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**OPTION AGREEMENT VARIED AND INITIAL FUNDS RECEIVED
FOR DEVELOPMENT OF CHALLENGER GOLD PROJECT**

Tasman Goldfields Limited (ASX: TGX) (Tasman, the Company) is pleased to advise that Tasman and Auscan Gold Ltd (Auscan) have agreed to vary the terms of the original option agreement for the development of the Challenger and Mt Adrah Gold Projects in New South Wales.

Under the terms of the option agreement, initially announced 13 July 2009, Auscan was to purchase \$200,000 of equity in Tasman at 8 cents per share to obtain an option to fund the development of the Challenger and Mt Adrah Projects by contributing a total of \$25 million in development funding.

The \$200,000 cash payment has now been received by Tasman.

Under the option agreement, Auscan have the option to enter into a Development Joint Venture with Tasman and provide it with \$14 million to bring the Challenger Gold Project into production. Auscan also has first right of refusal on a joint venture to provide \$11 million in funding to develop the nearby Mt Adrah Gold Project.

Further, Tasman advises that in addition to the previously announced terms, it has agreed to extend the option period until 31 October 2009, and Auscan has agreed to pay Tasman an additional \$200,000 cash (payable within 20 days of exercising the option).

The Auscan development agreement represents an excellent outcome for Tasman and its NSW gold projects, given their near term production profile and the ongoing firm gold price. The Company is of the view that after achieving production and then cash flow from the Challenger Mine, exploration expenditure post 2010 ought to be able to be internally funded without the reliance on financial markets.

About Challenger Gold Project

The Challenger Gold Project is located in the Adelong Goldfield, near 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.

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.

The Mt Adrah project 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).

ENDS

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About Tasman Goldfields

Tasman Goldfields is a Pacific Rim-focused gold exploration company listed on the ASX. It 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 2 grass-roots projects. The early development projects include inferred resources of 239,000oz at the Mount Adrah project (6.6mt @ 1.13 g/t Au) in New South Wales and 134,000oz at the Challenger project (1.9mt @ 2.2 g/t Au), also in NSW.

The Company's objective is to conduct exploration activities at its existing cornerstone properties, release the uplift in value to the company through joint venture or development opportunities and to generate new gold exploration opportunities in the Pacific Rim.

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Peter Nicolson, who is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists, 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 Nicolson consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.