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**ASX/MEDIA RELEASE**  
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## **\$25M DEVELOPMENT JV FOR CHALLENGER AND MT ADRAH GOLD PROJECTS - OPTION AGREEMENT SIGNED**

- **\$14M Funding to bring Challenger Gold Project into production within 12 months**
- **Immediate cash placement to Tasman at significant premium to current share price**
- **Challenger Project targeting to produce around 32,000 oz gold per year over an initial 3 year mine life**
- **Tasman retains significant minority interest and free carried to production at Challenger**
- **\$11m funding option also agreed for development of Mt Adrah Gold Project**
- **Exploration fully funded for next 2 years at Mt Adrah Gold Project**

Queensland-based gold exploration company Tasman Goldfields Limited (ASX: TGX) (Tasman, the Company) is pleased to announce that, following considerable interest from several parties, it has entered into an option agreement for a \$25 million Development Joint Venture with Australian private resources company AusCan Gold Ltd (AusCan) for the development of Tasman's Challenger and Mt Adrah Gold Projects in New South Wales.

Under the terms of the arrangement Tasman will issue a placement of 2.5 million shares at 8 cents per share to AusCan, which is a significant premium to the current share price, to raise \$200,000 (due to be completed on or before 22 July 2009) and grant AusCan an option (exercisable by 24 August) to enter into a Development Joint Venture to bring the Challenger Gold Project into production.

Tasman plans to bring the project into production within 12 months with an initial mine life of 3 years, production targeting around 32,000 ounces of gold per year.

Upon exercise of the option and entering into the Development Joint Venture, AusCan will provide Tasman with \$14 million in funding in the following increments for the development of the Challenger Project; \$500,000 for pre-development work, \$3.5 million to commence initial development works, and \$10 million to complete development and commence mining operations.

At the completion of these funding milestones AusCan will have earned a 70% interest in the Challenger Project, diluting to 60% upon repayment of development capital, and following commencement of production Auscan will have the right to purchase Tasman's interest in the project for \$5 million cash and a 1.5% production royalty.

In addition, the Joint Venture will also give AusCan the first right of refusal on a joint venture to provide \$11 million in funding to develop the nearby Mt Adrah Gold Project. (The key points of the Development JV agreement are outlined below).

Tasman Goldfields managing director Geoffrey Checketts said: "The Company is delighted to enter into this Development Joint Venture option with AusCan, and we consider the funding deal for the Challenger Project to be a ground breaking achievement for the Company. Importantly, the successful completion of the development of the Challenger Project into a mining operation is expected to provide significant cash flow to Tasman during the next four years, and the prospect of also developing the Mt Adrah Project may further extend the Company's cashflow profile."

### **About Challenger Gold Project**

The Challenger Gold Project is located in the Adelong Goldfield, near the town of Wagga Wagga in southern NSW. The project has a JORC compliant resource of 134,000oz at 2.2 g/t gold (1.3mt @ 2.17 g/t Indicated + 0.64mt @ 2.35 g/t Inferred), and a feasibility study review of the project has confirmed its strong economic development viability.

The Company plans to develop the project into an open pit mining operation at the Challenger Main, Challenger Extended and potentially Currajong ore bodies. Pit optimisation studies indicate recoverable resources of approximately 97,000 ounces gold, and this does not include potential ore feed from other known zones of mineralisation at the project which will continue to be investigated as part of ongoing exploration programs. Also, the main Challenger ore shoot is open at depth and any additional resources added by drilling down plunge will enhance the economics of the potential development.

Tasman's gold resource profile is further enhanced by the Mt Adrah project which is located 10km northwest of Challenger. The project has a JORC compliant resource of 239,000oz at 1.13 g/t gold (3.2mt @ 1.14 g/t Indicated + 3.4mt @ 1.13 g/t Inferred).

### **Key points of the Development JV option agreement**

The main points of the agreement provide that:

- Following payment of the \$200,000 cash to TGX, AusCan will have until 24 August 2009 to exercise the option to enter into a Development Joint Venture.
- Upon exercise of the option, the parties shall within 60 days of the exercise enter into a Development Joint Venture which provides for the following:
  - Payment of \$500,000 to TGX following signing of the Joint Venture agreement for the purpose of conducting pre-development work at Challenger, including updating the 2008 engineering review;
  - Payment of \$3.5 million to TGX to commence initial development works;
  - Payment of \$10 million to TGX to complete development and commence mining operations;
  - At completion of the milestones outlined above AusCan will have earned a 70% interest in the Challenger project, diluting to 60% upon repayment of development capital;

- Following commencement of production, AusCan has the right to purchase TGX's interest in the Challenger project for \$5 million cash and a 1.5% production royalty.
- The Joint Venture agreement will also provide that TGX will grant to AusCan a first right of refusal on a joint venture to the Mt Adrah project, provided that AusCan pays to TGX sufficient funds to satisfy minimum expenditure requirements until such time as the first right of refusal is exercised.
- Following exercise of the Mt Adrah first right of refusal, AusCan agrees to pay to TGX:
  - \$2.5 million on exercise of the first right of refusal to advance the project toward pre-feasibility study;
  - \$8.5million within 90 days of completion of a pre-feasibility study to commence, and if possible, complete mine development;
  - If additional funds are required to bring Mt Adrah into production the parties will each contribute pro-rata, or dilute to a 1.5% production royalty if either falls below a 10% interest;
  - Subject to the \$8.5 million expenditure being completed, TGX will retain a right to sell the Mt Adrah project to AusCan for \$5 million and a 1.5% production royalty. AusCan is under no obligation to accept the call to purchase.

ENDS

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**About Tasman Goldfields**

Tasman Goldfields is a Pacific Rim-focused gold exploration company listed on the ASX.

Tasman Goldfields has advanced gold projects in Queensland and New South Wales, in Australia, New Zealand and Papua New Guinea.

Tasman's portfolio of gold projects includes 3 early development projects, 2 advanced exploration projects and two grass-roots projects.

The Company's objective is to conduct exploration activities at its existing cornerstone properties and to generate new gold exploration opportunities in the Western Pacific Rim.

## **About AusCan Gold Ltd**

AusCan is a Sydney, Australia based public company established to acquire and develop several near term gold mining projects through strategic partners in Australia, Canada and the United States with existing plant on near term gold properties in various stages of post or preproduction. AusCan will Joint Venture and/or acquire a percentage of the gold mineralization extracted from each project through the provision of financing from both North America and Australia.

Mr. Wade Hobson, Executive Director said, "We are delighted to have signed this option agreement with Tasman Goldfields. Based on AusCan's technical analysis of the Challenger and Mt Adrah projects, we believe the properties exhibit excellent potential that fits AusCan's goal of becoming a near term producer."

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Geoffrey Checketts, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full-time employee of Tasman Goldfields Ltd, and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity referred to herein, to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves". Mr Checketts consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.*