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Centralised Company Announcements Platform  
Australian Stock Exchange  
Exchange Centre, 20 Bridge Street  
Sydney NSW 2000

#### **ACQUISITION OF COAL PROJECT IN COLOMBIA**

Please find attached an announcement to the Australian Securities Exchange in respect of a Heads of Agreement signed to acquire a coal project in Colombia.

Yours faithfully,

A handwritten signature in black ink, consisting of several overlapping loops and a trailing line that ends in a small upward tick.

**Ananda Kathiravelu**  
**Non Executive Chairman**



## ASX Release

December 22, 2010

**TRANSIT HOLDINGS LTD**  
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**Directors:**  
Ananda Kathiravelu - Chairman  
Richard Monti  
Brian Thomas

**Issued Capital:**  
45,381,224 Ordinary Shares  
1,000 Class A Converting Shares  
2,000 Class B Converting Shares  
3,000 Class C Converting Shares  
6,000,000 Unlisted Options

**ASX Code:**  
TRH

## ACQUISITION OF COAL PROJECT IN COLOMBIA

### Highlights

- ❖ *Heads of Agreement to acquire coal exploration project in Colombia*
- ❖ *320,000 hectares covering 45 "first in line" rights which will convert to concessions in 2011*
- ❖ *Previous exploration shows potential for both open cut and underground mineable coal*
- ❖ *Proximity to the coast offers road, rail and barging options for export*
- ❖ *Placement of \$2 million at 20c per share on completion of acquisition*

### Overview

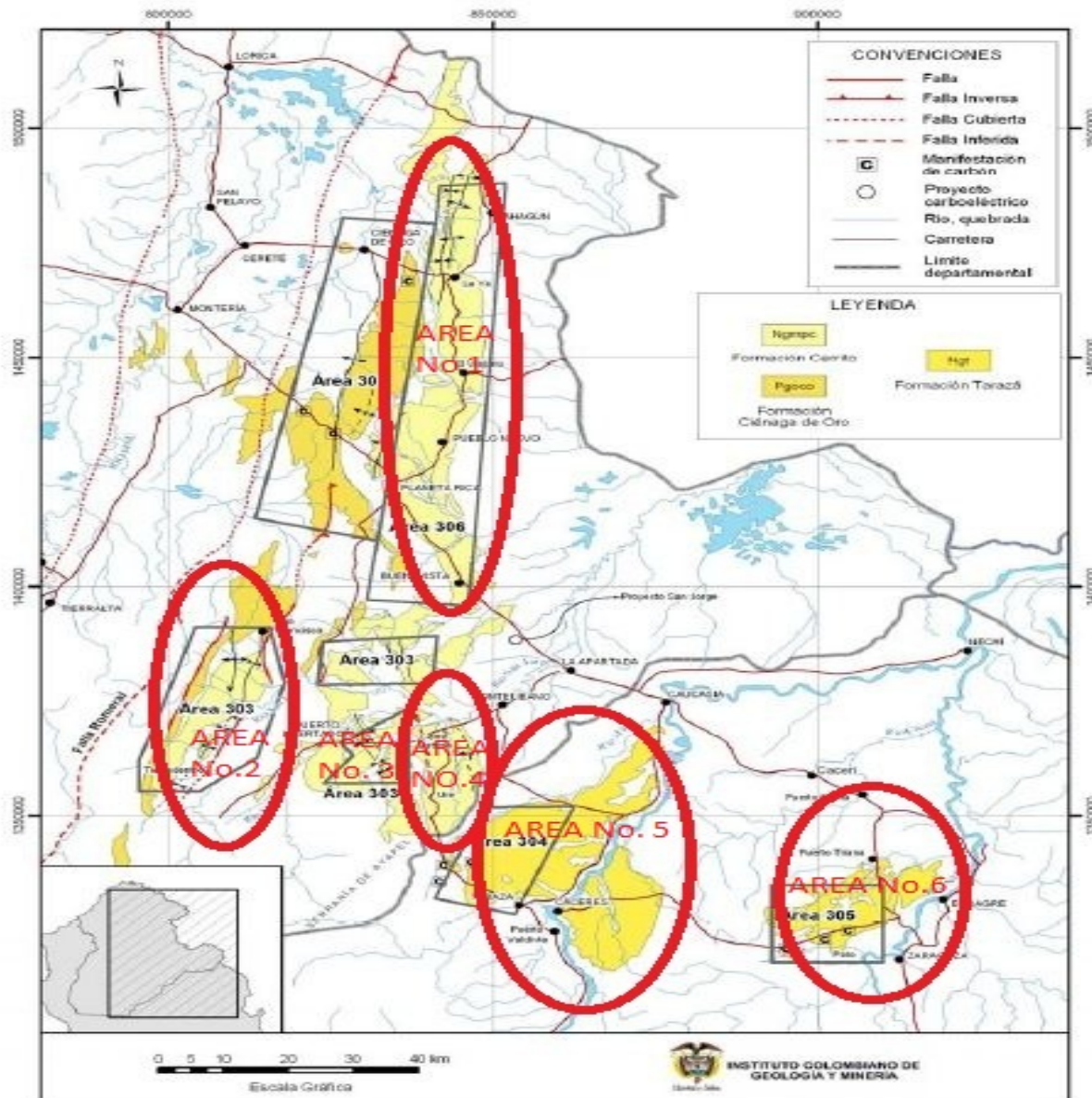
Transit Holdings Limited ("TRH") has signed a Heads of Agreement with Corvus Coal Limited ("Corvus") to acquire 100% interest of its coal exploration rights, covering 320,000 hectares in Cordoba Province, Colombia.

The agreement, which is subject to due diligence and TRH shareholder approval, provides for a 90 day exclusivity period for due diligence in return for a non-refundable deposit of A\$25,000.

TRH aims to develop a portfolio of coal projects which are large in size and well located, with outstanding coal quality. This will harness the strengths and experience of the TRH Board and management in identifying, exploring and developing large projects in bulk minerals.

## The Cordoba Coal Project ("the Cordoba Project")

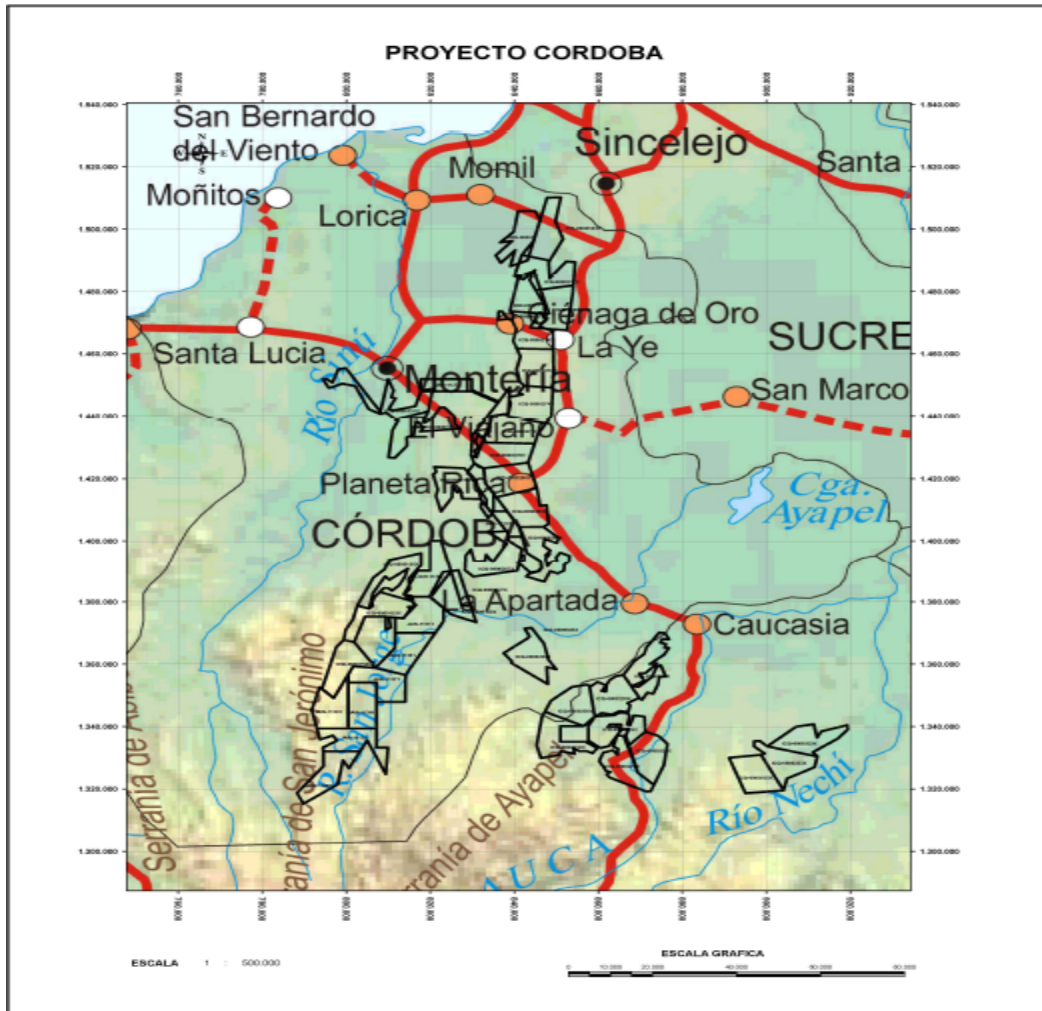
The Project consists of 45 separate "solicitudes", or "first in line rights" which give the holder exclusive rights to the formal granting of a concession over that area. These lie in areas delineated "1", "2", "4", "5" and "6" in the Colombian government department map shown below.



Typically, concessions are granted with a 30 year duration, commencing with a renewable 3 year exploration period, followed by a renewable 3 year construction and commissioning period. The annual cost in year 1-3 of holding land under concession is approximately US\$9.00 per hectare per year (approximately US\$2.8m per annum if all of the land area were to be retained).

TRH intends to explore using historical knowledge of the better coal measures, focusing initially on shallower and prospectively open pit coal inventories. The Company aims to delineate between 3 and 5 priority targets during 2011 within the project area as a whole and reduce the costs of holding concessions.

**Diagram: Location of Cordoba Project relative to Key Infrastructure**



Cordoba province has had relatively little attention from coal explorers in Colombia. Traditionally attention has focused on the high energy content coals in Cesar and Guajira province with little coal requiring washing prior to export. Logistics in these regions are largely captive to large established players and barriers to logistics access are high.

The Cordoba project offers the prospect of a large inventory of coal, with potential for a considerable resource, which will be washed to upgrade coal to export quality. TRH's vision is of a large resource of coal, with significant volumes of coal produced, washed and then trucked or railed to a dedicated port. Most concessions lie within an accessible 120-160 kilometres of the coast.

## ***Colombia – A Rapidly growing Exporter of Coal***

Colombia's coal endowment consists largely of bituminous coal and a small amount of metallurgical coal. The country has the largest exportable thermal coal reserves in South America with most of those reserves concentrated in the Guajira peninsula in the north, and Cesar provinces, with some metallurgical coal production in the Boyaca and Cundinamarca provinces, deep in the interior of the country.

Colombia completed the privatisation of its coal sector in 2004 and today the largest coal producer in Colombia is the Carbones del Cerrejon consortium, composed of Anglo-American, BHP Billiton, and Glencore. The consortium operates the Cerrejon Zona Norte (CZN) project, the largest coal mine in Latin America and the largest open-cut coal mine in the world. Drummond operates the second-largest coal mine in Colombia, La Loma, also an integrated mine-railway-port project. Glencore operates the Jagua and Prodeco coal mines.

Currently, most Colombian coal exports go to Europe, North America, and Latin America, as the vast majority of Colombia's coal producing and exporting infrastructure is located on the Caribbean coast. Colombia began exporting sizable quantities of coal to Asian markets, including China, in 2009. The widening of the Panama Canal to take Capesize shipments is on schedule for completion in 2015. This development, should it be completed as is currently envisaged by the Government and the developers involved with the project, and the potential for the Cordoba Project to directly access the Pacific Ocean coastline, positions this project to become a regular supplier of high volatile thermal coal into Asian markets through dedicated infrastructure.

### ***Offer to Corvus***

TRH is to acquire Corvus' obligations and rights in the Cordoba Project on the following terms and conditions, and subject to shareholder approval.

TRH will issue 5 million fully paid ordinary TRH shares to Corvus upon shareholder approval of the transaction and refund Corvus' expenses capped at A\$100,000. A further payment of US\$10m per 100 million tonnes (pro rata) placed into JORC compliant Proven Reserves will be paid on the publication of a JORC compliant statement of Proven Reserves, and a sales royalty of US\$1.20 per tonne of coal produced and sold, will be paid to the vendors 14 Business Days after the end of each calendar quarter.

The four (4) milestone share payments to Corvus may be made in the event that certain milestones are achieved in the project, and these include:

- 5 million fully paid ordinary Transit shares ("Transit Shares") on the publication of a JORC compliant Inferred Resource of at least 250 million tonnes in respect of the Cordoba Project with the average quality of raw coal being no less than 9,450BTU on an As Received basis;

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- 5 million fully paid ordinary Transit Shares on the publication of a JORC compliant Total Resource of 500 million tonnes in respect of the Cordoba Project, of which at least 100 million tonnes shall be in Indicated Resources, with the average quality of raw coal being no less than 9,450BTU on an As Received basis;
  - 5 million fully paid ordinary Transit Shares on the publication of a JORC compliant Total Resource of at least 1 billion tonnes in respect of the Cordoba Project, of which at least 200 million tonnes shall be in Indicated Resources and at least 100 million tonnes shall be in Measured Resources, with the average quality of raw coal being no less than 9,450BTU on an As Received basis; and
  - And 5 million fully paid ordinary Transit Shares on the publication of a JORC compliant Total Resource of at least 2 billion tonnes in respect of the Cordoba Project, of which at least 500 million tonnes shall be in Indicated Resources and at least 200 million tonnes shall be in Measured Resources, with the average quality of raw coal being no less than 9,450BTU on an As Received basis.

### ***Due Diligence***

TRH is undertaking a due diligence programme using both large US based, and local Colombian geological consultancies, supported by Australian and Colombian firms of attorneys with expertise in mining law. TRH expects to complete its due diligence program during the 90 day exclusivity period, prior to seeking shareholder approval for the transaction.

### ***Share Placement***

TRH has agreed a share placement ("Placement") to new shareholders, of A\$2,000,000 at A\$0.20 per share under s708 of the *Corporations Act*. One million options will be allotted to a stockbroker in return for arranging the placement. The Placement is subject to shareholder approval and proceeds from the Placement will be used for working capital to assist the company in commencing an exploration programme and making payments for the annual fees when the transaction completes, and concessions are granted.

The board of TRH will also issue 4,000,000 share options at A\$0.30/share to Interminco Services Limited, a company associated with TRH's CEO, Mr Hugh Callaghan, who has led the company's entry strategy into coal. These options are subject to shareholder approval with vesting conditions attached to project milestones being met.

**Ananda Kathiravelu**  
**Non-Executive Chairman**

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