preparing for a scoping study.

We have now assembled an experienced team of experts to assist us with the Paradox Basin Potash Project. The team has identified the critical success factors for the project and planned the work required to complete a scoping study in conjunction with the permitting approval process.

Your Directors are committed to creating a successful company that rewards shareholders. We look forward to the continued support of shareholders in achieving these outcomes.

Yours faithfully,

Ananda Kathiravelu
Chairman

Directors' Report

Your Directors have pleasure in submitting their report on the Consolidated Entity; being the Company and its controlled entities, for the year ended 30 June 2009.

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 17 years.

Mr Kathiravelu holds a Bachelor of Business and a Graduate Diploma of Applied Finance and Investment.

Mr Kathiravelu is the Managing Director and Responsible Officer of Armada Capital Ltd, a corporate advisory company that has been involved in providing strategic corporate advice and services to listed and unlisted public companies including, Pryme Oil and Gas Ltd, CuDeco Ltd (formally known as Australian Mining Investments Ltd) and Rockstead Group (formally known as First Capital Group Ltd) and Bellevue Resources.

Additionally he is a Non Executive Director of Pryme Oil and Gas Ltd. His areas of expertise include corporate advice, capital raising, mergers and acquisitions. His focus is on the small cap and emerging business sectors.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Non Executive Director, Pryme Oil and Gas Ltd

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Non Executive Chairman – Rockstead Group Ltd

Giovanni (John) Ceccon - Non Executive Director (appointed 11 August 2006)

EXPERIENCE AND EXPERTISE
Mr Ceccon graduated from Murdoch University in 1990 with a Bachelor of Commerce degree and then went on to work with Pannell Kerr Foster Chartered Accountants in its audit division.

Since 1992 he has held chief financial officer roles and held directorships in companies within a wide range of industries including manufacturing, building, packaging, wholesaling, software, mining, property management, taxi management and most recently investment banking. In performing his various executive roles, Mr Ceccon has been responsible for debt and equity finance raisings up to $6 million, negotiating insurance with annual premiums in excess of $500,000, software and hardware implementations for companies with turnover in excess of $60 million and up to 200 employees and sourcing seed capital on behalf of corporate entities for their American and UK expansions.

Mr Ceccon is also a Director of Armada Capital Ltd (formerly First Capital Corporate Ltd).

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Mr Ceccon does not currently hold any other directorships of listed companies.

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Executive Director - Meridian Minerals Ltd, (formerly Bellevue Resources Ltd)

Directors' Report (continued)

Richard Monti - Executive Director (appointed 15 December 2006)

EXPERIENCE AND EXPERTISE

Richard Monti has qualifications in Geology (Bachelor of Science with Honours from the University of Western Australia) and Finance (Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia).

He has gained broad experience over a twenty three 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 is a Director of corporate advisory firm Ventnor Capital Pty Ltd. Ventnor Capital provides office and administrative services to Transit.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Executive Director, Epsilon Energy Limited
Non Executive Director, Poseidon Nickel Limited
Non Executive Director, Whinnen Resources Limited

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Executive Director, Bathurst Resources Limited

Andrew Parker - Non Executive Director (appointed 15 December 2006, resigned 18 March 2009)

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

COMPANY SECRETARY

Morgan Barron - appointed 15 December 2006

Morgan Barron is a qualified Chartered Accountant who has worked in various corporate roles both in Australia and Europe. Whilst at Ventnor Capital Pty Ltd he has been involved in a number of 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. After graduating from UWA he started his career at Horwath and then KPMG. Once qualified, he made the move to London where he gained experience in Banking and European acquisitions for a US listed Investment bank, providing him with a strong commercial, financial and management background.

Directors' Report (continued)

PRINCIPAL ACTIVITIES

Transit Holdings Limited ("Transit") principal activities are the exploration of iron ore and gold in Western Australia and potash in Utah, USA. During the financial year Transit acquired Citadel Potash Pty Ltd, a company with a substantial potash application in Utah, USA.

RESULTS

The net loss of the Consolidated Entity for the year ended 30 June 2009 amounted to $1,108,077 (2008: $2,737,427) after providing for income tax and eliminating minority equity interests.

DIVIDENDS

There were no dividends paid or declared during the year.

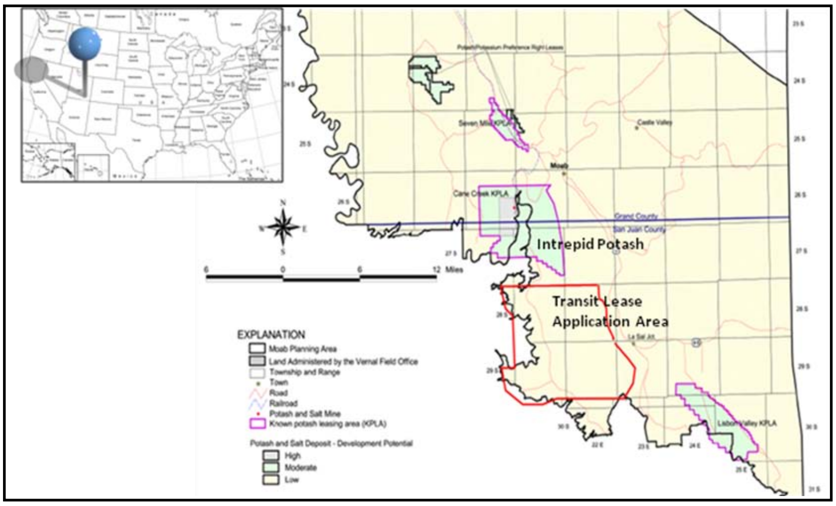
OPERATING AND FINANCIAL REVIEW

The Company began the financial year with field activities recommencing on the Johnston Range and Evanston tenements, with prospecting and surface rock chip sampling undertaken to test for iron ore prospectivity along the Banded Iron Formation outcrop which had not previously been tested by Transit.

Assays indicated zones of high-grade haematite mineralisation at Johnston Range, however continuity between zones required further investigation.

In December 2008, Transit announced that it had signed a Memorandum of Understanding with Citadel Potash Pty Ltd ("Citadel Australia"), a company which had the right to earn 75% in the Paradox Basin Potash Joint Venture.

The Paradox Basin Potash Project ("PBPP") covers applications for 93,000 acres in the Paradox Basin in south eastern Utah. Previous drilling has shown that the Project area is underlain by a number of potash rich beds.



Location of the Paradox Basin Potash Project

Details of the Transaction
Transit entered an agreement to acquire 100% of the shares in Citadel Australia which in turn holds 100% of the issued capital in Citadel Capital Holdings Inc, a company incorporated in the United States of America ("Citadel USA").

Citadel USA has entered into an Operating Agreement with K2O Resources LLC, a company incorporated in the United States of America ("K2O") to earn an initial 75% interest in K2O Utah LLC, an entity that holds the Paradox Basin potash project in Utah in the United States of America, by the expenditure of US$708,500.

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

In order to acquire 100% of the shares of Citadel Potash Pty Ltd, Transit will reimburse costs outlaid (to a maximum of A$30,000) and issue converting shares to the vendors of Citadel Potash Pty td which will convert to fully paid ordinary shares in Transit based on certain milestones being met as outlined below:

- The issue of 1,000 Performance Shares that convert to 1 million Transit shares on completion of the earn in to acquire 75% of K2O Utah LLC under the Operating Agreement and the grant of at least 50,000 acres of potash exploration leases in the Paradox Basin to K2O Utah LLC;

- The issue of 2,000 Performance Shares that convert into up to 2 million Transit shares on delineation by K2O Utah LLC of a JORC code compliant resource. The Class B Converting Preference Shares will convert to 1 million shares for a JORC code compliant resource of 50 million tonnes contained K2O at a grade of at least 20% K2O and convert to a further 100,000 shares for each additional 5 million tonnes of contained K2O (at a grade of at least 20% K2O) within the resource up to a maximum of 2 million shares (100 million tonnes contained K2O); and

- The issue of 3,000 Performance Shares that convert to 3 million Transit shares on completion of a positive pre-feasibility study on the Project (as approved by the Transit Board of Directors). Upon completion of a positive pre-feasibility study and the issue of the 3 million shares in Transit, any Performance Shares not already converted up to 2 million shares in the point above will convert into shares in Transit.

In addition to any ASX imposed escrow, all ordinary shares issued pursuant to the above will be voluntarily escrowed for 6 months from their date of issue. On completion of the acquisition of the 75% interest in the joint venture, the vendors will be able to nominate one representative to the board of Transit.

The agreement was conditional on the completion of Due Diligence, completion of a fuller agreement and the receipt of any necessary shareholder and regulatory approvals. Due diligence was completed in January 2009, and the Company called an extraordinary meeting of shareholders to approve the transaction and issue the performance shares.

In March 2009 the Company announced that shareholder approval had been obtained at the Extraordinary general meeting and issued the performance shares.

Pursuant to exploration results and studies performed by Agapito Associates Inc, Transit announced its overall Exploration Target range for the two Potash beds of 2.5 to 3.8 billion tonnes of sylvinite at an average grade of 12 to 18% K2O in March 2009.

Andrew Parker resigned from the Board on 18 March 2009.

Transit maintains a strong cash position of $2.9m which will be used to further the assessment and development of the Paradox Basin Potash Project ("PBPP"). The consolidated net loss for the year was $1,108,077 (2008: $2,737,427) after providing for income tax and eliminating minority equity interests. This included an impairment expense of $810,989 (2008: $1,820,378), of which $792,390 related to the capitalised exploration expenditure acquired from Citadel Potash Pty Ltd.

Directors' Report (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the year the Company entered into an agreement to acquire Citadel Potash Pty Ltd, a company that holds, through a US-based subsidiary Citadel Capital Holdings LLC, a 75% interest in the Paradox Basin Potash Joint Venture. The joint venture is incorporated in the name of K2O Utah LLC. The due diligence was undertaken and completed in January 2009 and the completion of the acquisition occurred on 16 March 2009. As consideration for the acquisition Transit issued 6,000 performance shares, which may potentially convert into up to 6 million ordinary shares.

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

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

ENVIRONMENTAL REGULATION

The Directors believe that the Consolidated Entity 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 $7,820 excluding GST (2008: $7,500) 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' Report (continued)

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		**Listed Options**		**Unlisted Options**	
Director	*Held Directly*	*Held Indirectly*	*Held Directly*	*Held Indirectly*	*Held Directly*	*Held Indirectly*
A. Kathiravelu	10,000	70,000	3,333	9,999	-	-
G. Ceccon	10,000	1,700,873	-	204,999	500,000	-
R. Monti	-	1,195,000	-	366,666	-	962,500
TOTAL	**20,000**	**2,965,873**	**3,333**	**581,664**	**500,000**	**962,500**

MEETINGS OF DIRECTORS

During the financial year, 14 meetings of Directors were held with the following attendances:

Directors	**Meetings Attended**	**Meetings Eligible to Attend**
A. Kathiravelu	14	14
A. Parker	10	10
G. Ceccon	14	14
R. Monti	14	14

REMUNERATION REPORT (AUDITED)

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

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

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

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (CONTINUED)

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

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

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

- The remuneration policy, setting the terms and conditions for the executive Directors and key management personnel, was developed by the Board. All key management personnel are remunerated on a consultancy basis based on services provided by each person. The Board reviews key management personnel packages annually by reference to the Consolidated Entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

- The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of key management personnel and reward them for performance that results in long-term growth in shareholder wealth.

- Key management personnel are also entitled to participate in the employee share and option arrangements.

- The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the annual general meeting (currently $200,000). Fees for non-executive Directors are not linked to the performance of the Consolidated Entity. 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.

During the year there has not been a performance evaluation for senior executives. This is expected to take place within financial year 2010.

Performance based remuneration

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

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (CONTINUED)

B. Details of remuneration (audited)

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 (Company and Consolidated Entity)

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

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

2008	**Short Term Benefits**		**Post Employment Benefits**	**Share Based Payments**		
Key Management Personnel	**Salary and Fees(1) $**	**Non Monetary $**	**Super-annuation**	**Options(2) $**	**Total $**	**% of remuneration consisting of options**
Non-Executive Directors						
A. Kathiravelu	36,000	-	3,240	132,750	171,990	77.2%
A. Parker	36,000	-	-	132,750	168,750	78.7%
G. Ceccon	36,000	-	3,240	132,750	171,990	77.2%
Executive Directors						
R. Monti	84,000	-	3,240	132,750	219,990	60.3%
Total	**192,000**	**-**	**9,720**	**531,000**	**732,720**	**72.5%**

(1) Salary and Fees for R. Monti consist of $36,000 in directors fees and $48,000 consulting fees.

(2) 500,000 Options issued to each Director as ratified by shareholders at November 2007 annual general meeting.

C. Service agreements (audited)

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 are formalised in a service agreement. The agreement provides for the participation, when eligible in the Transit Holdings Employee Share Option Plan. Other major provisions of the agreement relating to remuneration are set out below.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (CONTINUED)

C. Service agreements (audited) (continued)

R Monti, *Executive Director*

- Term of agreement – ongoing subject to annual review
- Directors fees, exclusive of superannuation, for the year ended 30 June 2009 of $36,000, to be reviewed annually by the Board.
- No termination benefits are payable by the Company, and no notice period is specified in the agreement.

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

- Term of agreement – ongoing, subject to annual review.
- Remuneration for Executive Director services is charged at $4,000 per month (excluding GST) for the year ended 30 June 2009.
- Remuneration for Company Secretarial services is charged at $4,000 per month (excluding GST) for the year ended 30 June 2009.
- General office expenses are charged at $6,000 per month (excluding GST) for the year ended 30 June 2009.
- Contract may be terminated on 30 days written notice by either party, or immediately on breach of certain contract terms. No termination benefits are payable by the Company.

D. Share-based compensation (audited)

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

Key management personnel of Transit Holdings Limited (Company and Consolidated Entity) – Share-based compensation

No options were granted, exercised or lapsed in the financial year ended 30 June 2009. 2,000,000 options which were issued in 2008 vested during the year.

2008									
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	7/12/07	$0.2655	$0.25	31/12/09	18/12/08	31/12/09	-	0%
A. Parker	500,000	7/12/07	$0.2655	$0.25	31/12/09	18/12/08	31/12/09	-	0%
G. Ceccon	500,000	7/12/07	$0.2655	$0.25	31/12/09	18/12/08	31/12/09	-	0%
R. Monti	500,000	7/12/07	$0.2655	$0.25	31/12/09	18/12/08	31/12/09	-	0%

E. Additional information (audited)

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

Directors' Report (continued)

REMUNERATION REPORT (AUDITED) (CONTINUED)

The overall level of executive reward takes into account the performance of the Consolidated Entity over a number of years, with greater emphasis given to the current and prior year. Directors and executives are issued options to encourage the alignment of personal and shareholder interests.

***********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 Consolidated Entity and Company and likely results of those operations would in the opinion of the Directors, be likely to result in unreasonable prejudice to the Consolidated Entity.

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2009 has been received and can be found on page 18.

AUDITOR

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

SHARE OPTIONS

Shares under Option
At the date of this report there are 14,916,666 unissued shares under option outstanding.

Date Granted	Expiry Date	Exercise Price	Number shares under option
13 December 2006*	31 December 2009	$0.25	1,500,000
15 February 2007	31 December 2009	$0.25	6,754,432
15 June 2007	31 December 2009	$0.25	2,412,234
29 August 2007*	31 January 2010	$0.25	500,000
29 August 2007*	31 January 2011	$0.35	250,000
29 August 2007	31 December 2009	$0.25	1,500,000
7 December 2007*	31 December 2009	$0.25	2,000,000
			14,916,666

* Unlisted options

Directors' Report (continued)

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate. No shares where 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 2009 $	Consolidated 2008 $
Audit Services		
Amounts payable to auditor of parent entity	25,000	23,300
	25,000	23,300

There were no non-audit services performed by the auditor during the year (2008: Nil).

Signed in accordance with a resolution of the Directors.

R. Monti
Executive Director

Perth
Date: 17 September 2009

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 Consolidated Entity in this statement.

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

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

THE BOARD OF DIRECTORS

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

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

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

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

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

Corporate Governance Statement (continued)

APPOINTMENTS TO OTHER BOARDS

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

INDEPENDENT PROFESSIONAL ADVICE

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

CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

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

CODE OF CONDUCT AND TRADING POLICY

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

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

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

RISK MANAGEMENT SYSTEMS

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

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

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

Corporate Governance Statement (continued)

RISK MANAGEMENT SYSTEMS (CONTINUED)

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

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

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

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

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

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

Corporate Governance Statement (continued)

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

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

To the Board of Directors of Transit Holdings Ltd

Dear Sirs

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

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2009, there have been:

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

Yours faithfully
ORD PARTNERS

Ian Macpherson
Partner

Perth
17 September 2009

O R D PARTNERS
CHARTERED ACCOUNTANTS

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Consolidated Income Statement
For the year ended 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Finance income	4	183,888	222,527	183,754	221,214
Other income		-	40	-	40
Financial administration, insurance and compliance costs		(200,181)	(189,310)	(146,919)	(185,635)
Consulting and contracting expenses		(259,916)	(43,811)	(46,188)	(41,921)
Depreciation	11	(8,931)	(7,212)	(8,931)	(7,212)
Impairment of exploration expenditure	10	(810,989)	(1,820,378)	-	(1,211)
Loss on divestment of mining tenements	5	-	(77,360)	-	-
Employee expenses		(210,129)	(153,720)	(210,129)	(196,155)
Other expenses		(97,478)	(129,425)	(72,428)	(77,137)
Share based payments	21	-	(784,492)	-	(784,492)
Financial expenses					
Impairment of loan to controlled entity	9	-	-	(367,234)	(398,914)
Impairment of investment in subsidiary	12	-	-	(322,880)	(1,200,000)
Loss on sale of assets	5	(100,108)	-	(100,108)	-
Loss before income tax expense	5	(1,503,844)	(2,983,141)	(1,091,063)	(2,671,423)
Income tax benefit	7	200,798	245,714	-	-
Loss for the year		(1,303,046)	(2,737,427)	(1,091,063)	(2,671,423)
Loss attributable to minority equity interest		(194,969)	-	-	-
Net loss attributable to members of the parent entity		(1,108,077)	(2,737,427)	(1,091,063)	(2,671,423)
Basic and Diluted earnings (loss) per share – cents per share	6	(3.50)	(9.34)	(3.45)	(9.11)

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

Consolidated Balance Sheet
As at 30 June 2009

	Note	Consolidated 30 June 2009 $	Consolidated 30 June 2008 $	Company 30 June 2009 $	Company 30 June 2008 $
ASSETS					
Current assets					
Cash and cash equivalents	8	2,935,447	3,765,439	2,914,340	3,681,577
Other receivables	9	18,026	21,126	11,481	16,307
Other financial assets	12	-	180,000	-	180,000
Total current assets		2,953,473	3,966,565	2,925,821	3,877,884
Non-current assets					
Other Receivables	9	-	-	199,250	99,250
Exploration and evaluation expenditure	10	294,050	149,132	-	-
Plant and equipment	11	12,571	22,068	12,571	22,068
Other financial assets	12	-	-	100,000	100,000
Total non-current assets		306,621	171,200	311,821	221,318
TOTAL ASSETS		3,260,094	4,137,765	3,237,642	4,099,202
LIABILITIES					
Current liabilities					
Trade and other payables	13	127,563	66,994	126,749	65,996
Total current liabilities		127,563	66,994	126,749	65,996
Non-current liabilities					
Deferred tax liabilities	14	77,941	41,022	-	-
Total non-current liabilities		77,941	41,022	-	-
TOTAL LIABILITIES		205,504	108,016	126,749	65,996
NET ASSETS		3,054,590	4,029,749	3,110,893	4,033,206
EQUITY					
Issued capital	15	6,659,716	6,490,966	6,659,716	6,490,966
Reserves	15	1,111,581	1,111,581	1,111,581	1,111,581
Accumulated losses		(4,680,875)	(3,572,798)	(4,660,404)	(3,569,341)
Parent interest		3,090,422	4,029,749	3,110,893	4,033,206
Minority interest		(35,832)	-	-	-
TOTAL EQUITY		3,054,590	4,029,749	3,110,893	4,033,206

The above Balance Sheet should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2009

Consolidated 2009

	Note	Issued Capital $	Option Reserve $	Accumulated Losses $	Minority Equity Interests $	Total Equity $
Total equity at the beginning of the year		6,490,966	1,111,581	(3,572,798)	-	4,029,749
Loss attributable to members of parent entity		-	-	(1,108,077)	-	(1,108,077)
Loss attributable to minority shareholders		-	-	-	(194,969)	(194,969)
Total recognised income and expense for the year		-	-	(1,108,077)	(194,969)	(1,303,046)
Transactions with equity holders:						
Acquisition of Citadel Potash	19	168,750	-	-	159,137	327,887
Total equity at 30 June		**6,659,716**	**1,111,581**	**(4,680,875)**	**(35,832)**	**3,054,590**

Consolidated 2008

	Note	Issued Capital $	Option Reserve $	Accumulated Losses $	Total Equity $
Total equity at the beginning of the year		4,537,319	327,089	(835,371)	4,029,037
Loss for the year		-	-	(2,737,427)	(2,737,427)
Total recognised income and expense for the year		-	-	(2,737,427)	(2,737,427)
Transactions with equity holders:					
Contributions of equity, net of transaction costs	15	1,953,647	-	-	1,953,647
Share-based payments	21	-	784,492	-	784,492
Total equity at 30 June		**6,490,966**	**1,111,581**	**(3,572,798)**	**4,029,749**

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2009

Company 2009

		Issued Capital $	Option Reserve $	Accumulated Losses $	Total Equity $
Total equity at the beginning of the year		6,490,966	1,111,581	(3,569,341)	4,033,206
Loss for the year		-	-	(1,091,063)	(1,091,063)
Total recognised income and expense for the year		**-**	**-**	(1,091,063)	(1,091,063)
Transactions with equity holders:					
Acquisition of Citadel Potash	19	168,750	-	-	168,750
Total equity at 30 June		**6,659,716**	**1,111,581**	**(4,660,404)**	**3,110,893**

Company 2008

		Issued Capital $	Option Reserve $	Accumulated Losses $	Total Equity $
Total equity at the beginning of the year		4,537,319	327,089	(897,918)	3,966,490
Loss for the year		-	-	(2,671,423)	(2,671,423)
Total recognised income and expense for the year		**-**	**-**	(2,671,423)	(2,671,423)
Transactions with equity holders:					
Contributions of equity, net of transaction costs	15	1,953,647	-	-	1,953,647
Share-based payments	21	-	784,492	-	784,492
Total equity at 30 June		**6,490,966**	**1,111,581**	**(3,569,341)**	**4,033,206**

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

Consolidated Cash Flow Statement
For the year ended 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Cash flows from operating activities					
Receipts from customers		43,609	133,886	21,732	67,423
Interest received		183,888	202,527	183,754	201,214
Payments to suppliers and employees		(459,935)	(673,522)	(431,817)	(558,095)
Exploration expenditure		(287,706)	-	-	-
Net cash used in operating activities	17	(520,144)	(337,109)	(226,331)	(289,458)
Cash flows from investing activities					
Purchase of plant and equipment		-	(16,392)	-	(16,392)
Proceeds from sale of plant and equipment		566	-	566	-
Proceeds on sale of investments		79,892	-	79,892	-
Payments for exploration expenditure		(163,517)	(621,957)	-	(1,211)
Loans to subsidiary		(97,077)	-	(467,234)	(658,164)
- Net cash acquired/(paid) on acquisition		(129,712)	-	(154,130)	-
Net cash used in investing activities		(309,848)	(638,349)	(540,906)	(675,767)
Cash flows from financing activities					
Proceeds from issues of shares and options		-	2,062,500	-	2,062,500
Capital raising costs		-	(102,500)	-	(102,500)
Net cash flows provided by financing activities		-	1,960,000	-	1,960,000
Net increase/(decrease) in cash and cash equivalents		(829,992)	984,542	(767,237)	994,775
Cash and cash equivalents at the beginning of the year		3,765,439	2,780,897	3,681,577	2,686,802
Cash and cash equivalents at the end of the year	8	**2,935,447**	**3,765,439**	**2,914,340**	**3,681,577**

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

Notes to the Financial Statements
For the year ended 30 June 2009

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 2009 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity" or "Group").

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

NOTE 2: BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Interpretations) and the *Corporations Act 2001*.

The consolidated financial statements of the Group and the financial statements and notes of the Company 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 Australian currency.

This consolidated financial report was approved by the Board of Directors on 17 September 2009.

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for investments classified as at fair value through profit or loss, which have been measured at fair value.

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 2009 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 shareholder 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.

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Principles of Consolidation (continued)

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

The financial statements of subsidiaries are prepared from the same reporting period as the Parent Company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group 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 transferred to 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.

B. Segment Reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other operating business segments. Management has assessed the reportable business segments under AASB 114 Segment Reporting and have determined that on adoption of AASB 8 Segment Reporting (applicable from 1 January 2009), it is not likely that additional operating segments will be reported. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

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.

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Income Tax (continued)

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

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

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

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

D. Goods and Services Tax

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

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

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

E. Financial Assets

Financial assets comprise trade and other receivables and financial assets classified as at fair value through profit or loss.

<u>Trade and Other Receivables</u>

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 sheet 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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Financial Assets (continued)

Fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking.

Financial assets at fair value through profit or loss are measured at fair value, with realised and unrealised gains and losses arising from changes in the fair value included in the profit or loss in the period in which they arise.

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 they are expected to be recouped through the successful development of the area (or, alternatively by its sale) or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and above operations in relation to the area are continuing.

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

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

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

G. Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to the income statement 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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Business Combinations

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

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

I. Impairment of Assets

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

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

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

J. Share-Based Payments

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

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.

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Share Based Payments (continued)

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

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

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

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

K. Cash and Cash Equivalents

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

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

L. Finance income and expense

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

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

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.

M. Issued Capital

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

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Earnings per Share

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

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

O. Trade and other Payables

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

P. Foreign Currency Translation

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

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

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

Q. Significant Accounting Estimates and Assumptions

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS 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:

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Significant Accounting Estimates and Assumptions (continued)

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

iii) Share-based payment transactions
The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors using the Black-Scholes formula, 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 22. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

R. Comparative Information

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. New Accounting Standards for Application in Future Periods

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards, with the exception of AASB 3: Business Combinations and amendments resulting from AASB 2009-5. A discussion of those future requirements and their impact on the Group is set out below:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of this application. As stated above, the Group early adopted AASB 3: Business Combinations, and the following changes to accounting requirements are included in this financial report:

  - Acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
  - Contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
  - A gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
  - There shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
  - Dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
  - Impairment of investments in subsidiaries; joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
  - Where there is, in substance, no change to Group interests, parent entities inserted above existing Groups shall measure the cost of its investments at the carrying value of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.
  - Under AASB 3, the Group has the option to record the parent entity's share of goodwill only, or the total goodwill of the parent and the non-controlling interest. The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired, or change its policy so goodwill recognised also reflects that of the non-controlling interest. As at 30 June 2009, no goodwill has been recorded in the Group, and there is no impact on the financial statements on this change in policy.

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purpose of decision making. While the impact of this standard can not be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe that impairment losses will result from this change.

- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

- AASB 127: Consolidated and Separate Financial Statements: Amendments to Australian Accounting Standards (applicable for reporting periods commencing from 1 July 2009). AASB 127 replaces the term 'minority interest' with 'non-controlling interest' and prescribes the accounting treatment and required disclosures for such interests.

- AASB 2008-1: Amendments to Australian Accounting Standard – Share Based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only, and other elements of a share-based payment transaction should therefore not be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or another party.

- AASB 2008-6: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (applicable for annual reporting periods commencing from 1 July 2009) prescribes the treatment of intangible assets, such as goodwill acquired in a business combination. No changes are expected to materially affect the Group.

- AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (applicable for annual reporting periods commencing from 1 January 2010) prescribes certain changes to existing standards, of which the only effect on the Group is that only expenditures resulting in a recognised asset in the statement of financial position are eligible for classification as investing activities in the cash flow statement. The Board has adopted this presentation in the financial statements and adjusted comparative disclosure as required.

The Group has not early adopted of any of the above reporting requirements except AASB 3: Business Combinations, AASB 127 and AASB 2008-7 and amendments resulting from AASB 2009-5 and does not expect the requirements of the other new accounting standards to have any material affect on the Group's financial statements.

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 4: INCOME

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Finance income				
Interest income	183,888	202,527	183,754	201,214
Unrealised fair value gains	-	20,000	-	20,000
Other income				
ATO Refund	-	40	-	40
Total income	**183,888**	**222,567**	**183,754**	**221,254**

NOTE 5: LOSS

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Loss before income tax has been determined after:				
Impairment of exploration expenditure	810,989	1,820,378	-	1,211
Impairment of loans to controlled entities	-	-	367,234	398,914
Loss on divestment of mining tenements	-	77,360	-	-
Impairment of investment in subsidiary	-	-	322,880	1,200,000
Financial expenses				
Fair value loss on disposal of investment	100,108	-	100,108	-
Employee benefit expense:				
Wages and consulting fees	210,129	153,720	210,129	196,155
Equity settled share based payments	-	784,492	-	784,492

NOTE 6: LOSS PER SHARE

	Consolidated 2009	Consolidated 2008	Company 2009	Company 2008
Basic and diluted loss per share - cents	(3.50)	(9.34)	(3.45)	(9.11)
	$	**$**	**$**	**$**
Loss used in the calculation of basic and diluted loss per share	(1,303,046)	(2,737,427)	(1,091,063)	(2,671,423)
	No.	**No.**	**No.**	**No.**
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share	31,625,000	29,314,549	31,625,000	29,314,549
Weighted average number of options outstanding	14,916,666	13,673,497	14,916,666	13,673,497
Less: anti-dilutive options	(14,916,666)	(13,673,497)	(14,916,666)	(13,673,497)
Weighted average number of converting shares on issue	6,000,000	-	6,000,000	-
Less: anti-dilutive converting shares	(6,000,000)	-	(6,000,000)	-
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share	31,625,000	29,314,549	31,625,000	29,314,549

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

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 7: INCOME TAX

	Consolidated		Company	
	2009 **$**	**2008** **$**	**2009** **$**	**2008** **$**
(a) Income tax expense				
The major components of income tax expense are:				
Income statement				
Current Income Tax				
Current income tax charge	-	-	-	-
Deferred income tax				
Relating to movements in temporary differences	(200,798)	(245,714)	-	-
Income tax benefit reported in the income statement	(200,798)	(245,714)	-	-

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

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

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Accounting loss before income tax	(1,503,844)	(2,983,141)	(1,091,063)	(2,671,423)
Income tax (benefit) at Consolidated Entity's statutory income tax rate of 30%	(451,153)	(894,942)	(327,319)	(801,427)
Expenditure not allowable for tax purposes				
Accruals	10,274	9,718	10,274	9,718
Share based payments	-	235,348	-	235,348
Impairment of exploration expenditure	5,580	546,113	-	363
Impairment of loan to controlled entity	-	-	110,170	119,674
Impairment of Investment in subsidiary	-	-	96,864	360,000
Other	(70,051)	(208,432)	(20,996)	(21,862)
Unrealised fair value (gain)/loss	30,032	(6,000)	30,032	(6,000)
Unrecognised tax losses	475,318	318,195	107,531	104,186
Movements in deferred tax balances	(200,798)	(245,714)	(6,556)	-
Income tax expense / (benefit)	**(200,798)**	**(245,714)**	**-**	**-**

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.

	Consolidated		Company	
	2009 **$**	**2008** **$**	**2009** **$**	**2008** **$**
Unutilised Australian Tax Losses	2,561,128	3,410,070	1,002,797	666,215
Unrecognised Deferred tax Assets in relation to:				
Tax Losses	768,338	1,023,021	300,839	196,147
Temporary Differences	-	-	-	3,718

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Cash at bank and on hand [(a)]	2,935,447	3,765,439	2,914,340	3,681,577
[(a)] Cash at bank is subject to floating interest rates at an effective interest rate of	2.75% per annum	6.92% per annum	2.77% per annum	7.03% per annum

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated		Company	
	2009	2008	2009	2008
<u>Current</u>				
Other receivables	18,026	21,126	10,587	12,703
Receivables from Subsidiary	-	-	894	3,604
	18,026	**21,126**	**11,481**	**16,307**

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

	Consolidated		Company	
	2009	2008	2009	2008
<u>Non-Current</u>				
Loan to controlled entities	-	-	1,452,587	985,353
Less: Provision for impairment	-	-	(1,253,337)	(886,103)
	-	**-**	**199,250**	**99,250**

NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated		Company	
	2009	2008	2009	2008
Costs carried forward in respect of:				
Exploration and evaluation expenditure, at cost	294,050	149,132	-	-

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

	Consolidated		Company	
	2009	2008	2009	2008
Carrying amount at beginning of year	149,132	1,584,913	-	-
Acquired on acquisition of subsidiary	792,390	-	-	-
Additions	163,517	621,957	-	1,211
Disposal of exploration assets	-	(237,360)	-	-
Impairment of exploration expenditure	(810,989)	(1,820,378)	-	(1,211)
Carrying amount at end of year	**294,050**	**149,132**	**-**	**-**

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE (continued)

Exploration commitments

In order to maintain rights of tenure to exploration permits, the Consolidated Entity 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 Consolidated Entity 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.

	2009 **$**	**2008** **$**
Within one year	950,000	134,000
Within two year to five years	-	-
Later than five years	-	-
Total	950,000	134,000

NOTE 11: PLANT AND EQUIPMENT

Consolidated & Company	**Plant & Equipment**	**Computer Equipment & Software**	**Total**
Opening balance 1 Jul 2007	2,657	10,231	12,888
Additions	1,650	14,742	16,392
Depreciation for the year	(683)	(6,529)	(7,212)
Balance at 30 Jun 2008	**3,624**	**18,444**	**22,068**
Additions	-	-	-
Disposals	-	(566)	(566)
Depreciation for the year	(709)	(8,222)	(8,931)
Balance at 30 Jun 2009	**2,915**	**9,656**	**12,571**
At 30 June 2009			
Cost	4,371	24,013	28,384
Accumulated depreciation	(1,456)	(14,357)	(15,814)
Net book value	**2,915**	**9,656**	**12,571**
At 30 June 2008			
Cost	4,371	25,467	29,838
Accumulated depreciation	(747)	(7,023)	(7,770)
Net book value	**3,624**	**18,444**	**22,068**

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 12: OTHER FINANCIAL ASSETS

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Current Assets at fair value through profit and loss:				
Listed investments, at fair value:				
Shares in listed corporations	-	180,000	-	180,000
Total current financial assets	-	180,000	-	180,000
Non-Current Assets: Investments in subsidiaries				
Investment in Radar Resources(Note 19)				
- at cost	-	-	1,300,000	1,300,000
Less: impairment provision	-	-	(1,200,000)	(1,200,000)
			100,000	100,000
Investment in Citadel Potash (Note 19)				
- at cost	-	-	322,880	-
Less: impairment provision	-	-	(322,880)	-
	-	-	-	-
Total non current financial assets	-	-	100,000	100,000
Total financial assets	**-**	**180,000**	**100,000**	**280,000**

NOTE 13: TRADE AND OTHER PAYABLES

Trade payables (a)	57,531	2,120	56,717	1,122
Amounts payable to:				
- other related parties (b)	40,937	18,700	40,937	18,700
Accruals	24,247	29,000	24,247	29,000
Other payables (c)	4,848	17,174	4,848	17,174
	127,563	**66,994**	**126,749**	**65,996**

(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 20 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 14: DEFERRED TAX LIABILITIES

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
The balance comprises temporary differences relating to:				
Exploration properties	88,215	50,740	-	-
Less: Deferred Tax Assets offset	(10,274)	(9,718)	-	-
Total Deferred Tax Liabilities	**77,941**	**41,022**	**-**	**-**

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 14: DEFERRED TAX LIABILITIES (CONTINUED)

Movements – Consolidated	Exploration expenditure	Total
At 1 July 2007	286,736	287,660
Charged to the income statement	(241,996)	(246,638)
At 30 June 2008	**44,740**	**41,022**
Charged to the income statement	(194,242)	(200,798)
Recognised on acquisition of subsidiary	237,717	237,717
At 30 June 2009	**88,215**	**77,941**

Movements – Company	Exploration expenditure	Total
At 1 July 2007	-	-
Charged to the income statement	-	-
At 30 June 2008	-	-
Charged to the income statement	-	-
At 30 June 2009	-	-

NOTE 15: ISSUED CAPITAL

	Number of Shares		$
	Ordinary	Performance	
CONSOLIDATED AND COMPANY			
(a) Issued and Paid Up Capital			
Fully paid ordinary shares	31,625,000	6,000	6,659,716
	31,625,000	6,000	6,659,716
(b) Movements in fully paid shares on issue			
Balance as at 1 July 2007	27,500,000	-	4,537,319
Placement (50 cents)	4,125,000	-	2,062,500
Capital raising costs	-	-	(108,853)
Balance as at 30 June 2008	31,625,000	-	6,490,966
Issued on acquisition of subsidiaries	-	6,000	168,750
Balance as at 30 June 2009	**31,625,000**	**6,000**	**6,659,716**

(c) Share Options	Number of Options	$
Balance as at 1 July 2007	10,666,666	327,089
Options issued under marketing agreement	1,500,000	165,000
Options issued under ESOP	500,000	60,141
Options issued to Directors	2,000,000	531,000
Options issued under ESOP (vesting completed)	250,000	28,351
Balance as at 30 June 2008	14,916,666	1,111,581
Balance as at 30 June 2009	**14,916,666**	**1,111,581**

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 16: RESERVES

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.

NOTE 17: OPERATING CASH FLOW INFORMATION

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Reconciliation of cash flow from operations with loss after income tax				
Loss for the year	(1,303,046)	(2,737,427)	(1,091,063)	(2,671,423)
Less - Non cash items:				
Share based payments	-	784,492	-	784,492
Impairment of exploration expenditure	810,989	1,820,378	-	1,211
Depreciation	8,931	7,212	8,931	7,212
Impairment of loan to controlled entity	-	-	367,234	398,914
Unrealised gain on investment	-	(20,000)	-	(20,000)
Fair value loss on sale of investments	100,108	-	100,108	-
Loss on divestment of mining tenements	-	77,360	-	-
Impairment of investment in subsidiary	-	-	322,880	1,200,000
Changes in assets and liabilities				
Movement in trade creditors and accruals	60,572	(36,050)	60,754	(232)
Movement in other debtors	3,100	12,640	4,825	10,368
Movement in deferred tax balances	(200,798)	(245,714)	-	-
Cash flows used in operations	**(520,144)**	**(337,109)**	**(226,331)**	**(289,458)**

NOTE 18: NON CASH INVESTING AND FINANCING ACTIVITIES

Adjustment to capital raising costs	-	6,353	-	6,353
Share based acquisition consideration	-	-	168,750	-
Share based payments	-	165,000	-	165,000

NOTE 19: 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	
			2009	2008
Radar Resources Pty Ltd	Australia	Ordinary	100%	100%
Citadel Potash Pty Ltd	Australia	Ordinary	100%	0%
Citadel Capital Holdings Inc	USA	Ordinary	100%	0%
K2O Utah LLC	USA	Membership interests	75%	0%

NOTE 19: INTERESTS IN CONTROLLED ENTITIES (CONTINUED)

(b) Acquisition of Controlled Entities

On 16 March 2009 the parent entity acquired 100% of Citadel Potash Pty Ltd, in order to obtain a 75% interest in the Paradox Basin Potash Project in Utah, USA. The consideration for the purchase was as follows:

Purchase consideration	$
Cash	154,130
6,000 Converting Shares (refer Note 15)	168,750
Total purchase consideration	322,880

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

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

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

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

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

NOTE 20: RELATED PARTY TRANSACTIONS

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

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 20: RELATED PARTY TRANSACTIONS (CONTINUED)

b) Related party compensation

Information on remuneration of Directors is contained in the Remuneration Report within the Directors Report. There were no related parties that received employment or share based compensation apart from directors for the year ended 30 June 2009.

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

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

2008	Short Term Benefits		Post Employment Benefits	Share Based Payments		
Key Management Personnel	Salary and Fees(1) $	Non Monetary $	Super-annuation	Options(2) $	Total $	% of remuneration consisting of options
Non-Executive Directors						
A. Kathiravelu	36,000	-	3,240	132,750	171,990	77.2%
A. Parker	36,000	-	-	132,750	168,750	78.7%
G. Ceccon	36,000	-	3,240	132,750	171,990	77.2%
Executive Directors						
R. Monti	84,000	-	3,240	132,750	219,990	60.3%
Total	**192,000**	**-**	**9,720**	**531,000**	**732,720**	**72.5%**

(1) Salary and Fees for R. Monti consist of $36,000 in directors fees and $48,000 consulting fees.

(2) 500,000 Options issued to each Director as ratified by shareholders at November 2007 annual general meeting.

c) Loans to and from related parties

Loans to Subsidiaries

Loans to subsidiaries were made during the year as follows:

	Company	
Loans to:	Citadel Potash $	Radar Resources $
At 1 July 2007	-	-
Loans advanced	-	985,353
Provision for diminution	-	(886,103)
At 30 June 2008	-	99,250
Loans advanced	367,234	100,000
Provision for diminution	(367,234)	-
At 30 June 2009	-	199,250

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 20: RELATED PARTY TRANSACTIONS (CONTINUED)

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.

Transactions with Subsidiaries:
Amounts owing from subsidiaries as at balance sheet (excluding intercompany loans as described in Note 9) date were as follows:

	Company 2009 $	Company 2008 $
Amounts payable by:		
Radar Resources Pty Ltd	894	3,604

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

	2009 $	2008 $
Rent & Office Administration, Secretarial support	72,000	72,000
Company secretarial fees	70,495	87,290
Corporate advisory fees	-	-
Geological Consultancy fees	48,000	48,000
Total	**190,495**	**207,290**

The total amount of fees due to Ventnor Capital as at 30 June 2009 was $40,937 (excl GST) (2008:$ 14,000 excl GST).

Trident Capital Pty Ltd, a company of which Andrew Parker is a Director, was paid directors fees during the year totalling $25,742 (2008: $36,000). The total amount of fees due to Trident Capital as at 30 June 2009 was $Nil (2008: $3,000 (excl GST)) in relation to directors fees.

e) Share holdings of key management personnel

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

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

* Mr Parker resigned on 18 March 2009. During the year Mr Parker disposed of 1,500,000 shares.
** Movement represents on market purchases during the year.

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 20: RELATED PARTY TRANSACTIONS (CONTINUED)

Directors	Held at 1 July 2007	Movement during year	Options Exercised	Held at 30 June 2008
A. Kathiravelu	80,000	-	-	80,000
A. Parker	1,525,000	-	-	1,525,000
G. Ceccon	843,250	13,643	-	856,893
R. Monti	1,195,000	-	-	1,195,000
Total	**3,643,250**	**13,643**	**-**	**3,656,893**

<u>Options holdings of key management personnel</u>
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 2008	Movement during year	Exercised	Held at 30 June 2009	Vested and exercisable at 30 June 2009
A. Kathiravelu	13,332	-	-	13,332	13,332
A. Parker	1,000,000	(1,000,000)*	-	-	-
G. Ceccon	704,999	-	-	704,999	704,999
R. Monti	1,329,166	-	-	1,329,166	1,329,166
Total	**3,047,497**	**(1,000,000)**	**-**	**2,047,497**	**2,047,497**

* Mr Parker resigned on 18 March 2009. No options were exercised or disposed by Mr Parker during his period in office.

Directors	Held at 1 July 2007	Movement during year	Exercised	Held at 30 June 2008	Vested and exercisable at 30 June 2008
A. Kathiravelu	13,332	-	-	13,332	13,332
A. Parker	500,000	500,000	-	1,000,000	1,000,000
G. Ceccon	204,999	500,000	-	704,999	704,999
R. Monti	1,079,166	250,000	-	1,329,166	1,329,166
Total	**1,797,497**	**1,250,000**	**-**	**3,047,497**	**3,047,497**

NOTE 21: 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 & Company 2009 $	2008 $
Share-based payments:		
Options issued to executives	-	531,000
Options issued under ESOP	-	88,492
Options issued in consideration for services	-	165,000
	-	**784,492**

NOTE 21: SHARE BASED PAYMENTS (CONTINUED)

These options are detailed below:
2008 Consolidated & Company

Date Granted	Expiry Date	Exercise Price	Number at beginning of year	Movement During the year	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	-	-	500,000
29/08/07	31/01/11	0.35	-	250,000	-	-	250,000
7/12/07	31/12/09	0.25	-	2,000,000	-	-	2,000,000
			1,500,000	**4,250,000**			**5,750,000**

During the year, no options were exercised to take up ordinary shares. As at the year end the Company had a total of 14,916,666 unissued ordinary shares on which options are outstanding with exercise prices ranging from 25 to 35 cents. The weighted average remaining contractual life of all share options outstanding at the end of the financial year is 0.57 years.

Fair value of options granted

There were no options granted during the financial year ended 30 June 2009 (2008: 4,250,000).

NOTE 22: AUDITORS' REMUNERATION

	Consolidated & Company 2009 $	Consolidated & Company 2008 $
Audit Services		
Audit of the financial report of the entity and any other entity in the Group	25,000	23,300
	25,000	23,300

NOTE 23: FINANCIAL RISK MANAGEMENT

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

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

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

a) Market Risk

Foreign Currency Risk

As a result of significant operations in the United States, the Group's balance sheet can be affected significantly by movements in the US$/A$ exchange rates.

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.

At 30 June 2009, the Group has a commitment to spend an amount of US$328,278 in order to earn its 75% interest in the Paradox Basin Potash Project, which represents the Group's exposure to foreign currency risk. Movements in the exchange rate during the period would not have affected profit or loss of the Group.

Price risk
The Company is not directly exposed to any price risk.

Interest rate risk
The Group is exposed to interest rate risk on cash balances held in interest bearing accounts. The Board constantly monitors its interest rate exposure and attempts to maximise interest income by using a mixture of fixed and variable interest rates, whilst ensuring sufficient funds are available for the Group's operating activities. The Group's net exposure to interest rate risk at 30 June 2009 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 13.

(d) Cash flow and Interest Rate Risk

The Consolidated Entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result in changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities is disclosed in Note 8, only cash is affected by interest rate risk as cash is the Groups only financial asset exposed to fluctuating interest rates. In accordance with AASB 7 the following sensitivity analysis has been performed for The Company's Interest Rate risk:

		Effect On:		**Effect On:**	
		Profit	**Profit**	**Equity**	**Equity**
Consolidated		**2009**	**2008**	**2009**	**2008**
Risk Variable	**Sensitivity***	**$**	**$**	**$**	**$**
Interest Rate	+ 0.50%	11,741	11,368	11,741	11,368
	- 0.50%	(11,741)	(11,368)	(11,741)	(11,368)

NOTE 23: FINANCIAL RISK MANAGEMENT (CONTINUED)

Company					
Interest Rate	+ 0.50%	11,617	11,019	11,617	11,019
	- 0.50%	(11,617)	(11,019)	(11,617)	(11,019)

*The method used to arrive at the possible change of 50 basis points was based on the analysis of the absolute nominal change of the Reserve Bank of Australia (RBA) monthly issued cash rate. Historical rates indicate that for the past five financial years, there was a bias towards an increase in interest rate ranging between 0 to 50 basis points. It is considered that 50 basis points a 'reasonably possible' estimate as it accommodates for the maximum variations inherent in the interest rate movement over the past five years.

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

Capital management

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

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

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

NOTE 24: SEGMENT REPORTING

Geographical Segment – primary reporting segment

The consolidated entity operates in the exploration and development of mineral resources within Australia and the USA.

2009 Geographical segment	**USA $**	**Australia $**	**Eliminations $**	**Consolidated $**
Segment result	(788,154)	(1,168,277)	653,385	(1,303,046)
Unallocated Revenues				-
Net loss for the year				(1,303,046)
Segment assets	411,450	2,848,644	-	3,260,094
Segment liabilities	(915,096)	(1,654,518)	2,364,110	(205,504)
Impairment losses:				
Exploration properties	(792,390)	(18,599)	-	(810,989)
Investments	-	(790,222)	690,114	(100,108)
Share-based payments	-	-	-	-
Acquisition of exploration & evaluation assets	-	163,518	-	163,518
Depreciation	-	8,391	-	8,391

2008

The Consolidated Entity operated in one business and geographical segment in 2008, being the exploration and development of mineral resources in Australia.

Notes to the Financial Statements
For the year ended 30 June 2009

NOTE 25: SUBSEQUENT EVENTS

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 Consolidated Entity, the results of those operations or the state of affairs of the Company and Consolidated Entity in subsequent financial years.

NOTE 26 –CONTINGENT LIABILITIES

The Directors are not aware of any other contingent liabilities that may arise from the Group's operations as at 30 June 2009.

Directors' Declaration

In the Directors' opinion:

a) the financial statements and notes set out on pages 17 to 49 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 Consolidated Entity's financial position as at 30 June 2009 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 Accounting Standards (including the Australian Accounting Interpretations), Corporations Regulations 2001 and other mandatory professional reporting requirements;

b) the financial statements also comply with International Financial Reporting standards as disclosed in Note 2; and

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

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 period ended 30 June 2009.

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

On behalf of the Board

R. Monti
Executive Director
Perth
17 September 2009

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

Report on the financial report

We have audited the accompanying financial report of Transit Holdings Ltd, which comprises the consolidated balance sheet as at 30 June 2009, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement 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 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, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

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

Independence

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

O|R|D PARTNERS
CHARTERED ACCOUNTANTS

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Robert W Parker CA

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Auditor's opinion

In our opinion:

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

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of its performance for the year ended on that date; and

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

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

Report on the remuneration report

We have audited the remuneration report consisting of paragraphs A to E in the directors' report for the year ended 30 June 2009. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporation Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report consisting of paragraphs A to E in the directors' report of Transit Holdings Ltd for the year ended 30 June 2009, complies with Section 300A of the *Corporation Act 2001*.

ORD PARTNERS
Chartered Accountants

Ian Macpherson
Partner

Perth
17 September 2009

ASX Additional Information

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

Shareholdings

The issue capital of the Company at 31 August 2009 is 31,625,000 ordinary fully paid shares. All ordinary shares carry one vote per share.

Top 20 Shareholders as at 31 August 2009

		No. of Shares Held	% Held
1	DREAMPT PTY LTD	3,330,000	10.53%
2	ZEBON TWO PTY LTD	1,550,000	4.90%
3	BARK (NSW) PTY LTD	1,342,880	4.25%
4	RIVERVIEW CORPORATION PTY LTD	1,308,254	4.14%
5	VALERIE LYNETTE KATHIRAVELU	1,134,482	3.59%
6	GREATCITY CORPORATION PTY LTD	1,005,000	3.18%
7	MCCM PTY LTD	880,000	2.78%
8	MR JOHN CHARLES VASSALLO & MRS JANELLE KERRIE VASSALLO	600,000	1.90%
9	SUPER FOXY PTY LTD	560,000	1.77%
10	CUNNINGHAM SECURITIES PTY LTD	450,000	1.42%
11	MR JOHN CECCON & MS MARIE LYNN MCLEAN	408,796	1.29%
12	MS DOMENICA PETTIGREW	396,449	1.25%
13	MR JOHN RUDD	350,000	1.11%
14	GREENSEA INVESTMENTS PTY LTD	350,000	1.11%
15	MRS LINDA ELIZABETH LEES & MR BRIAN ROBERT LEES	348,263	1.10%
16	CADEX PETROLEUM PTY LIMITED	345,000	1.09%
17	WILLIE WONG	312,500	0.99%
18	DRAGON GAS LIMITED	300,000	0.95%
19	MR GIOVANNI CECCON & MISS MARIA LYNN MCLEAN	296,434	0.94%
20	MR PAUL RODIONOFF	270,000	0.85%
		15,538,058	49.14%

Shares Range	**No. of Holders**	**No. Of Shares**
1 – 1,000	5	3,487
1,001 – 5,000	57	187,543
5,001 – 10,000	168	1,573,513
10,001 – 100,000	224	8,624,433
100,001 and over	56	21,236,024
	510	31,625,000

Number holding less than a marketable parcel size of 26,315 shares at $0.019 per share

Shareholders by Location	**No. of Holders**	**No. Of Shares**
Australian holders	498	31,143,374
Overseas holders	12	481,626
	510	31,625,000

ASX Additional Information (continued)

Voting Rights

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

Substantial Shareholders as at 31 August 2009

		No. of Shares Held	% Held
1	Dwellers Nominees PL	51,763,684	6.61%
2	ANZ Nom Ltd	48,300,000	6.17%

Converting Shares

The Company has the following classes of converting shares on issue at 31 August 2009 as detailed below. Converting Shares do not carry any rights to vote.

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

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

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

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

ASX Additional Information (continued)

Option Holdings

The Company has the following classes of options on issue at 31 August 2009 as detailed below. Options do not carry any rights to vote.

Class	Terms	No. Of Options
Listed Options	Exercisable at $0.25 expiring on or before 31 Dec 2009	10,666,666
Unlisted Options	Exercisable at $0.25 expiring on or before 31 Dec 2009	3,500,000
Unlisted Options	Exercisable at $0.25 expiring on or before 31 Jan 2010	500,000
Unlisted Options	Exercisable at $0.35 expiring on or before 31 Jan 2011	250,000

Top 20 Listed Option Holders as at 31 August 2009

		No. of Options Held	% Held
1	DREAMPT PTY LTD	1,884,999	17.67%
2	MRS VALERIE LYNETTE KATHIRAVELU	500,000	4.69%
3	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LTD	447,165	4.19%
4	BYAMHO FARMING PTY LTD	400,000	3.75%
5	MRS JANELLE KERRIE VASSALLO	386,319	3.62%
6	SABRE POWER SYSTEMS PTY LTD	382,232	3.58%
7	RIVERVIEW CORPORATION PTY LTD	358,332	3.36%
8	GREATCITY CORPORATION PTY LTD	316,666	2.97%
9	BARK (NSW) PTY LTD	308,333	2.89%
10	INVESTIQUE CORPORATE PTY LTD	300,000	2.81%
11	MR JOHN CHARLES VASSALLO	290,000	2.72%
12	MR ALAN WESLEY PATTERSON-KANE	266,731	2.50%
13	MCCM PTY LTD	200,000	1.88%
14	MR ANDREW LEONARD RODIONOFF & MRS BERYL MARGARET RODIONOFF	200,000	1.88%
15	RUTHIAN PTY LIMITED	190,000	1.78%
16	CHRISTEAL INVESTMENTS PTY LTD	175,000	1.64%
17	LINQ CORPORATE PTY LTD	174,000	1.63%
18	SAJAMAT PTY LTD	163,000	1.53%
19	LARGEHAM PTY LTD	126,666	1.19%
20	MR PETER JAMES DEVLIN	100,000	0.94%
		7,169,443	67.22%

Options Range	Listed Options		Unlisted Options	
	No. of Holders	No. of Options	No. of Holders	No. of Options
1 – 1,000	4	2,667	-	-
1,001 – 5,000	78	260,228	-	-
5,001 – 10,000	30	235,375	-	-
10,001 – 100,000	80	3,163,102	1	75,000
100,001 and over	19	7,005,294	12	4,175,000
	211	10,666,666	13	4,250,000
Shareholders by Location				
Australian holders	206	10,343,885	13	4,250,000
Overseas holders	5	322,781	-	-
	211	10,666,666	13	4,250,000