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AUSCAN EXERCISES CHALLENGER OPTION

Tasman Goldfields Limited (ASX: TGX) (Tasman, the Company) is pleased to announce that it has received notice from AusCan Gold Ltd (AusCan) that it has exercised the option granted to it by Tasman to enter into a joint venture to develop the Challenger and Mt Adrah gold projects in NSW.

Under the terms of the Option Agreement Auscan will pay to Tasman \$200,000 cash by 20 November 2009 and the parties will jointly move towards entering into the proposed Development Joint Venture Agreement.

The Auscan development agreement represents an excellent outcome for Tasman and its NSW gold projects, given their near term production profile and the ongoing firming 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 pre-feasibility review of the project has confirmed its strong economic development viability.

The Company plans to develop the project as an open pit mining operation including the Challenger Main, Challenger Extended and potentially Currajong ore bodies. Pit optimisation studies indicate a recoverable resource of approximately 97,000 ounces gold. This resource does not include potential ore feed from other known zones of mineralisation at the project which will be further 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).

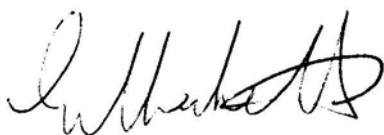
Clarification of Options Issue Exercise Price

On 21 October Tasman placed 8.528 million shares with an attached 1:2 option (4.264 million options) to Alpha Securities Pty Ltd (Alpha) and clients of Alpha. Further to the ASX announcement dated 22 October 2009, the company advises that the options proposed to be issued to Alpha Securities Pty Ltd and its clients under the terms of the share placement, will be issued at an exercise price of 6 cents per share. The exercise price was deliberately set at a premium to the market price of Tasman shares at the time of the share placement.

As previously announced (ASX, 22 October), Tasman appointed Alpha as its Corporate Advisor to advise on capital raisings and company research for an initial term of 12 months. Alpha will receive placement and corporate advisory fees consisting of \$13,200 paid in shares (included in the placement shares above) at the placement issue price and 1.5 million options exercisable at 3 cents per share.

Both of the option issues are subject to shareholder approval at the company's Annual General Meeting to be held on 30 November 2009.

Yours faithfully
TASMAN GOLDFIELDS LIMITED



Geoffrey Checketts
MANAGING DIRECTOR

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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.