



## ASX Release

Thursday 10 December 2009

### TRANSIT HOLDINGS LTD

Level 2, 16 Altona Street  
West Perth WA 6005  
Tel: +61 8 9482 0515  
Fax: +61 8 9482 0505

#### Contact:

#### **RICHARD MONTI**

Executive Director  
[rmonti@transitholdings.com.au](mailto:rmonti@transitholdings.com.au)

#### **MORGAN BARRON**

Company Secretary  
[mbarron@transitholdings.com.au](mailto:mbarron@transitholdings.com.au)

#### E-MAIL:

[admin@transitholdings.com.au](mailto:admin@transitholdings.com.au)

#### WEBSITE:

[www.transitholdings.com.au](http://www.transitholdings.com.au)

#### Directors:

Ananda Kathiravelu (Chairman)  
Richard Monti (Executive)  
John Ceccon (Non – Executive)

#### Issued Capital:

31,625,000 Ordinary Shares  
1,000 Class A Converting Shares  
2,000 Class B Converting Shares  
3,000 Class C Converting Shares  
10,666,666 Listed Options  
6,500,000 Unlisted Options

#### ASX Code:

TRH (Fully Paid Ordinary Shares)  
TRHO (25c Options exp 31/12/09)

## SUCCESSFUL SCOPING STUDY FOR POTENTIAL POTASH MINE

### *Highlights*

- *Successful scoping study completed by ProMet Engineers*
- *Study confirms significant potential of Paradox Basin Potash Project*
- *Robust project financials modelled assuming a 2 million tonnes per annum potash solution mine development<sup>1</sup>*
- *Recommendation to immediately move to pre-feasibility study*

Transit Holdings Limited ("Transit" or the "Company") is pleased to announce the results of a successful scoping study ("Study") into the development of its Paradox Basin Potash Project in south eastern Utah ("Project").

The Study has confirmed the potentially robust financials of a conceptual 2 million tonnes per annum<sup>1</sup> potash solution mine delivering independent potash supply to the international potash market leveraging the Project's close proximity to key infrastructure.

The Study financial model indicates that the Project has significant potential value on a net present value basis and potentially has an attractive internal rate of return. Because the project does not currently contain a JORC-compliant mineral resource Transit is unable to release the full results of the financial modeling.

The scoping study assumes mining of Potash bed 18 only within an area where it averages 8.5 metres thick over two splits of the same bed at a grade of 34% KCl. The scoping study mine plan only covers 12% of the overall project area.

*1 – This is not a production forecast by the Company but an assumption used in the Scoping Study. It is uncertain if further exploration will result in sufficient resources being outlined within the Project to meet the assumptions used in the Scoping Study*

The Study model is based on estimated capital and operating costs based on the above parameters and future potash prices as projected by British Sulphur Consultants (part of the CRU Group, United Kingdom).

Annual Potash Production Assumption <sup>1</sup>	2 million tonnes per annum of KCl <sup>1</sup>
Initial Mine Life	25 years
Projected Potash Price	US\$500-US\$700/tonne KCl FOB
Estimated Capital Cost	US\$2.4 billion
Estimated Operating Cost	US\$144/tonne KCl
Sustaining Capital Cost	US\$39/tonne KCl

Transit Chairman Ananda Kathiravelu said the Company was delighted by the outcome of the Study and its demonstration of the potential of the Paradox Basin Potash Project.

"We are extremely pleased that the Study has confirmed the significant potential of the Project," he said.

"Transit assembled a group of internationally renowned potash consultants to complete the Study to address the first stage engineering, environmental, mining and marketing aspects of the Project."

"The Study financial model indicates the potentially robust financials of the Project and confirms Transit's view that the Project has the potential to become a high quality, long-life potash solution mine."

"As a new independent potash development, Transit believes the Project is well placed to carve a position in the world potash market by servicing the import-reliant US market whilst at the same time being internationally competitive into the seaborne potash market."

"Transit and its joint venture partner will now commence a pre-feasibility study on the Project. Key components of this pre-feasibility study will be final exploration permitting followed by exploration drilling as soon as practicable."

Further details on the Study are set out in the attached.

For more information please contact:

**Transit Holdings Ltd**

**Tel: +61 8 9482 0515**

**Fax: +61 8 9482 0505**

**RICHARD MONTI**

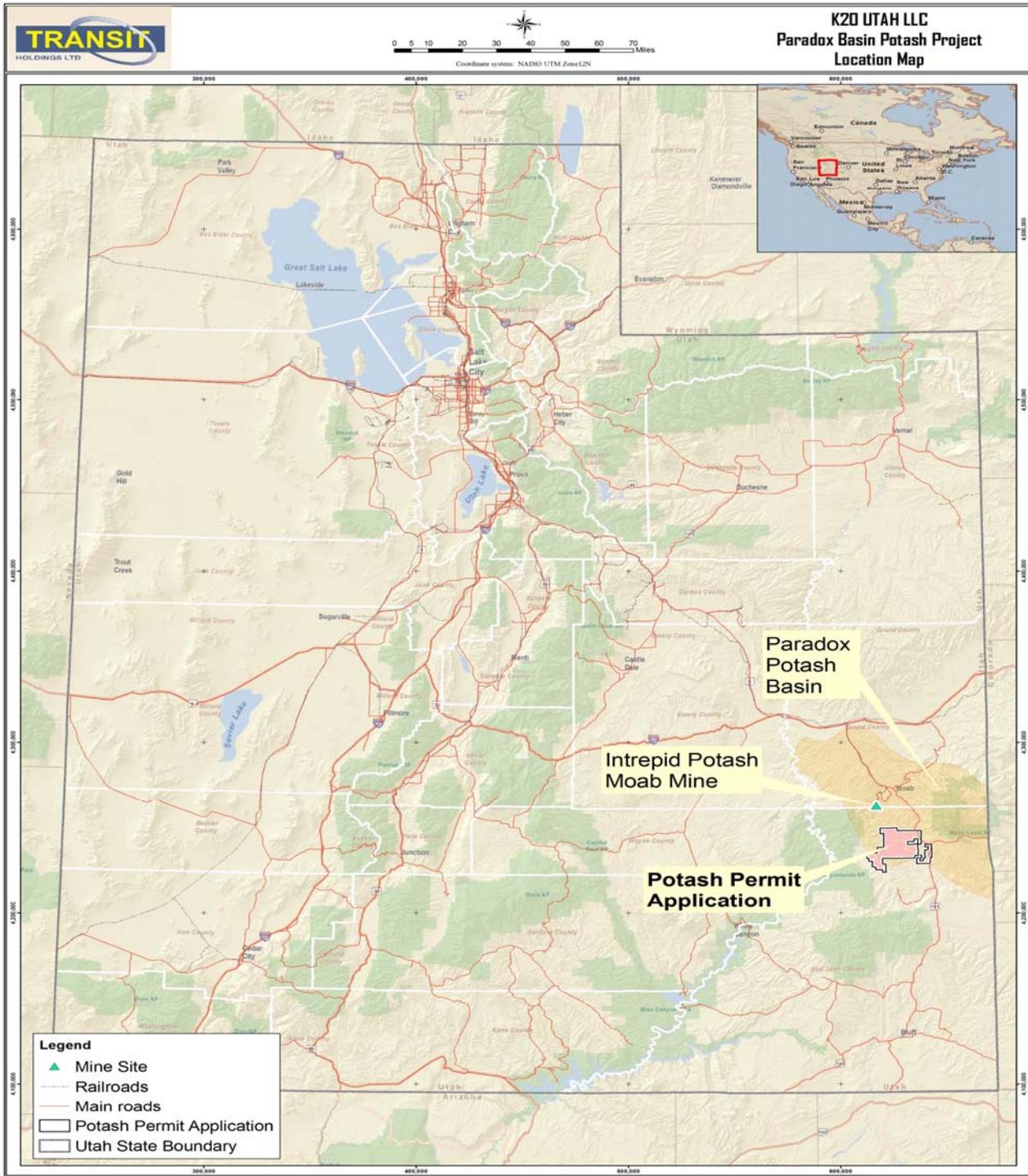
**Executive Director**

**rmonti@transitholdings.com.au**

*1 – This is not a production forecast by the Company but an assumption used in the Scoping Study. It is uncertain if further exploration will result in sufficient resources being outlined within the Project to meet the assumptions used in the Scoping Study*

## Background

The Paradox Basin Potash Project ("Project") is located in south eastern Utah approximately 15 kilometres south of Intrepid Potash's (NYSE: IPI) Cane Creek potash mine near Moab in Utah.



The Project covers applications for 360 square kilometres of highly prospective potash permits in the Paradox Basin. The Project is located close to the key agricultural regions of the United States and has substantial export potential given its excellent proximity to key rail infrastructure.

Transit has entered into an agreement giving it the right to earn up to 90% in the Project.

A JORC-compliant exploration target of 2.5 to 3.8 billion tonnes of potash in place in two beds (Potash 13 and Potash 18) at 20% to 30% KCI has been delineated within the Project by independent consultants Agapito Associates Inc.<sup>2</sup>

Transit and its joint venture partner have recently received a written determination from the Bureau of Land Management (“BLM”) that effectively secures exclusive rights to potash within the prospecting permit application areas, subject to BLM approval of exploration and environmental plans.

Transit understands that this is the first such determination by the BLM on new potash prospecting permit applications in the Paradox Basin for over 25 years.

### Scoping Study

In September 2009, Transit and its joint venture partner engaged a team of engineering and specialist consulting firms to complete the Study.

The Study was compiled by ProMet Engineers with the assistance of international potash consultants with the following responsibilities:

Scoping Consultants	Study	Responsibility	Websites
ProMet Engineers		Compilation of Study components, plant engineering, utilities, off-site infrastructure, project scheduling, cost estimates	<a href="http://www.promet.com.au">www.promet.com.au</a>
Agapito Associates Inc		Geology and solution mining	<a href="http://www.agapito.com">www.agapito.com</a>
Buys & Associates Inc		Environmental and permitting	<a href="http://www.buysandassociates.com">www.buysandassociates.com</a>
Carlos Perucca		Process technology	
Transit Holdings Ltd		Financial aspects and modeling	<a href="http://www.transitholdings.com.au">www.transitholdings.com.au</a>
CRU Group/British Sulphur Consultants		Market forecasting	<a href="http://www.crugroup.com">www.crugroup.com</a>

The aims of the Study were to provide further geological, engineering, mining and economic analysis of the Project, assist Transit with the ongoing development of the Project and plan the 2010 work programme including exploration drilling and the pre-feasibility study.

2 - The Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code (2004).  
The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.

The Study mandate given to lead engineers ProMet Engineers was the examination of a conceptual 2 million tonnes per annum potash solution mine at the Project site with a resource base to support operations for 25 years. This is not a production forecast by the Company but an assumption used in the Scoping Study. It is uncertain if further exploration will result in sufficient resources being outlined within the Project to meet the assumptions used in the Scoping Study.

Solution mining was chosen as the preferred mining option due to the lower capital costs, shorter development timeline, environmental advantages and the flexibility to scale up and expand production.

The Study assumes the solution mining of Potash bed 18 at an average depth of 1,900 metres over 42 square kilometers (12% of the Project area) where Potash 18 appears best suited to solution mining averaging 8.5 metres thick in two split beds at a grade of 34% KCl. This is based on the interpretation of historical geophysical logs from multiple oil and gas wells and chemical assays from one core hole. Potash bed 13 identified in the exploration target has been excluded from the solution mine plan for simplicity. More work will be done on the other potash beds identified on the Project area in the pre feasibility study.

The Study was prepared on the basis that all potash produced will be exported to the international seaborne market using the existing rail line to Moab and the major port of Long Beach, California.

The United States currently imports over 90% of its potash requirements (estimated at 5 million tonnes in 2008 by the US Geological Survey) and Transit expects that a significant proportion of the potash produced from Project will be marketed in the US market. The opportunity to market potash into the US market will be examined in further detail in the pre-feasibility study. Given the significant transport costs advantages enjoyed by the Project for the US market, this is expected to further enhance the competitive advantages of the Project.

### Study Highlights

The Study model is based on estimated capital and operating costs based on the above parameters and future potash prices as projected by British Sulphur Consultants (part of the CRU Group, United Kingdom)<sup>3</sup>.

Annual Potash Production Assumption <sup>4</sup>	2 million tonnes per annum of KCl <sup>4</sup>
Initial Mine Life	25 years
Projected Potash Price	US\$500-US\$700/tonne KCl FOB
Estimated Capital Cost	US\$2.4 billion
Estimated Operating Cost	US\$144/tonne KCl
Sustaining Capital Cost	US\$39/tonne KCl

In accordance with usual scoping study parameters, all estimates in the Study are within a range of plus or minus 30%. The capital cost estimates include allowances for all direct and indirect costs including owner's costs, EPCM, commissioning costs and all feasibility and permitting costs.

<sup>3</sup> CRU Group/British Sulphur Consultants' potash price forecasts are subject to confidentiality so full details cannot be provided.

<sup>4</sup> – This is not a production forecast by the Company but an assumption used in the Scoping Study. It is uncertain if further exploration will result in sufficient resources being outlined within the Project to meet the assumptions used in the Scoping Study.

The model includes all operating costs including government royalties, sustaining capital costs and allowance for the ramp up of the Project to full production over two years.

The Study recommends Transit advance the Project to the pre-feasibility study stage, based on the favourable results of the Study summarised above.

The Study financial model indicates that the Project has significant potential value on a net present value basis and potentially has an attractive internal rate of return. Because the project does not currently contain a JORC-compliant mineral resource Transit is unable to release the full results of the financial modeling.

The pre-feasibility study will consider some of the expected refinements to the Project identified in the Study including the sale of product to the domestic US market as well as the mining of Potash bed 13 as well as Potash bed 18 at the Project.

## **Next Steps**

Scoping study estimates contain economic and other assumptions concerning assets or the future performance of assets, which may or may not prove to be correct. Whilst every care has been made in the preparation of the Study, Transit believes it is important to outline the key risks for the Project identified in the Study:

1. Prospecting permits have not yet been granted by the BLM and the grant of prospecting permits and mining permits to allow development of the Project is subject to BLM approval of exploration and environmental plans. Transit and its joint venture partners plans to expedite the completion of permitting on the Project; and
2. A JORC-compliant resource has not yet been delineated on the Project. Further prospecting and exploration drilling is required to determine the existence of a JORC-compliant resource to permit development of the Project and this work is expected to be completed in 2010 as part of the pre-feasibility study.

Transit and its joint venture partner will now commence a pre-feasibility study on the Project. Key components of this pre-feasibility study will be final exploration permitting, exploration drilling and the technical aspects of the proposed solution mine in order to further refine the Project and reduce the risks associated with the development.

## **Summary**

The completion of the Study represents another significant milestone in the development of the Project and confirms Transit's view that the Project has the potential to become a high quality, long-life independent potash solution mine with robust financials.

Subject to successful exploration and permit approvals, Transit believes the Study confirms that the Project has the potential to become a world-class potash mining operation.

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