Tasman Goldfields Limited

ABN 86 121 985 385

Annual Report for the financial year ended 30 June 2009

Contents

Corporate governance statement

The ASX Listing Rules require listed companies to include in their Annual Report a statement disclosing the extent to which they have complied with the ASX Best Practice Recommendations in the reporting period. These recommendations are guidelines designed to produce an efficiency, quality or integrity outcome. The recommendations are not prescriptive so that if a company considers that a recommendation is inappropriate having regard to its own circumstances, the company has the flexibility not to follow it. Where a company has not followed all the recommendations, the annual report must identify which recommendations that have not been followed and give reasons for not following them.

A table has been included at the end of this statement which sets out the ASX Best Practice Recommendations and states whether the Company has complied with each recommendation in the reporting period. Where the Company considered it was not appropriate to comply with a particular recommendation the reasons are set out in the notes referenced in the table. A full copy of the Company's Corporate Governance Charter is available on the Company's website at www.tasmangoldfields.com.au

Role of the Board

Generally, the powers and obligations of the Board are governed by the *Corporations Act* and the general law.
Without limiting those matters, the Board expressly considers itself responsible for the following:

1. Ensuring compliance with the Corporations Act, ASX Listing Rules (where appropriate) and all relevant laws;
2. Developing, implementing and monitoring operational and financial targets for the Company;
3. Appointment of appropriate staff, consultants and experts to assist in the Company's operations specifically, including the selection and monitoring of a chief executive officer;
4. Ensuring appropriate financial and risk management controls are implemented;
5. Approving and monitoring financial and other reporting;
6. Setting, monitoring and ensuring appropriate accountability for directors' and executive officers' remuneration;
7. Establishing and maintaining communications and relations between the Company and third parties, including its shareholders and ASX by delegating such a role to the Managing Director;
8. Implementing appropriate strategies to monitor performance of the Board in implementing its functions and powers;
9. Oversight of the Company including its framework of control and accountability systems to enable risk to be assessed and managed;
10. Appointing and removing the chief executive officer and/or Managing Director;
11. Ratifying the appointment and, where appropriate, removal of the Chief Financial Officer and the Company Secretary;
12. Input into and final approval of the management's development of corporate strategy and performance objectives;
13. Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
14. Monitoring senior management's performance, implementation of strategy and ensuring appropriate resources are available;
15. Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
16. Approval of the annual budget;
17. Monitoring the financial performance of the Company;
18. Liaising with the Company's external auditors;
19. Monitoring, and ensuring compliance with, all of the Company's legal obligations;
20. Approving and monitoring financial and other reporting; and
21. Appointing and overseeing Committees where appropriate to assist in the above functions and powers.

Role of Management

The Board has delegated responsibilities and authorities to the Managing Director to enable him to conduct the Company's day to day activities. Matters which are not covered by these delegations, such as approvals which exceed certain limits or do not form part of the approved budget, require Board approval. An evaluation of the performance of senior management during the Financial Year, being the one executive Director, will be undertaken at a Board Meeting of the Company by the two non-executive Directors, with the Chairman then discussing this review separately with each of the Executives. This is considered to be an appropriate process as the company is in the exploration and evaluation stage therefore it is not possible to evaluate performance against revenue or profit targets.

Board Processes

The Board of Tasman Goldfields Limited meets on a regular basis. The agenda for these meetings is prepared by the Managing Director and Company Secretary in conjunction with the directors. Relevant information is circulated to Board members in advance of the meetings.

Composition of the Board

At the date of this report the Board comprises one executive director and two non-executive directors, both of whom are independent directors.

Director	Appointed	Non-Executive	Independent	Retiring at 2009 AGM	Seeking re-election at 2009 AGM
G Checketts	29 September 2006	No	No	N/A	N/A
J Park	29 September 2006	Yes	Yes	Yes	Yes
R Skrzecynski	29 September 2006	Yes	Yes	No	N/A

The Directors are subject to re-election by shareholders. All Directors, apart from the Managing Director, are subject to re-election by rotation within every three years. The Company's Constitution provides that one-third of the Directors retire by rotation each AGM. Those Directors who are retiring may submit themselves for re-election by shareholders, including any Director appointed to fill a casual vacancy or recruited since the date of the last AGM.

The current Directors have a broad range of qualifications, experience and expertise in managing mineral exploration companies as set out in the Directors section of the Directors' Report.

Independence of Non-Executive Directors
The board considers an independent director to be a non-executive director who meets the criteria for independence included in the ASX Best Practice Recommendations. The Board considers that John Park and Robert Skrzecynski meet these criteria.

Director Access to Independent Professional Advice
The Company acknowledges that Directors require high quality information and advice on which to base their decisions and considerations. With the prior approval of the Chairman, all Directors have the right to seek independent legal and other professional advice at the company's expense concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as directors. If the Chairman is unable or unwilling to give approval, Board approval will be sufficient.

Company Materiality Threshold
The Board acknowledges that assessment on materiality and subsequent appropriate thresholds are subjective and open to change. The Board has considered quantitative, qualitative and cumulative factors when determining the materiality of a specific relationship of directors.

Ethical Standards
As part of the Board's commitment to the highest standard of conduct, the Company adopts a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- responsibilities to shareholders;
- compliance with laws and regulations;
- relations with customers and suppliers;
- ethical responsibilities;
- employment practices; and
- responsibility to the environment and the community.

Board Committees
As at the date of this report, the Company does have an Audit Committee but does not have a Nomination or Remuneration Committee of the Board of Directors. The full Board of Directors undertake the role of these two individual committees. Given the composition of the Board and the size of the Company, it is felt that individual committees are not yet warranted, however it is expected that as the Company's operations expand that each of these committees will be established.

Continuous Disclosure and Shareholder Communication
The Board is committed to the promotion of investor confidence by ensuring that trading in the Company's securities takes place in an efficient, competitive and informed market. In accordance with continuous disclosure requirements under the ASX Listing Rules, the Company has procedures in place to ensure that all price sensitive information is identified, reviewed by management and disclosed to the ASX in a timely manner. All information disclosed to the ASX is posted on the company's website at www.tasmangoldfields.com.au.

Shareholders are forwarded documents if requested relating to each Annual General Meeting, being the Annual Report, Notice of Meeting and Explanatory Memorandum and Proxy Form, and are invited to attend these meetings. The Company's External Auditor is also present at Annual General Meetings to answer any queries shareholders may have with regard to the audit and preparation and content of the Audit Report.

The Company actively encourages shareholders to provide their email contact details so that they can receive all ASX releases as they are released to the market.

Managing Business Risk
The Board constantly monitors the operational and financial aspects of the company's activities and is responsible for the implementation and ongoing review of business risks that could affect the Company. Duties in relation to risk management that are conducted by the Directors include but are not limited to:

- initiate action to prevent or reduce the adverse effects of risk;
- control further treatment of risks until the level of risk becomes acceptable;
- identify and record any problems relating to the management of risk;
- initiate, recommend or provide solutions through designated channels;
- verify the implementation of solutions; and
- communicate and consult internally and externally as appropriate; and
- to inform investors of material changes to the company's risk profile.

Ongoing review of the overall risk management program (inclusive of the review of adequacy of treatment plans) is conducted by external parties where appropriate.

The board ensures that recommendations made by the external parties are investigated and, where considered necessary, appropriate action is taken to ensure that the company has an appropriate internal control environment in place to manage the key risks identified.

During the financial year the Company has reviewed its risk management procedures and considered the "Guide for small-mid market capitalised companies on Principle 7: Recognise and Manage Risk" released under the ASX Markets Supervision Education and Research Program when updating its risk management processes designed to manage and report on the management of the Company's material business risks. The review process resulted in the completion of an updated Risk Management Policy, Risk Register and a Risk Management Framework which forms the basis of the risk management and internal control system to manage the Company's material business risk and report to it on whether those risks are being managed effectively. The Risk Register identified risks in the broad categories of operations management, asset management, environment, compliance/financial reporting, strategic management, ethical conduct, reputation, occupational health and safety/human resources, IT/technology, finance/business continuity, tenements/resource statements and stakeholder communications. A copy of the Risk Management Policy is publicly available on the Company's web site at www.tasmangoldfields.com.au

The Board has received reports from management as to the effectiveness of the company's management of its business risk. The Company has a number of mechanisms in place to ensure that the management regularly reports on matters relating to risks. The reports by management to the Board have been provided under the former system of risk management and internal control.

The Board requires management to report to it on whether material business risks are being managed effectively. As the Company has recently updated its Risk Management Framework, Risk Management Policy and procedures the Board has yet to receive reports from management as to the effectiveness of the company's updated system for managing its material business risks. However an independent review of risks by Strathearn Insurance brokers was carried out during the year ended 30 June 2009.

In accordance with section 259A of the Corporations Act 2001, the Managing Director and Chief Financial Officer have provided a declaration to the Board that:

- In their view the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board; and
- The Company's risk management and internal compliance and control system is operating effectively in all material respects.

It is noted that the assurance from the Managing Director and Chief Financial Officer can only be reasonable and not absolute due to the level of judgement required, the limitations of sampling and the difficulty in designing systems to detect all weaknesses in internal control procedures.

ASX Best Practice Recommendations

The table below contains each of the ASX Best Practice Recommendations. Where the Company has complied with a recommendation during the reporting period, this is indicated with a "Yes" in the appropriate column and the policy is contained in the Company's Corporate Governance Charter available on the Company's website at www.tasmangoldfields.com.au . Where the Company considered it was not appropriate to comply with a particular recommendation, this is indicated with a "No" and the Company's reasons are set out in the corresponding note at the end of the table.

	Description	**Complied**	**Note**
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management. These functions are set out under Role of the Board and Role of Management in this Statement.	Yes	
1.2	A clear description of the process for evaluating the performance of senior executives.	Yes	
1.3	An explanation of whether an evaluation of senior executives took place in the financial year, and a statement as to whether it was in accordance with the process disclosed.	Yes	
	A statement as to where a copy of matters reserved for the board is publicly available.	Yes	
	A statement as to where a copy of matters delegated to senior executives is publicly available and a statement as to where a copy of the board charter is publicly available.	Yes	
1.4	Provide the information indicated in the Guide to reporting on Principle 1.	Yes	
2.1	A majority of the Board should be independent directors, and a statement made as to which Directors are independent	Yes	2
2.2	The Chairperson should be an independent director.	Yes	

	Description	Complied	Note
2.3	The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.	Yes	
2.4	The Board should establish a Nomination Committee and should have policies for the selection of Directors.	No	2, 3
2.5	A clear description of the process for evaluating the performance of the board, its committees and individual directors.	No	4
2.6	Provide the information indicated in the Guide to reporting on Principle 2	Yes	
3.1	Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent) and any other key executives as to:		
3.1.1	the practices necessary to maintain confidence in the Company's integrity; and	Yes	
3.1.2	the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	
3.2	Disclose the policy concerning trading in company securities by directors, Officers and Employees.	Yes	
3.3	Provide the information indicated in the Guide to reporting on Principle 3.	Yes	
4.1	Require the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material, of the Company's financial condition and operational results and are in accordance with the relevant accounting standards.	Yes	
4.1	The Board should establish an Audit Committee.	Yes	
4.2	Structure the Audit Committee so that it consists of:	Yes	
	• only Non-Executive Directors	Yes	
	• a majority of Independent Directors	Yes	
	• an independent Chairperson, who is not chairperson of the Board	Yes	
	• at least three members.	No	5
4.3	The Audit Committee should have a formal charter.	Yes	
4.4	The Details of the names and qualifications of those appointed to the Audit committee are specified in the Corporate Governance Charter.	Yes	
	The details of the number of meetings of the Audit committee are set out in the Directors Report.	Yes	
	A statement as to the procedures for the selection, appointment and rotation of external audit engagement partners is included in the Company's Corporate Governance Charter.	Yes	
4.5	Provide the information indicated in the Guide to reporting on Principle 4	Yes	
5.2	The Company's continuous disclosure policy is publicly available in the Company's Corporate Governance Charter.	Yes	
5.3	Provide the information indicated in the guide to reporting on Principal 5.	Yes	
6.1	Design and disclose a communication strategy to promote effective communication with the shareholders and encourage effective participation at general meetings- refer to Continuous Disclosure and Shareholder Communication as set out above.	Yes	
6.2	Request the external auditor to attend the Annual General Meeting and be available to answer questions about the conduct of the audit and the preparation and content of the auditors report.	Yes	
6.3	Provide the information indicated in the Guide to reporting on Principal 6.	Yes	

	Description	Complied	Note
7.1	The Board or appropriate Board Committee should establish policies on risk oversight and management	Yes	
7.2	The board has required management to design and implement a risk management and internal control system to manage the entity's material business risks and management has reported to it on whether those risks are being managed effectively and management has reported to the board as to effectiveness of the entity's management of its material business risks.	Yes	
7.3	The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) should state to the Board in writing that:		
7.3.1	• the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board	Yes	
7.3.2	• the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects	Yes	
7.4	The board has received the report from management under Recommendation 7.2, has received assurance from the CEO and CFO under Recommendation 7.3; and the entity's policies on risk oversight and management of material business risks are publicly available on the Company's website at www.tasmangoldfields.com.au	Yes	
7.5	Provide the information indicated in the Guide to reporting on Principle 7.	Yes	
8.1	Disclose the process for performance evaluation of the Board, its committees and individual Directors, and key executives.	No	4
8.2	The Board should establish a Remuneration Committee.	No	2
8.3	The company prohibits entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equit-based remuneration schemes.	Yes	
8.4	Provide the information indicated in the Guide to reporting on principle 8.	Yes	

Notes

1. The Company has compiled relevant corporate governance documentation, such as charters, codes of conduct, and policies, which have been placed on the Company's website at www.tasmangoldfields.com.au under the heading "Corporate Governance".

2. As at the date of this report, the Company does not have a Remuneration or Nomination Committee of the Board of Directors. The full Board of Directors undertake the role of the individual committees. Given the composition of the Board and the size of the Company, it is felt that individual committees are not yet warranted, however it is expected that as the Company's operations expand that each of these committees will be established and if possible the Company will increase the number of independent Directors.

3. There is no formal policy on the selection of Directors as this is done on a case by case basis by the Board acting as the Nomination Committee. The remuneration of all Directors and key management personnel is as set out in the Remuneration Report in the Directors Report.

4. The evaluation of individual board members performance is undertaken by the Chairman. During the reporting period, board performance evaluations of the current board have not been conducted, as an evaluation criteria is yet to be agreed upon.

5. The Audit Committee consists of only two members who are independent and non-executive.

Directors' Report

The Directors of Tasman Goldfields Limited ("the Company") submit herewith the annual financial report of Tasman Goldfields Limited and its controlled entities ("Consolidated Entity") for the year ended 30 June 2009. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors and Directors' Details

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Mr. John G. Park – Non-Executive Chairman B.Sc (Hons), FAusIMM, CPMan, MAIME

John, aged 62, graduated in metallurgy from the University of Queensland in 1971 and worked in mining and mineral processing operations in the UK, Australia and Zambia prior to joining Seltrust Engineering Limited in London in 1978 where he was employed as a senior metallurgical consultant and project manager on a number of base and precious metals projects worldwide. Following Selection Trust's acquisition by BP he held a senior role within BP Minerals International Limited in relation to the project evaluation and financing of a number of projects including the Kennecott Bingham Canyon copper mine expansion, the Ridgeway and Greens Creek precious metals mines in the USA and Oryx in South Africa. He was also investment manager of BP Minerals International Limited's extensive share portfolio.

After two years as commercial director of Cluff Mineral Exploration Limited based in London but with executive secondments to the Cluff Group's operating subsidiaries in Australia and Zimbabwe, John joined SAMAX Resources Ltd when the company was founded in late 1989. As executive director he was responsible for operations, finance and the company's East African assets including the acquisition and discovery of its Geita properties and Golden Pride, which became Tanzania's first modern gold mine. SAMAX Gold Inc. was successfully listed on the Toronto Stock Exchange in December 1996 with a market capitalisation of C$120 million was acquired two years later for more than C$200 million by Ashanti Goldfields (Canada) Inc.

John is also currently chairman of AIM listed African Eagle Resources plc which operates in Tanzania, Zambia and Mozambique. He has previously held positions on the boards of a number of listed and unlisted companies including Longview Capital Partners, Buffalo Gold Ltd, Cambridge Mineral Resources plc, Hereward Ventures plc, GoldFX Pty Ltd and Central Queensland Resources Ltd. John brings a sound knowledge of the minerals business with a record of success in the commercial and financial side of the minerals industry.

Directorships over the previous three (3) years include:

- Longview Capital Partners Inc October 2005 to July 2008 Toronto listed Main Exchange
- Buffalo Gold Ltd March 2006 to June 2006 Toronto listed Venture Exchange

John is a member of the Audit Committee, Nomination Committee and Remuneration Committee. As Chairman he ensures that the Company maintains a suitably balanced, focused and motivated management team.

Mr. Geoffrey N. Checketts - Managing Director, B.Com, SA Fin, ANZIM, MAusIMM

Geoffrey, aged 41, has over 10 years experience in the minerals exploration industry and commenced a career path in 1988 leading through the fields of share-broking, accounting, banking and financial advising. Currently based in Invercargill, New Zealand he has managed his own successful investment advisory business together with a successful minerals exploration company. His previous experience includes appointment to the role of financial and management accountant for a Canadian listed exploration company (Anzex Resources Ltd) that was conducting business in New Zealand. Geoffrey fulfilled the accounting/CFO role within the company's New Zealand operations. Following the withdrawal of the company from New Zealand, Geoffrey and the company's project geologist formed their own exploration company and secured a substantial portion of the prospective ground formerly held by the Canadian company. Vital areas of Mr Checketts' expertise include liaising with government departments and permitting authorities, the resourcing of field operations and accounting. Geoffrey became a director on 29 September 2006.

As managing director, Geoffrey is responsible for the daily operations and administration of the Company.

Mr. Robert H. Skrzeczynski - Non-Executive Director, M.Sc, DIC, B.Sc (Hons), MAusIMM, MSEG

Bob, aged 60, has extensive experience in the minerals exploration industry and has held numerous senior management positions in BHP Minerals over a 36 year career. This has included responsibility for exploration activities in Australia and overseas and most recently for commercial responsibilities for the Australia, Africa and Asia region. He has a blend of a successful exploration discovery record which includes the Cannington deposit, the world's largest silver producer and extensive experience in commercial aspects of the exploration industry (including much of the conceptual thinking behind the Exco-BHP alliance and eventual Exco IPO).

Bob is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Mr. John Haley - Company Secretary, BCom, MBA, FCA, ACIS
John, aged 47, was appointed Company Secretary on 3 July 2008. John is a Chartered Accountant (Fellow of the Institute of Chartered Accountants) with over 25 years experience in tax (with Coopers & Lybrand and Arthur Andersen & Co), general management, financial reporting and company secretarial duties. He has extensive experience in the preparation of Prospectuses and has been involved in the listing of Companies in Australia and Canada. His work experience is in a diverse range of industries including mineral exploration, and he has participated as a seed capitalist in a number of mineral exploration companies. He is also an Associate of the Institute of Chartered Secretaries and Administrators, the Finsia and the Taxation Institute of Australia.

Mr. Michael J. Ilett –Accountant BBus(Accy), GradDipAdvAcctg, GradDipCorpGov, MBA, ACIS, CA
Michael, aged 44, is a Chartered Accountant and a member of Chartered Secretaries Australia Limited with over 20 years' commercial experience. In 2003 he was awarded the MBA Medallion from the Queensland University of Technology and in 2004 he was awarded the J. S. Goffage Prize from Chartered Secretaries Australia Limited.

Mr. M. J. Ilett has been involved with a number of public mining company listings and capital raisings including the dual listing of an Australian public company on London's Alternative Investment Market (AIM). From 2002 to 2005 Michael held the position of Company Secretary and Chief Financial Officer for a publicly listed mining company that operated an exploration and evaluation project in Iran. Michael has business interests in India and China in the mining services and solar industries and Director of a multinational mining equipment manufacturer. He is the Chief Financial Officer and Company Secretary for Drummond Gold Limited.

Principal activities
The principal activity of the Company is exploration for gold and other minerals in Australia, Papua New Guinea and New Zealand.

Operating Results
The net loss from operations of the Consolidated Entity for the year ended 30th June 2009 was $6,812,078 (2008: net loss $851,900).

Review of operations
During the financial year and to the date of this report the Company's activities have focused on exploring a well balanced portfolio of gold exploration projects ranging from those with JORC compliant resources through to early stage projects with significant discovery potential. From the time of admission until the end of the financial year the Company has used its cash and cash equivalents that it had upon admission in a way that is consistent with the Company's objectives.

The securing of funding for Company's activities included the raising of initial seed capital and the preparation and filing of a prospectus which raised $5,100,000 through the issuance of 20,400,000 Shares at $0.25 each. The prospectus was lodged with ASIC on 24 September 2007 and the Company was admitted on the Australasian Securities Exchange on 21 December 2007.

The portfolio of projects features the following JORC resources:

- 134,000 oz gold (indicated plus inferred resource of 1.9mt @ 2.2 g/t Au) at the Challenger project in New South Wales;
- 239,000 oz gold (inferred resource of 6.6mt @ 1.13 g/t Au) at the Mount Adrah project in New South Wales

The Company's projects have a convenient geographical spread in a largely uniform time zone, and are located in known gold provinces in Eastern Australia, New Zealand and Papua New Guinea.

During the period under review, the Company's main focus on those projects with known resources was to examine the economic viability of taking those resources to production. At the earlier stage projects, exploration was carried out to facilitate new gold discoveries.

In summary the Company completed the following activity:

In August 2008 the Company commenced an exploration drilling programme at its Challenger Project (ML1435 and EL5728) in NSW. The drilling followed up on earlier drill results generated by previous explorers, which outlined unmined areas that returned sporadic, but potentially ore-grade intersections. Holes were sited near the surface traces of the historically-producing quartz lodes of the Old Hill Line, Victoria Line, Middle, and Caledonian reefs of the Adelong Goldfield.

Significant intercepts included (downhole widths):

- 2m @ 2.45 g/t gold, and
- 1m @ 8.77 g/t gold,
- 21m @ 1.44 g/t gold (no lower cutoff),
- 2m @ 1.85 g/t gold (terminated in mineralization),
- 2m @ 2.33 g/t gold,
- 5m @ 1.19 g/t gold.

The drill program was successful in intersecting potentially ore grade mineralization in adjacent drill holes at both the Victoria East and Caledonian reefs. These reef systems are located at the extreme south and north ends respectively of ML 1435.

Significantly, the mineralisation at Victoria East is a new discovery and represents early potential for an additional open pit within the Challenger mine plan.

An airmag survey over the Merrivale and East Longwood prospects (Longwood Project, NZL) was completed in early September. Reinterpretation of the earlier airmag flown by a previous explorer was completed and integrated into the existing surface geochemical model. Several geophysical anomalies with corresponding anomalous surface geochemistry were identified and some were subjected to additional surface geochemical field work.

On 15 October the Company had successfully completed a comprehensive geochemical sampling and analysis programme on EL 1235 (Malamaunda project) in the East Sepik region of PNG. The programme, which commenced in June 2008, was based on both reinterpreted surface geochemical and airborne geophysical surveys previously completed over the project area. The new programme conducted by Tasman consisted of a large regional surface geochemical survey comprising approximately 400 soil and 100 stream sediment samples across nine areas of interest. Float and rock chip samples were also gathered from selected areas.

Rather than targeting extensions of the known previously partially drilled shear zone hosted gold mineralisation, the areas tested in the latest round of field work were those identified as having potential to host either copper-gold porphyry or nickel-cobalt mineralisation.

Following the receipt of final multi-element assays in early November and analysis of airborne geophysics data acquired in January 2009, Tasman personnel incorporated the results into a detailed database for presentation to potential joint venture mining companies.

In October, a review of the 2005 pre-feasibility study on the Challenger project near Wagga Wagga in southern NSW, by an independent mining engineer confirmed that the development of an open pit mine located on the Challenger orebodies is economically attractive at (then) current prices/costs. The study did not include potential for ore feed from other known zones of mineralisation in the immediate area. The study also highlighted that 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.

A prospecting permit application was lodged over the historic Endeavour Inlet antimony mine located in the Marlborough province of New Zealand in the latter part of 2008. Historically the mine produced approximately 3,000 tonnes of antimony ore at an approximate average grade of 40% Sb. Vertical zonation was a notable feature of the mine with antimony grade decreasing and gold grade increasing with depth. Gold grades at the lower level of the mine are reported to grade up to 7 g/t gold. Minor tungsten was also observed. Despite the significant gold grades at depth no explorer has tested the potential for the mine to host major gold mineralisation in the Endeavour Sb-Au system.

In Queensland, an EPM application was lodged over an area in the Georgetown vicinity. A brief review of previous field work indicated that there may be potential for the area to host significant epithermal gold mineralisation. As at the date of this report Tasman had 5 applications pending in the Georgetown area of Queensland.

Notwithstanding the abovementioned successes, the company reviewed its list of development projects and an impairment loss of $5,258,907 was recognised against those projects.

Objectives and Strategy

The Company's objective is to conduct exploration activities at its existing projects, in order to create an uplift in value which can then be subsequently released through joint venture development opportunities. In doing that, the Company will aggressively explore its exploration properties to create value through its own exploration expertise.

From time to time the company may consider new gold exploration opportunities in the Pacific Rim which it may act upon in order to ensure that a continual progression of value uplift opportunity is available within the Company.

Changes in state of affairs

During the year the Company issued 500,000 shares at an issue price of $0.09 per share for the Longwood Project. The Company also issued 14,160,000 shares at an issue price of $0.0475 per share to Golden Cross Resources Limited and issued $200,000 cash in partial settlement of the deferred liability. Other than above, there was no significant change in the state of affairs of the consolidated entity during the financial year.

Subsequent events

Prior to the end of the June 2009 quarter a draft Option Agreement was forwarded to prospective joint venture partner Auscan Gold Ltd who had previously put to the Company a proposal to fund development of the Challenger and Mt Adrah gold projects. The Option Agreement was entered into in July 2009, subsequent to the financial year end.

Under the terms of the agreement Tasman issued, on 16 September 2009, a placement of 2.5 million shares at 8 cents per share to Auscan, to raise $200,000 and grant Auscan an option (exercisable by 31 October 2009) to enter into a Development Joint Venture to bring the Challenger Gold Project into production.

Upon exercise of the option and entering into the Development Joint Venture, Auscan will provide Tasman with $14 million in funding for the development of the Challenger Project to earn a 70% interest in the Challenger Project. 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 July 2009 the Company announced that it had entered into an option agreement for a $25 million Development Joint Venture with Auscan Gold Ltd (the agreement) for the development of the Group's Challenger and Mt Adrah Gold Projects in New South Wales. On 14 September 2009 the Company announced that it had received $200,000 from Auscan Limited.

On 13 July 2009 the Company announced that it had renegotiated the terms of its deferred settlement liability to Golden Cross Resources Ltd relating to the acquisition of the Challenger and Mt Adrah Gold Projects in New South Wales. Under the new terms of the deferred settlement obligation, the Company was required to pay $95,000 in cash to Golden Cross Resources Limited and a further $1.1 million by 21 January 2010 with a minimum of $200,000 of that amount payable in cash. On 25 August 2009 the Company paid Golden Cross Resources Limited $95,000.

On 21 August 2009 the Company announced that it had received a $20,000 option fee and signed an Option Agreement to sell all of the Group's interest in Miclere Project in Queensland for $835,000. Under the terms of the Option Agreement Casimir Capital (Asia Pacific) Pty Ltd and its clients (the Purchasers) have an option until 5 October 2009 to complete due diligence on the Miclere Project. At the end of the option period the Purchasers may elect to acquire the Miclere Project immediately by making a further cash payment of $258,000 and making subsequent payments to the Company over the ensuring 180 days. Casimir Capital (Asia Pacific) Pty Ltd will also be entitled to a facilitation fee for organising the transaction.

Future developments

The directors are aware that financial markets have stabilised and, while the Company ensured expenditure commitments were reduced, it is necessary to replenish the Company's cash reserves with the aim of recommencing significant exploration activity in the near term.

Tasman's directors and staff have progressed some way to achieving that outcome, through the Challenger/Mt Adrah transaction and from the potential sale of the Miclere Project. However, the Company will nonetheless continue to pursue sensible opportunities to add to cash reserves.

Health and Safety Policy

The Company is committed to developing a culture which supports the health and safety of all employees, contractors, customers and communities associated with its business and operations.

Environmental regulations

The Company is subject to significant environmental regulation under Commonwealth, State and Territory legislation in relation to the discharge of hazardous waste and minerals arising from mining activities and development conducted by the Company on any of its tenements. At the date of this report there have been no known breaches of any environmental obligations.

Cultural and community performance obligations

The Company, through Challenger Mines Ltd, holds an ILUA in regards to its Challenger project in NSW. It is the Company's policy that the activities will not cause disturbance or encroachment or offence to any cultural site or belief or member of traditional landowner groups or to any landholder or business enterprise falling within the exploration tenements of the Company.

Dividends

No dividends have been paid or proposed since the start of the financial year, and the Directors do not recommend the payment of a dividend in respect of the financial year.

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Tasman Goldfields Limited	2,850,000	Ordinary Shares	30 cents	24 May 2012

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme. Each option is convertible to one ordinary share. The options over ordinary shares in the capital of the Company are unlisted. No options have been exercised during the financial year or since year end to the date of this report.

Indemnification of directors and officers

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the Company Secretary and all executive officers of the Company and any related body corporate against a liability incurred by such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred by such an officer or auditor.

Directors' meetings

The following table sets out the number of Directors' meetings (including Directors' meetings requiring circulating resolutions), committee meetings held during the financial year and the number of meetings attended by each Director while they were a Director or committee member:

	Board of Directors		Nomination Committee		Audit Committee		Remuneration Committee	
Directors	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr. J. G. Park	5	5	1	1	2	2	1	1
Mr. G. N. Checketts (i)	5	5	1	1	-	-	1	1
Mr. R. H. Skrzecynski	5	5	1	1	2	2	1	1

(i) Mr. G. N. Checketts is not a member of the audit committee.

Directors' interests in the Company

The following table sets out each Director's relevant interest in fully paid ordinary shares and options in Tasman Goldfields Limited at the date of this report.

Directors	Fully paid ordinary shares Number	Share options Number
Mr. J. G. Park	2,253,500	600,000
Mr. G. N. Checketts	5,450,000	600,000
Mr. R. H. Skrzecynski	1,800,000	600,000

Interest in contracts

Mr. Checketts is a 50% shareholder in Southwest Exploration Pty. Ltd, which has transferred a 90% interest in the Longwood Project to Tasman Goldfields Limited for 500,000 shares and $25,000.

Acquisition of shares in Golden Pacific Resources Limited

On 21 August 2007, Tasman, Golden Pacific Resources Limited ("GPR") and the shareholders of GPR entered into an option deed whereby Tasman had the option to acquire all of the shares in GPR if certain conditions precedent were satisfied. On 4 March 2008, under the terms of the option, the Company issued 14,020,001 fully paid ordinary shares to the previous shareholders of Golden Pacific Resources Limited for all the shares in Golden Pacific Resources Limited in a scrip to scrip transaction. Mr. A. H. Gates is a former director of both the Company and GPR and was issued 4,538,318 shares in the scrip for scrip acquisition of Golden Pacific Resources Limited.

During the financial year the Company paid Golden Cross Resources Limited a total of $872,600 through the issue of 14,160,000 shares at an issue price of $0.0475 per share (refer **note 17**) and the payment of $200,000. On 25 August 2009 the Company had paid Golden Cross Resources Limited a further cash consideration of $95,000. The Company is required to pay a further $1.1 million by 21 January 2010 with a minimum of $200,000 of that amount payable in cash.

Related Party Loans

As at 30 June 2009 Mr. G. N. Checketts had advanced a total of NZ $19,531 (AUD $15,938) to Tasman Goldfields NZ Operations Ltd a wholly owned subsidiary of the Company (2008: NZ $5,725 AUD $4,672).

Sub lease of Premises

Mr. G. N. Checketts is a director and shareholder in Rosedale Capital Limited. During the financial year Rosedale Capital Limited received rent and outgoings from Tasman Goldfields NZ Operations Limited totaling NZ$4,480 (2008: NZ $8,317).

Remuneration report (Audited)

The remuneration report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report, key management personnel (KMP) of the group are identified as those persons having the authority and responsibility for planning, directing and controlling major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company. The prescribed details for each person covered by this remuneration report are detailed below under the following headings:-

A. Key management personnel and relevant group executives' details

B. Remuneration policy for key management personnel

C. Relationship between remuneration policy and company performance

D. Remuneration of the key management personnel and relevant group executives

E. Key terms of employment contracts

A. Key management and relevant group executives' details

The following persons have been identified as acting as key management personnel and/or relevant group executives of the Company and the Consolidated Entity during the financial year:

- Mr. J. G. Park (Non-Executive Chairman) appointed 29 September 2006.
- Mr. G. N. Checketts (Managing Director), appointed on 29 Septmeber 2006.
- Mr. R. H. Skrzecynski (Non Executive Director) appointed on 29 September 2006.
- Mr. P. J. Nicolson (Exploration Manager) appointed on 1 June 2007.
- Mr. J. Haley (Company Secretary) appointed on 3 July 2008.
- Mr. M. J. Ilett (Accountant) appointed 3 July 2008.

B. Remuneration policy for key management personnel

The Board of Directors is responsible for determining and reviewing compensation arrangements for key management personnel. The Remuneration and Nomination Committees makes recommendations to the Board on performance and remuneration of the key management personnel.

The Company may issue options subject to shareholder approval where required, as determined by the board of directors.

Executive Remuneration

To achieve its objectives of discovery of economic resources in a cost effective manner, Tasman Goldfields aims to attract and retain a skilled senior management team focused upon contributing to that objective. The Board has established a principle of offering competitive remuneration packages including incentives. There are no guaranteed pay increases included in the senior executives' contracts and the executives are not entitled to any retirement benefits other than those provided under the superannuation guarantee legislation.

Non-Executive Directors

The Non-Executive Directors' fees are reviewed on a regular basis against industry benchmarks. Non-Executive Directors received no share-based payments during the year. Other than compulsory payments made under the superannuation guarantee legislation, there are no retirement benefits provided to Non-Executive Directors.

C. Relationship between remuneration policy and company performance

The Key Management Personnel and relevant group executives' remuneration do not comprise of any elements that are related to performance.

The performance of the Company in the mining industry will be dependent upon the Company meeting the following corporate objectives:

- conducting exploration that discovers major gold and base metal deposits;
- seeking long term cash flow and profitability through to production; and
- actively pursuing acquisition opportunities to enhance the Company's exploration discovery capacity.

The table below sets out summary information about the Consolidated Entity's earnings, movements in shareholders wealth for the two years to 30 June 2009:

Description	30 June 2009	30 June 2008
Revenue	$98,057	$128,048
Net loss before tax	$6,812,078	$851,900
Net loss after tax	$6,812,078	$851,900
Share price at start of year	12 cents	N/A
Share price at end of year	2.8 cents	12 cents
Interim dividend	-	-
Final dividend	-	-
Return of capital	-	-
Basic loss per share	10.01 cents per share	2.2 cents per share
Diluted loss per share	10.01 cents per share	2.2 cents per share

D. Remuneration of the key management personnel and relevant group executives

The following tables provide information about the remuneration of the Consolidated Entity's key management personnel and relevant group executives for the current and previous financial years:

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment	
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation		Options & rights	Total
2009	$	$	$	$	$	$	$	$
Non-Executive Directors								
Mr. J. G. Park	48,958	-	-	-	-	-	-	48,958
Mr. R. H. Skrzecynski	31,560	-	-	-	-	-	-	31,560
Executive Director								
Mr. G. N. Checketts	150,000	-	-	-	13,500	-	-	163,500
Company Secretary								
Mr. J. Haley (i)	10,950	-	-	-	-	-	-	10,950
Senior Management								
Mr. M. J. Ilett	23,044	-	-	-	-	-	-	23,044
Mr. P. J. Nicolson	118,174	-	-	-	10,635	-	-	128,809

(i) Mr. J. Haley and Mr. M. J. Ilett were appointed on 3 July 2008.

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment	
	Salary & fees	Bonus	Non-monetary	Other	Super-annuation		Options & rights	Total
2008	$	$	$	$	$	$	$	$
Non-Executive Directors								
Mr. J. G. Park	33,833	-	-	-	-	-	-	33,833
Mr. A. H. Gates (i)	46,667	-	-	-	-	-	-	46,667
Mr. R. H. Skrzecynski	37,583	-	-	-	-	-	-	37,583
Executive Director								
Mr. G. N. Checketts	169,500	-	-	-	14,625	-	-	184,125
Company Secretary								
Mr. G. Gill (ii)	22,055	-	-	-	-	-	-	22,055
Senior Management								
Mr. P. J. Nicolson	128,709	-	-	-	11,044	-	28,730	168,483

(i) Mr. A. H. Gates was a Non Executive Director from his appointment until his resignation on 30 April 2008.

(ii) Mr. G. Gill was the Company Secretary and Chief Financial Officer until his resignation on 3 July 2008.

The Company has a policy that directors and employees are not permitted to hedge their exposure to the company's securities.

Share-based payments granted as compensation

Current financial year

There were no share-based payments granted as compensation during the current financial year.

During the current financial year none of the options previously granted to key management personnel were exercised.
Details of existing Directors and Employee Options
On 24 May 2007, 2,400,000 options over ordinary shares in the capital of the Company were granted to the following Directors:

Directors	Share options Number
Mr. J. G. Park	600,000
Mr. G. N. Checketts	600,000
Mr. A. H. Gates	600,000
Mr. R. H. Skrzecynski	600,000

These Directors' Options have an exercise price of 30 cents per share and are exercisable at any time within 5 years from the date of grant being 24 May 2007. There is no further service or performance criteria that need to be met in relation to these options granted.

The Company has previously implemented an Employee Share Option Plan and issued 450,000 share options over fully paid ordinary shares pursuant to the scheme. These Employee Options have an exercise price of 30 cents per share and are exercisable at any time within 5 years from the date of grant. A total of 300,000 options were issued to Mr. P. J. Nicolson which have a 12 month vesting period and a total of 150,000 options were issued to Mr. G. Gill that are issued at the date of grant being 24 May 2007. There is no further service or performance criteria that need to be met in relation to these options granted.

The terms and conditions for each grant affecting compensation are outlined as follows:-

Option series	Exercise Price	Number	Grant date	Expiry date	Grant date fair value	Vesting date
Directors' Options (i)	30 cents	2,400,000	24/05/2007	24/05/2012	$0.096	Vests at date of grant.
Employee Options (ii)	30 cents	150,000	24/05/2007	24/05/2012	$0.096	Vests at date of grant.
Employee Options (iii)	30 cents	300,000	24/05/2007	24/05/2012	$0.107	Vests 12 months after grant date

There is no further service or performance criteria that need to be met in relation to the options granted under series (i), and (ii). Series (iii) Employee Options are subject to a 12 month vesting period before the interest vests in the recipient.

Details of the options granted during the 2007 and 2008 financial years are highlighted as follows:

Option Series	No. granted	No. Vested	% of grant vested	% of grant forfeited
Directors' Options (i)	2,400,000	2,400,000	100%	0%
Employee Options (ii)	150,000	150,000	100%	0%
Employee Options (iii)	300,000	300,000	100%	0%

Value of options issued to Directors and Executives

Current financial year

During the current financial year no options were granted to key management personnel and relevant executives. Furthermore, none of the previously granted options have been exercised or lapsed. The following table summarises the value of options granted, exercised or lapsed during the previous reporting periods to the key management personnel and/or relevant executives:

Option Series	2007 Value of options granted at the grant date (i) $	2008 Value of options granted at the grant date (ii) $	Value of options exercised at the exercise date $	Value of options lapsed at the date of lapse $
Directors' Options (i)	230,496	-	-	-
Employee Options (ii)	14,406	-	-	-
Employee Options (iii)	3,254	28,730	-	-

(i) The fair value of options granted during the previous financial year is recognised in compensation over the vesting period of the grant, in accordance with Australian accounting standards.

(ii) The fair value of $28,730 represents the proportion of the total share option expense that has been allocated to the previous financial year for the Series (iii) Employee Options that vests 12 months after the grant date.

E. Key terms of employment contracts

Contracts for services of key management personnel and relevant executives

Remuneration and other terms of employment for the Directors and other key management personnel are formalised in service agreements. The contractual arrangements contain certain provisions typically found in contracts of this nature.

Non Executive Directors

The Company's Constitution provides that the Directors may be paid out of Company funds, as remuneration for their services, a sum determined from time to time by the Company's Shareholders in general meeting, with that sum to be divided amongst the Directors in such manner as they agree.

Directors' remuneration for their services as Directors is by a fixed sum and not a commission on a percentage of profits or operating revenue. The sum of Directors' remuneration may not be increased except at a general meeting in which particulars of the proposed increase have been provided in the notice convening the meeting to shareholders. There is provision for Directors who devote special attention to the business of the Company or who perform services which are regarded as being outside the scope of their ordinary duties as directors, or who at the request of the Board engage in any journey on Company business, to be paid extra remuneration determined by the Board. Directors are also entitled to their reasonable travel, accommodation and other expenses incurred in attending Company or Board meetings, or meetings of any committee engaged in the Company's business.

Any director may be paid a retirement benefit as determined by the Board, consistent with the Corporations Act and the ASX Listing Rules.

A Director is disallowed from voting on any contract or arrangement in which he or she has directly or indirectly any material interest, if it will be contrary to the Corporations Act 2001. If such a Director does vote, his or her vote will not be counted, nor will his or her attendance be counted in the quorum present at the meeting. Either or both of these prohibitions may be relaxed or suspended to any extent by ordinary resolution passed at a general meeting if permitted by the *Corporations Act 2001*.

Executive Director and other key management personnel

Mr. Geoffrey N. Checketts

Tasman Goldfields NZ Operations Limited, a subsidiary of Tasman Goldfields Limited, entered into an employment agreement with Mr. G. N. Checketts on 31 May 2007 pursuant to which he was appointed as the Managing Director. The key terms of the agreement are as follows:

- Annual Salary: $150,000 per annum plus Superannuation Guarantee Legislation of nine (9) per cent per annum.
- Term of the Agreement: Two years ending 31 May 2011.
- Share based payment: Geoff is entitled to participate in the executive stock option scheme to a level as determined by the Board and subject to the terms and conditions of the options as issued from time to time.
- Termination due to company notice: The Company is required to provide three (3) months written notice and upon termination the employee is entitled to fully payment for any unexpired period of the two (2) year minimum term.

Mr. Peter J. Nicolson

Tasman Goldfields NZ Operations Limited, a subsidiary of Tasman Goldfields Limited, entered into an employment agreement with Mr. P. J. Nicolson on 29 May 2007 pursuant to which he was appointed as an Exploration Manager. The key terms of the agreement are as follows:-

- Annual Salary: $120,000 per annum plus Superannuation Guarantee Legislation of nine (9) per cent per annum.
- Term of the Agreement: Two years ending 31 May 2011.
- Share based payment: Granting of 300,000 options upon execution of the contract. The options are exercisable at 30 cents per share on or before 24 May 2012 and subject to a 12 month vesting period.
- Termination due to company notice: The Company is required to provide three (3) months written notice and upon termination the employee is entitled to full payment for any unexpired period of the two (2) year minimum term.

Mr. John Haley

Mr. John Haley has agreed to provide certain consultancy services to the Company and be appointed as Company Secretary. Under the terms of the agreement Mr. J. Haley is entitled to a base fee of $125 per hour (exclusive of GST) and the reimbursement of reasonable expenses.

Mr. Michael J. Ilett

Mr. Michael J. Ilett has agreed to provide certain consultancy services to the Company and be appointed as the Accountant. Under the terms of the agreement Mr. M. J. Ilett is entitled to a base fee of $125 per hour (exclusive of GST) and the reimbursement of reasonable expenses.

Non-audit services

During the year there were no non-audit services provided by the Company's auditor.

Auditor's independence declaration

The auditor's independence declaration is included on page 18 of the Annual Report.

Signed in accordance with a resolution of Directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors

Mr. Geoffrey N. Checketts
Managing Director

Brisbane
29 September 2009

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Auditor's Independence Declaration to the Directors of Tasman Goldfields Limited

In relation to our audit of the financial report of Tasman Goldfields Limited for the financial year ended 30 June 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Mark Phelps

Mark Phelps
Partner
29 September 2009

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Independent audit report to members of Tasman Goldfields Limited

Report on the Financial Report

We have audited the accompanying financial report of Tasman Goldfields Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 3, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Auditor's Opinion

In our opinion:

1. the financial report of Tasman Goldfields Limited is in accordance with the Corporations Act 2001, including:

    i giving a true and fair view of the financial position of Tasman Goldfields Limited and the consolidated entity at 30 June 2009 and of their performance for the year ended on that date; and ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 16 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Tasman Goldfields Limited for the year ended 30 June 2009 complies with section 300A of the Corporations Act 2001.

Inherent Uncertainty Regarding Continuation of Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 3 to the financial statements "Going Concern", there is significant uncertainty whether the company and its controlled entities will be able to continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and/or the consolidated entity not continue as going concerns.

Ernst & Young

Ernst & Young

Mark Phelps

Mark Phelps
Partner
Brisbane
29 September 2009

Directors' declaration

In accordance with a resolution of the directors of Tasman Goldfields Limited, I state that:

1. In the opinion of the directors:

(a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2009.

On behalf of the Directors

Mr. Geoffrey N. Checketts
Managing Director

Brisbane
29 September 2009

Income statement
for the financial year ended 30 June 2009

	Note	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Continuing operations					
Rental Income		14,869	-	14,869	-
Interest revenue		66,496	125,459	57,733	125,459
Scrap Metal Sales		16,692	-	-	-
Foreign exchange gains/(losses)		-	2,587	-	(18,811)
Administrative expenses	6	(351,939)	(249,535)	(232,354)	(138,616)
Employee benefit expenses	6	(438,728)	(362,264)	(309,916)	(310,436)
Depreciation		(84,328)	(141,120)	(820)	-
Impairment of exploration and evaluation expenditure	13	(5,258,907)	-	(4,333)	-
Impairment loss on plant and equipment	12	(686,262)	-	-	-
Impairment loss on investments		-	-	(2,954,200)	-
Finance costs		(89,971)	(212,590)	-	(106,295)
Provision for doubtful debts		-	-	(3,350,303)	(420,000)
Other expenses		-	(14,437)	-	(14,138)
Loss before income tax		(6,812,078)	(851,900)	(6,779,324)	(882,837)
Income tax expense	7	-	-	-	-
Loss for the year		(6,812,078)	(851,900)	(6,779,324)	(882,837)

Loss per share

	Note	Consolidated 2009	Consolidated 2008
From continuing and discontinued operations:			
Basic loss per share (cents per share)	20	10.01	2.20
Diluted loss per share (cents per share)	20	10.01	2.20

Notes to the financial statements are included on pages 26 to 52

Balance sheet
as at 30 June 2009

		Consolidated		Company	
	Note	2009 $	2008 $	2009 $	2008 $
Current assets					
Cash and cash equivalents	8	208,200	2,293,890	199,327	2,155,875
Trade and other receivables	9	188,202	55,203	176,589	6,717
Total current assets		396,402	2,349,093	375,916	2,162,592
Non-current assets					
Investments in and receivables from subsidiaries	11	-	-	2,650,723	6,954,897
Property, plant and equipment	12	510,547	1,275,318	2,610	-
Exploration and evaluation expenditure	13	3,397,984	7,584,829	195,000	16,021
Receivables	10	346,137	397,118	119,169	171,669
Other		-	-	-	-
Total non-current assets		4,254,668	9,257,265	2,967,502	7,142,587
Total assets		4,651,070	11,606,358	3,343,418	9,305,179
Current liabilities					
Trade and other payables	14	184,705	171,273	150,816	64,671
Other financial liabilities	15	1,122,601	1,556,074	-	-
Provisions	16	26,818	13,000	26,818	13,000
Total current liabilities		1,334,124	1,740,347	177,634	77,671
Non-current liabilities					
Other financial liabilities	15	-	499,036	-	-
Provisions	16	140,000	140,000	-	-
Total non-current liabilities		140,000	639,036	-	-
Total liabilities		1,474,124	2,379,383	177,634	77,671
Net assets		3,176,946	9,226,975	3,165,784	9,227,508
Equity					
Issued capital	17	10,928,217	10,210,617	10,928,217	10,210,617
Reserves	18	321,335	276,886	276,886	276,886
Accumulated losses	19	(8,072,606)	(1,260,528)	(8,039,319)	(1,259,995)
Total equity		3,176,946	9,226,975	3,165,784	9,227,508

Notes to the financial statements are included on pages 26 to 52.

Statement of changes in equity for the financial year ended 30 June 2009

	Fully paid ordinary shares $	Option premium reserve $	Foreign currency reserve $	Accumulated losses $	Minority interest $	Total $
Consolidated						
PRIOR YEAR						
Balance at 1 July 2007	2,698,000	248,156	-	(408,628)	-	2,537,528
Loss for the year	-	-	-	(851,900)	-	(851,900)
Total recognised income and expense	-	248,156	-	(1,260.528)		1,685,688
Issue of shares	9,294,200	-	-	-	-	9,294,200
Share issue costs	(1,781,583)	-	-	-	-	(1,781,583)
Issue of options – share based payment	-	28,730	-	-	-	28,730
Balance at 30 June 2008	10,210,617	276,886	-	(1,260,528)	-	9,226,975
CURRENT YEAR						
Balance at 1 July 2008	10,210,617	276,886	-	(1,260,528)	-	9,226,975
Movement in foreign currency	-	-	44,449	-	-	44,449
Loss for the year	-	-	-	(6,812,078)	-	(6,812,078)
Total recognised income and expense	-	276,886	-	(8,072,606)	-	2,459,346
Issue of shares	717,600	-	-	-	-	717,600
Share issue costs	-	-	-	-	-	-
Issue of options – share based payment	-	-	-	-	-	-
Balance at 30 June 2009	10,928,217	276,886	44,449	(8,072,606)	-	3,176,946
Company						
PRIOR YEAR						
Balance at 1 July 2007	2,698,000	248,156	-	(377,158)	-	2,568,998
Loss for the year	-	-	-	(882,837)	-	(882,837)
Total recognised income and expense	-	248,156	-	(1,259,995)		1,686,161
Issue of shares	9,294,200	-	-	-	-	9,294,200
Share issue costs	(1,781,583)	-	-	-	-	(1,781,583)
Issue of options – share-based payment	-	28,730	-	-	-	28,730
Balance at 30 June 2008	10,210,617	276,886	-	(1,259,995)	-	9,227,508
CURRENT YEAR						
Balance at 1 July 2008	10,210,617	276,886	-	(1,259,995)	-	9,227,508
Loss for the year	-	-	-	(6,779,324)	-	(6,779,324)
Total recognised income and expense	-	276,886	-	(8,039,319)	-	(2,448,184)
Issue of shares	717,600	-	-	-	-	717,600
Share issue costs	-	-	-	-	-	-
Issue of options – share-based payment	-	-	-	-	-	-
Balance at 30 June 2009	10,928,217	276,886	-	(8,039,319)	-	3,165,784

Notes to the financial statements are included on pages 26 to 52.

Cash flow statement
for the financial year ended 30 June 2009

		Consolidated		Company	
	Note	2009 $	2008 $	2009 $	2008 $
Cash flows from operating activities					
Receipts from customers and Government subsidy received		16,692	3,694	-	18,204
Receipts from rental income		14,869	-	14,869	-
Payments to suppliers and employees		(735,837)	(729,845)	(452,005)	(743,001)
Interest and other costs of finance paid		-	-	-	-
Income taxes paid		-	-	-	-
Net cash (used in) operating activities	26	(704,276)	(726,151)	(437,136)	(724,797)
Cash flows from investing activities					
Interest received		66,496	125,459	57,733	125,459
Amounts advanced to related parties		-	-	(1,463,972)	(1,505,669)
Proceeds from repayment of related party loans		-	-	-	-
Deferred consideration paid		(200,000)	(500,000)	-	-
Payments for subsidiary net of cash acquired		-	55,863	-	(10,000)
Payments for property, plant and equipment		(5,799)	(6,356)	(3,430)	-
Payments for security deposits and options		(26,295)	(97,388)	-	(87,056)
Payments for formation expenses		-	-	-	-
Payments for exploration and evaluation		(1,098,814)	(915,475)	(109,743)	-
Net cash (used in) investing activities		(1,264,412)	(1,337,897)	(1,519,412)	(1,477,266)
Cash flows from financing activities					
Proceeds from issues of equity securities		-	5,100,000	-	5,100,000
Payment for share issue costs		-	(879,218)	-	(879,218)
Payments for loans advanced		(161,451)	-	-	-
Repayment of borrowings		-	-	-	-
Net cash provided by financing activities		(161,451)	4,220,782	-	4,220,782
Net increase in cash and cash equivalents		(2,130,139)	2,156,734	(1,956,548)	2,018,719
Cash and cash equivalents at the beginning of the financial year		2,293,890	137,156	2,155,875	137,156
Effects of exchange rate changes on the balance of cash held in foreign currencies		44,449	-	-	-
Cash and cash equivalents at the end of the financial year	26	208,200	2,293,890	199,327	2,155,875

Notes to the financial statements are included on pages 26 to 52.

Notes to the financial statements
for the financial period ended 30 June 2009

1. General information

Tasman Goldfields Limited (the Company) is a public company listed on the Australian Securities Exchange (trading under the code: TGX), incorporated in Australia and operating in Queensland. Tasman Goldfields Limited's registered office and its principal place of business are as follows:

The registered office and principal place of business is at Level 1, 500 Boundary Street, Spring Hill 4000 Queensland Australia.

Tasman Goldfields Limited is a gold and mineral exploration company operating in Australia, Papua New Guinea and New Zealand.

2. Standards and Interpretations issued but not yet effective

At the date of authorisation of the financial report, a number of Standards and Interpretations were in issue but not yet effective.

Initial application of the following Standards is not expected to have any significant impact on the financial report of the Group and the company:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
• AASB 8 'Operating Segments' and AASB 2007-3	1 January 2009	30 June 2010
• AASB 101 'Presentation of Financial Statements'	1 January 2009	30 June 2010
• AASB 2 'Vesting Conditions and Cancellations'	1 January 2009	30 June 2010
• AASB 3 'Business Combinations'	1 July 2009	30 June 2010
• AASB 127 'Consolidated and Separate Financial Statements'	1 July 2009	30 June 2010
• AASB 1 and AASB 127 Amendment- 'Cost of Investment in Subsidiary, Jointly Controlled Entity or Associate'	1 January 2009	30 June 2010
• Amendment to AASB 139 and AASB 7 'Reclassification of Financial Assets'	1 July 2008	30 June 2009
• Group Cash- settled Share-based Payment Transactions – Amendments to IFRS	1 January 2010	30 June 2010
• AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations'	1 January 2009	30 June 2010
• Improvements to IFRSs (2009)	1 July 2009	30 June 2010
• Interpretation 17 Distributions of Non-Cash Assets to Owners and AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17 Distributions of Non-Cash Assets to Owners	1 July 2009	30 June 2010
• Improvements to IFRS's (2008)	1 January 2009	30 June 2010

3. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law. The financial report includes the separate financial statements of the company and the consolidated financial statements of the Group.
The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The financial statements were authorised for issue by the Directors **on 29 September 2009.**

Basis of preparation

The financial report has been prepared on the basis of historical cost. Cost is based on the fair value of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which considers the realisation of assets and the settlement of liabilities in the normal course of business activities. As at 30 June 2009 the consolidated entity has a net current liability position of $937,722, principally as a result of deferred consideration aggregating $1,122,601 payable in respect of Challenger Mines Limited. As disclosed in Note 15, the Company has the option to settle a substantial portion of this liability through issuance of shares.

Also as at 30 June 2009 the company has commitments of $1,170,840 in respect of minimum expenditure required under exploration permits and mineral leases. In order for the Company to undertake committed exploration activities and continue planned operations it will have to raise additional capital. The consolidated entity has the opportunity to enter into joint venture arrangements to fulfil ongoing exploration expenditure (**refer Note 33**) or apply for expenditure exemptions.

The Directors are of the opinion that the basis upon which the financial statements are prepared is appropriate in the circumstances as the Directors believe that they can raise sufficient funds to meet their committed activities and continue planned operations. However, in the event the consolidated entity could not raise additional equity capital or realise funds through the sale of assets there is significant uncertainty as to whether the consolidated entity could continue as a going concern and therefore, whether it will realise its assets at the amounts as shown in the financial statements and extinguish liabilities in the normal course of business. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company and/or the consolidated entity not continue as going concerns.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

a) Principles of Consolidation

The consolidated financial information comprises the financial statements of Tasman Goldfields Limited and its subsidiaries as at 30 June 2009.

Subsidiaries are all those entities controlled by the Company. Control exists where the parent entity has the capacity to govern the financial and operating policies of the subsidiary so as to obtain benefits from their activities. A list of controlled entities is shown at **note 25**.

All intercompany balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. The financial information of the subsidiaries are prepared for the same reporting period as Tasman Goldfields Limited and using consistent accounting policies

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

b) Business Combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

All identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

c) Segment Information

The Group's primary segment reporting format is geographical segments, which are a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments. The Group's secondary reporting format is business segments, which are a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments.

The Group operates in the mineral exploration industry, both within Australia and internationally.

d) Foreign Currency Translation

Functional and presentation currency
The functional currency of each of the Group's operations is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the functional currency of the company and its Australian subsidiaries and presentation currency.

Transaction and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

The financial results and position of foreign subsidiaries whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of less than three months, and bank overdrafts.

f) Investment and Other Financial Assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139 Financial Instruments: Recognition and Measurement. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit and loss in the period in which they arise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has a positive intention to hold these investments to maturity. Investments intended to be held for an undefined period are not included in this classification. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation cost using the effective interest rate method. This calculation includes all fees and points paid or other premiums or discounts. For investments carried at amortised cost, gains or losses are recognised when the investments are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets
Available-for-sale financial assets that are non-derivative that are designated available-for-sale or are not included in the above categories. After initial recognition available-for-sale investments are recognised at fair value, with gains or losses recognised in profit and loss being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

g) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure
Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific connection with a particular area of interest.

Exploration and evaluation costs in relation to separate areas of interest for which rights of tenure are current are brought to account in the year in which they are incurred and carried forward provided that:

- such costs are expected to be recouped through successful development and exploitation of the area, or alternatively through its sale; or
- exploration and/or evaluation activities in the area have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Once a development decision has been taken, all past evaluation expenditure in respect of the area of interest is reclassified as capitalised costs of development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

Impairment
The Group assesses at each reporting date whether there is an indication that an asset has been impaired and for exploration and evaluation cost whether the above carry forward criteria are met.

The recoverable amount of exploration and evaluation assets is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Any impairment losses are recognised in profit or loss.

Accumulated costs in respect of areas of interest are written off or a provision made in the income statement when the above criteria do not apply or when the Directors assess that the carrying value may exceed the recoverable amount. The costs of productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis.

Provisions are made where farm-in partners are sought and there is a possibility that carried forward expenditures may have to be written off in the future if a farm-in partner is not found. In the event that farm-in agreements are reached or the Group undertakes further exploration in its own right on those properties, the provisions would be reviewed and if appropriate, written back.

Development expenditure
Development expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises net direct costs and, in the same manner as for exploration and evaluation expenditure, an appropriate portion of related overhead expenditure having a specific connection with the development property.

All expenditure incurred prior to the commencement of commercial levels of production from each development property is carried forward to the extent to which recoupment out of revenue to be derived from the sale of production from the relevant development property, or from the sale of that property, is reasonably assured.

No amortisation is provided in respect of development properties until a decision has been made to commence mining. After this decision, the costs are amortised over the life of the area of interest to which such costs relate on a production output basis.

Restoration
Provisions for restoration costs are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Remaining mine life
In estimating the remaining life of the mine at each mine property for the purpose of amortisation and depreciation calculations, due regard is given not only to the volume of remaining economically recoverable reserves but also to limitations which could arise from the potential for changes in technology, demand, product substitution and other issues that are inherently difficult to estimate over a lengthy time frame.

h) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. The carrying value of the plant and equipment also includes costs eligible for capitalisation. Other costs relating to plant and equipment are expensed when incurred.

Land and buildings are measured at cost, less accumulated depreciation on buildings.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

	Depreciation Rate
Buildings	2% - 4%
Plant and equipment	4% - 40%

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Disposal
An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

i) Impairment of Non Financial Assets

Non financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

j) Trade and Other Payables

Trade and other payables are carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the period that are unpaid and arise when the Group becomes obligated to make future payments in respect of the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

k) Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the balance date. Employee benefits expected to be settled within one year, have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows.

l) Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising fair value of the original debt less principal payments and amortisation.

The fair value of original debt is measured by discounting the balance due at the Company's estimated weighted average cost of capital of 11.65%.

m) Share Based Payment Transactions

Equity Settled Transactions
The Group has provided benefits to certain key management personnel and the Company Secretary in the form of share-based payments, where services were rendered in the period prior to the initial public offer in exchange for shares in the Company (equity-settled transactions). The shares granted were not subject to any vesting conditions.

The Group also provides benefits to certain key management personnel and the Company Secretary in the form of options.

The Group currently has an Employee Option Plan (EOP), which provides benefits to directors and senior executives.

The cost of these equity-settled transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by reference to relevant market rates for the time, commitment and responsibilities for the work performed.

The cost of the equity-settled transactions has been recognised, together with a corresponding increase in equity, at the date of the granting of the shares and options.

n) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

o) Revenue Recognition

Interest income
Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the asset.

p) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

q) Goods & Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

GST receivable from or payable to, the Australian Taxation Office has been accounted for and included as part of receivables or payables in the balance sheet.

Cash flows are presented in the cash flow statement on a gross basis except for the GST component of investing activities, which are disclosed as operating cash flow.

r) Loss per Share (EPS)

Basic loss per share
Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group, excluding any costs of servicing equity other than shares, by the weighted average number of shares outstanding during the financial year, adjusted for any bonus elements in shares issued during the year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential shares.

s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration and development activities undertaken, it is probable that an outflow of benefits will be required to settle the obligation and the provision can be measured reliably. The estimated future obligations include the costs of restoring the affected exploration and evaluation areas contained in the Group's tenements.

The provision for future restoration is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. Future restoration costs will be reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date. The initial estimate of restoration and rehabilitation relating to exploration and evaluation assets is capitalised into the cost of the related asset and is amortised on the same basis as the related asset. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same way, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

t) Interests in a Jointly Controlled Operation

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A jointly controlled operation involves use of assets and other resources of the venturers rather than establishment of a separate entity. The Group recognises its interest in the jointly controlled operation by recognising its interest in the assets and the liabilities of the joint venture. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the jointly controlled operation.

4. Critical accounting judgements and key sources of estimation uncertainty

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgements

Impairment of assets and exploration and evaluation expenditure
The Company determines whether non-current assets should be assessed for impairment based on identified impairment triggers. At each reporting date management assesses the impairment triggers based on their knowledge and judgement. Where an impairment trigger is identified, an estimate of future cash flows or fair value is required.

During the financial year the Consolidated Group made an assessment of the carrying value of its exploration assets. As the result of the assessment of the economic recoverability and the planned relinquishment of mining tenements the Consolidated Group made a provision for impairment of $5,258,907 against the carrying value of its exploration and evaluation expenditure.

Impairment of Plant Property and Equipment
During the financial year the Consolidated Group made an assessment of the carrying value of the Mining Plant owned by Challenger Mines Limited and determined the fair value to be nil. As the result of this assessment the Consolidated Group made a provision for impairment of $686,262 against the carrying value of the Mining Plant.

Impairment of receivables from subsidiaries
During the financial year the Company increased its provision for non-recovery to $3,770,303 based on an assessment of underlying net assets of the Consolidated Group.

Impairment of investment in subsidiaries
During the financial year the Consolidated Group made a provision for impairment against the capitalised exploration and evaluation expenditure for Golden Pacific Resources Pty Ltd. The Company considered the underlying value of the assets of Golden Pacific Resources Pty Ltd and made a provision for impairment of $2,954,200 against its investment in Golden Pacific Resources Pty Ltd.

Recoverability of Deferred Tax Assets
Deferred tax assets are not recognised for deductible temporary differences as Directors consider that it is not probable that future taxable profits will be available to utilise those temporary differences.

(ii) Significant accounting estimates and assumptions

Contingent Liabilities and Contingent Assets
The Company assesses contingent liabilities and contingent assets at each reporting date and will account for them only if:
a) they can be reliably measured;
b) the probability that an asset or liability will eventually be recognised is greater than remote; and
c) the items are considered material.

Estimate of Useful lives of assets
The estimation of the useful lives of assets has been based on historical experience. In addition the condition of the assets is assessed at least once per year and considered against the remaining useful life.

Share-based payment transactions
The Group measures the cost of equity-settled transactions with directors and others by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Binomial model.

Rehabilitation and Restoration Provision
The Group reviews rehabilitation requirements for its exploration and tenements on an annual basis by undertaking an in-house analysis of the costs to rehabilitate its sites, based on present obligations.

5. Business and geographical segments

Information on business segments

The Group currently operates in one segment being mineral exploration.

Information on geographical segments

The Group operations are based predominantly in Australia, New Zealand and Papua New Guinea.

Segment revenues

	Australia		New Zealand		Papua New Guinea		Total	
	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $	2009 $	2008 $
Revenue	97,908	106,498	149	21,098	-	-	98,057	128,046
Result								
Segment results	(3,013,193)	(528,154)	(335,938)	(111,156)	(3,372,976)	-	(6,722,107)	(639,310)
Unallocated expenses	-	-	-	-	-	-	-	-
Loss before tax and finance costs	(3,013,193)	(528,154)	(335,958)	(111,156)	(3,372,976)	-	(6,722,107)	(639,310)
Finance costs	(89,971)	(212,590)	-	-	-	-	(89,971)	(212,590)
Loss before income tax	(3,103,164)	(740,744)	(335,958)	(111,156)	(3,372,976)	-	(6,812,078)	(851,900)
Assets and Liabilities								
Segment assets	4,202,081	10,816,030	407,196	580,674	41,793	209,654	4,651,070	11,606,358
Unallocated assets	-	-	-	-	-	-	-	-
Segment liabilities	1,440,235	2,272,781	23,250	63,360	10,639	43,242	1,474,124	2,379,383
Unallocated segment liabilities	-	-	-	-	-	-	-	-
Other segment information								
Capital expenditure	580,673	753,337	4,148	169,314	493,040	2,896,014	1,077,861	3,818,665
Depreciation	(80,223)	(140,382)	(4,105)	(738)	-	-	(84,328)	(141,120)
Impairment losses	(2,476,049)	(12,688)	(131,706)	-	(3,337,414)	-	(5,945,169)	(12,688)

6. Other expenses

Loss for the year includes the following expenses:

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Administrative				
Travel	16,785	67,362	4,433	13,700
Legal	16,775	15,739	13,797	3,886
Accounting fees	59,832	32,644	17,655	26,155
Office Rent	57,190	15,832	51,871	10,030
Audit fees	79,414	55,107	65,485	53,605
Other	121,943	62,851	79,113	31,240
	351,939	249,535	232,354	138,616

	Consolidated		Company	
Employee Benefits				
Charged to income statement				
Options granted to key management personnel	-	28,730	-	28,730
Salaries and wages	438,728	333,534	309,916	281,706
	438,728	362,264	309,916	310,436
Capitalised to exploration and evaluation costs				
Salaries and wages	128,809	128,482	-	-

7. Income taxes

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Tax expense/(benefit) comprises:				
Current tax expense/(benefit)	-	-	-	-
Total tax expense/(benefit)	-	-	-	-

The prima facie income tax expense on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Loss from continuing operations	(6,812,078)	(851,900)	(6,779,324)	(888,837)
Income tax benefit calculated at 30%	(2,043,623)	(255,570)	(2,033,797)	(266,651)
Tax effects of amounts which are not deductible in calculating taxable income	-	72,298	-	36,854
Deferred tax losses and temporary differences not brought to account	2,043,623	183,272	2,033,797	229,797
Total tax expense/(benefit)	-	-	-	-
Deferred tax loss not brought to account in equity	309,475	309,475	309,475	309,475

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
The following deferred tax assets/ liabilities have not been brought to account:				
Share issue costs	185,685	247,580	185,685	247,580
Unused tax losses	1,736,678	1,420,633	423,303	169,413
Deferred tax assets not recognised by foreign subsidiaries	504,547	181,151	-	-
Provision for impairment	-	-	886,260	-
Provision for doubtful debts	-	-	1,131,091	126,000
Accruals	8,045	3,900	8,045	3,900
Provision for restoration and rehabilitation	42,000	42,000	-	-
Exploration and evaluation expenditure	(1,019,395)	(1,229,771)	(58,500)	(4,806)

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:
(i) assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deductions to be realised;
(ii) conditions for deductibility imposed by the law are complied with; and
(iii) no changes in tax legislation adversely affecting the realisation of the benefit from the deductions.

No deferred tax asset has been recognised as it is not considered probable that there will be sufficient future taxable profits available against which the unused tax losses can be utilised in the foreseeable future.

8. Cash and cash equivalents

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Cash at bank and on hand	208,200	2,293,890	199,327	2,155,875
	208,200	2,293,890	199,327	2,155,875

9. Trade and other receivables

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
<u>Current</u>				
Other debtors	188,202	55,203	176,589	6,717
	188,202	55,203	176,589	6,717

10. Receivables

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
<u>Non Current</u>				
Options on mining tenements at cost (iv)	-	25,333	-	-
Security deposits – bank guarantee (i), (iv)	94,113	94,113	94,113	94,113
Options on mining tenements at cost (ii), (iv)	-	69,617	-	52,500
Deposits and environmental bonds – mining tenements (iii), (iv)	252,024	208,055	25,056	25,056
	346,137	397,118	119,169	171,669

(i) The Group has arranged bank guarantees in favour of the Queensland Department of Employment, Economic Development and Innovation against the Group meeting its obligations in relation to the Miclere tenements. The guarantees are covered by cash balances held with the Group's bankers ANZ Banking Group Limited;

(ii) On 1 November 2006, Tasman entered into an option agreement with LDR Operations Pty Ltd ACN 093 863 560 ('LDRO') and Vincent Smith as joint and several trustee of the LDR Creditors and Members Trust ('LDR'). Under that agreement Tasman had the option to purchase EPM13667 within the later of 2 years of the date of the agreement or 7 days after notice of the renewal of EPM13667 (whichever is the later). Cost of the option included a non-refundable option fee of $7,500 plus GST. During the financial year Tasman made a payment of $52,500 and acquired EPM13667.

(iii) The deposits and environmental bonds relate to mining tenements held by Challenger Mines Limited in NSW and other Australian based projects; and

(iv) The fair value of the options, deposits and bonds cannot be reliability measured as variability in the range of reasonable fair value estimates is significant. As a result the assets are reflected at cost.

11. Investments in and receivables from subsidiaries

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Investments carried at cost:				
Non-current				
Investments in subsidiaries (i)	-	-	2,954,400	2,954,400
Provision for impairment	-	-	(2,954,200)	-
	-	-	200	2,954,400
Loans carried at amortised cost:				
Non-current				
Loans to subsidiaries (ii)	-	-	6,430,826	4,420,497
Less possible non-recovery	-	-	(3,770,303)	(420,000)
	-	-	2,660,523	4,000,497
	-	-	2,660,723	6,954,897
Disclosed in the financial statements as:				
Non-current investments in and receivables from subsidiaries	-	-	2,660,723	6,954,897
	-	-	2,600,723	6,954,897

(i) The Company holds fully paid ordinary shares in its wholly owned subsidiaries. The fair value of the investment in the Group's unlisted subsidiaries cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, the assets are reflected at cost. During the financial year a review of exploration results on the Malaumanda joint venture (EL1235) was completed which led to a decision to exit the joint venture. Subsequent to that decision, the Company considered the underlying value of the assets of Golden Pacific Resources Ltd and made a provision for impairment of $2,954,200.

(ii) The loans to the subsidiaries are unsecured, non interest bearing, have no fixed repayment date and are subject to annual review. The fair values of the loans are measured as the amount advanced. As at 30 June 2009, the company does not expect the settlement of the loans to the subsidiaries within the next twelve (12) months. During the financial year the Company increased its provision for non-recovery to $3,770,303.

12. Property, plant and equipment

	Consolidated Freehold land at cost $	Consolidated Plant and equipment at cost $	Consolidated Total $	Company Plant and equipment at cost $	Company Total $
Balance at 1 July 2008	510,000	919,196	1,429,196	-	-
Additions	-	5,799	5,799	3,430	3,430
Balance at 30 June 2009	510,000	924,995	1,434,995	3,430	3,430
Accumulated depreciation/ amortisation and impairment					
Balance at beginning of period	(3,497)	(150,361)	(153,858)	-	-
Impairment loss (i)	-	(686,262)	(686,262)	-	-
Depreciation expense	(3,208)	(81,120)	(84,328)	(820)	(820)
Balance at 30 June 2009	(6,705)	(917,743)	(924,448)	(820)	(820)
Net book value as at 30 June 2009	503,295	7,252	510,547	2,610	2,610

	Freehold land at cost $	Plant and equipment at cost $	Total $	Plant and equipment at cost $	Total $
Balance at 1 July 2007	510,000	912,000	1,422,000	-	-
Additions	-	7,176	7,176	-	-
Balance at 30 June 2008	510,000	919,176	1,429,176	-	-
Accumulated depreciation/ amortisation and impairment					
Balance at beginning of period	(289)	(12,369)	(12,658)	-	-
Depreciation expense	(3,208)	(137,992)	(141,200)	-	-
Balance at 30 June 2008	(3,497)	(150,361)	(153,858)	-	-
Net book value as at 30 June 2008	506,503	768,815	1,275,318	-	-

12. Property, plant and equipment (continued)

(i) During the financial year the Consolidated Group made an assessment of the carrying value of the Mining Plant owned by Challenger Mines Limited and determined that the its fair value to be nil. As the result of this assessment the Consolidated Group made a provision for impairment of $686,262 against the carrying value of the Mining Plant.

Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Buildings	3,208	3,208	-	-
Plant and equipment	81,120	137,992	820	-
	84,328	141,200	820	-

13. Exploration and evaluation expenditure

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Gross carrying value:				
Balance at beginning of period	7,584,829	3,773,340	16,021	16,021
Acquisition through purchase of investment in subsidiaries	-	2,896,014	-	-
Additions	1,072,062	915,475	183,312	-
Disposals	-	-	-	-
Balance at end of financial year	8,656,891	7,584,829	199,333	16,021
Accumulated depreciation/amortisation and impairment				
Balance at beginning of period	-	-	-	-
Impairment expense (i)	(5,258,907)	-	(4,333)	-
Balance at end of financial year	(5,258,907)	-	(4,333)	-
At the end of the financial year book value net of accumulated amortisation and impairment (ii)	3,397,984	7,584,829	195,000	16,021

(i) During the financial year the Consolidated Group made an assessment of the carrying value of its exploration assets. As the result of the assessment of the economic recoverability and the planned relinquishment of mining tenements the Consolidated Group made a provision for impairment of $5,258,907 against the carrying value of its exploration and evaluation expenditure.

(ii) The above amounts represent capitalised costs of exploration areas of interest carried forward as an asset in accordance with the accounting policy set out in **note 3 (g)**. The ultimate recoupment of the exploration and evaluation expenditure in respect to the areas of interest carried forward is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively the sale of the underlying areas of interest for at least their carrying value. Amortisation, in respect to each relevant area of interest is not charged to the income statement until a mining operation is commenced or when tenements are relinquished.

14. Trade and other payables

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Trade, other payables and accrued expenses (i),(ii)	184,705	171,273	150,816	64,671
	184,705	171,273	150,816	64,671

(i) There has been no interest charged on the trade payables.

(ii) Included in the other payables for the group is an advance from Mr. G. N. Checketts to Tasman NZ Operations Pty Ltd for $15,938 (2008: $4,672)

15. Other financial liabilities

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Unsecured – at amortised cost				
Current				
Other - deferred consideration payable (i),(ii),(iii)	1,122,601	1,556,074	-	-
Non-current				
Other - deferred consideration payable (i),(iii)	-	499,036	-	-
Total deferred consideration payable	1,122,601	2,055,110	-	-

(i) The Company has entered into an agreement with Golden Cross Resources Limited (GCR) and other parties to acquire 100% of the issued share capital of Challenger Mines Ltd together with land and various mining tenements (the asset) owned by other parties.

The total purchase price contained in the agreement of $3.1 million consists of a mixture of cash and shares and is payable in three tranches. Actual settlement dates and amounts of shares and cash to be paid may vary depending on market conditions. The effect of the deferred settlement is to create a financial liability, the fair market value of which is potentially dependent on:

- the future value of the shares which may be delivered in settlement of the transaction;
- the dates on which the contract conditions are met; and
- the levels of discounts which may result.

In case the Company defaults in making deferred settlement payments, GCR has the right to resume the asset under the terms of the agreement.

(ii) During the financial year the Company paid Golden Cross Resources Limited a total of $872,600 through the issue of 14,160,000 shares at an issue price of $0.0475 per share (**refer note 17**) and the cash payment of $200,000.

(iii) The fair value of the $1.1 million deferred consideration payable has been measured by discounting the balance due at the Company's estimated weighted average cost of capital of 11.65%. The fair value of the deferred consideration at the time of acquisition was $2,824,804, split $2,343,484 for the acquisition of Challenger Mines Ltd and $481,320 for the acquisition of land and other assets from other parties to the agreement. Expired interest charged to income during the financial year was $89,971 (30 June 2008: $212,590).

(iv) Subject to shareholders approval, of the amount provided as a deferred liability, the Group has the discretion to settle the deferred liability by way of issuance of shares. On 25 August 2009 the Company paid Golden Cross Resources Limited a further cash consideration of $95,000. The Company is required to pay a further $1.1 million by 21 January 2010 with a minimum of $200,000 of that amount payable in cash.

16. Provisions

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Current				
Employee benefits (i)	26,818	13,000	26,818	13,000
	26,818	13,000	26,818	13,000
Non-current				
Provision for rehabilitation expenditure (ii)	140,000	140,000	-	-
	140,000	140,000	-	-
	166,818	153,000	26,818	13,000
Provision for rehabilitation expenditure				
Balance at beginning of the period	140,000	140,000	-	-
Balance at end of financial year	140,000	140,000	-	-

(i) The current employee benefits are represented by provisions for annual leave totalling $26,818 (2008: $13,000). The average number of employees during the year was two. The consolidated entity contributes 9% of the employees' wages and salary towards various accumulated superannuation funds.

(ii) The non current provision for rehabilitation expenditure represents the present value of the Director's best estimates of the future sacrifice of economic benefits required to meet environmental liabilities on the Group's tenements.

17. Issued capital

	Consolidated		Company	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
75,633,335 fully paid ordinary shares (2008: 61,473,335)	10,938,217	10,210,617	10,938,217	10,210,617
	10,938,217	10,210,617	10,938,217	10,210,617

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

Company/ Consolidated	**No. 2009**	**$**	**No. 2008**	**$**
Fully paid ordinary shares				
Balance at beginning of the period	60,973,335	10,210,617	21,553,334	2,698,000
Shares issued at $0.25 per share for share in lieu of share issue costs on 21 December 2007	-	-	3,000,000	750,000
Shares issued pursuant to prospectus at $0.25 per share on 21 December 2007	-	-	20,400,000	5,100,000
Shares issued at $0.25 per share to Golden Cross Resources Limited on 17 December 2007	-	-	2,000,000	500,000
Shares issued at $0.21 per share to shareholders in Golden Pacific Resources Limited on 4 March 2008	-	-	14,020,001	2,944,200
Shares issued at $0.09 per share for Longwood Project on 3 September 2008.	500,000	45,000	-	-
Shares issued at $0.0475 per share to Golden Cross Resources Limited on 9 January 2009	14,160,000	672,600	-	-
Share issue costs	-	-	-	(1,781,583)
Balance at end of financial year	75,633,335	10,928,217	60,973,335	10,210,617

Ordinary shares participate in dividends and proceeds on winding up of the Company in proportion to the number of shares held. At shareholders' meetings, each ordinary shares is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. Management controls the capital of the group in order to fund its operations and continue as a going concern. The consolidated entity does not have any externally imposed capital requirements.

At the date of this report there were 14,680,000 fully paid ordinary shares escrowed until 21 December 2009.

Other share options on issue

Details of unissued shares or interests under option as at 30 June 2009 report are as follows:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Tasman Goldfields Limited	2,850,000	Ordinary Shares	30 cents	24 May 2012

Each option entitles the holder to purchase one share. Persons entitled to exercise these options have no right, by virtue of the options, to participate in any share issue by the Company or any other body corporate. A total of 2,850,000 options exercisable at 30 cents on or before 24 September 2012 escrowed until 21 December 2009.

18. Reserves

	Consolidated		Company	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Equity-settled employee benefits	276,886	276,886	276,886	276,886
Foreign Currency Translation Reserve (i)	44,449	-	-	-
	321,335	276,886	276,886	276,886
Option reserve				
Balance at beginning of financial year	276,886	248,156	276,886	248,156
Movements:				
Issue of options pursuant to Executive Option Plan (ii), (iii)	-	28,730	-	28,730
Balance at end of financial year	276,886	276,886	276,886	276,886

18. Reserves (continued)

(i) Represents the foreign exchange differences arising from the translation of the financial statements of the foreign subsidiaries.
(ii) During the 30 June 2007 financial year the Company has granted a total of 450,000 Options pursuant to the Executive Option Plan with a fair value at the time of grant of $46,390. Included in these Options was an entitlement of 300,000 Options which vested to Peter Nicholson after a period of 12 months of service. During the previous financial year, the Company took up $28,730 which represents the proprotion of the total share option expense over the 12 month vesting period that has been allocated to the previous financial year.
(iii) The equity-settled employee benefits reserve arises on the grant of share options to executives and senior employees under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised. Further information about share-based payments to employees is made in **note 29** to the financial statements.

19. Accumulated losses

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Balance at beginning of financial year	(1,260,528)	(408,628)	(1,259,995)	(377,158)
Net loss attributable to members of the parent entity	(6,812,078)	(851,900)	(6,779,324)	(882,837)
Balance at end of financial year	(8,072,606)	(1,260,528)	(8,039,319)	(1,259,995)

20. Loss per share

	Consolidated	
	2009 Cents per share	2008 Cents per share
Basic loss per share		
From continuing operations	10.01	2.20
Total basic loss per share	10.01	2.20
Diluted loss per share		
From continuing operations	10.01	2.20
Total diluted loss per share	10.01	2.20

Basic loss per share

The net loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

	2009 $	2008 $
Net loss	(6,812,078)	(851,900)
Losses used in the calculation of basic loss per share from continuing operations	(6,812,078)	(851,900)

	2009 No.	2008 No.
Weighted average number of ordinary shares for the purposes of calculating basic loss per share and diluted loss per share	68,056,951	39,468,841

	2009 No.	2008 No.
Options	2,850,000	2,850,000

Options are considered potential ordinary shares. The average price of ordinary shares during the reporting period did not exceed the exercise price of the options and as such the options were not considered dilutive. Accordingly the options have not been included in the determination of diluted earnings per share.

21. Dividends

No dividends were paid or proposed during the current or previous financial year.

22. Commitments for expenditure

The consolidated entity has certain obligations to perform exploration work and expend minimum amounts of money on such works on mineral exploration tenements. The possibility of native title claim applications at some future time, under the provisions of the Native Title Act (1993) or the equivalent legislation in New Zealand and Papua New Guinea may affect access to and tenure of exploration tenements. Any substantial claim may have an effect on the value of the tenement affected by the claim. No provision has been made in the accounts for the possibility of a native title claim application.

These obligations will vary from time to time, subject to statutory approval. The terms of current and future joint ventures, the grant or relinquishment of licences and changes to licence areas at renewal or expiry, will alter the expenditure commitments of the consolidated entity.

Total expenditure commitments at balance date in respect of minimum expenditure requirements not provided for in the financial statements are approximately:

(i) Exploration Commitments

Commitments for payments under exploration permits and mineral leases in existence at the reporting date but not recognised as liabilities payable are as follows:

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Exploration and evaluation expenditure				
Not longer than 1 year	1,132,500	1,018,500	-	-
Longer than 1 year and not longer than 5 years	21,087	729,500	-	-
Longer than 5 years	17,253	64,590	-	-
	1,170,840	1,812,590	-	-

(ii) Remuneration commitments

Commitments for payment of salaries under long term employment contracts in existance at reporting date but not recognised as a liability payable:

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Salaries under long term employment contracts				
Not longer than 1 year	243,300	296,775	163,500	150,000
Longer than 1 year and not longer than 5 years	269,775	-	150,000	-
Longer than 5 years	-	-	-	-
	564,075	296,775	313,500	150,000

23. Contingent liabilities and contingent assets

The Group has arranged bank guarantees totalling $94,113 (2008: $94,113) in favour of the Queensland Department of Employment, Economic Development and Innovation against the Group meeting its obligations in relation to the Miclere tenements. The guarantees are covered by cash balances held with the Group's bankers ANZ Banking Group Limited.

The Directors are not aware of any other contingent liabilities or contingent assets that are likely to have a material effect on the results of the Group as disclosed in these financial statements.

24. Leases

Operating leases

Operating leases relate to office leases in Austalian and New Zealand.

The Company has entered into a one year rental agreement for the rent of office premises in Australia. The term of rental agreement is for the year commencing on 15 December 2008 and ending on 14 December 2009. Under the rental agreement the Company has two one year options. The annual office rent is $42,350 excluding goods and services tax and outgoings are levied at a fixed cost of $5,000 per annum. The Company has entered into a sub lease arrangement with Union Resources Limited to sublease half of the office under lease for half amount of the rent and outgoings. Tasman New Zealand Operations Limited has entered into a rental agreement for office premises in New Zealand. The term of the rental agreement is for two year commencing on 1 January 2009 with a further two year option commencing on 1 January 2011. The annual office rent is NZ $5,980 plus outgoings with annual rental review to be conducted on 1 January each year.

24. Leases (continued)

	Consolidated 2009 $	Consolidated 2008 $	Company 2009 $	Company 2008 $
Office rent under long term rental agreements				
Not longer than 1 year	31,441	-	26,043	-
Longer than 1 year and not longer than 5 years	2,752	-	-	-
Longer than 5 years	-	-	-	-
	34,193	-	26,043	-

25. Interests in controlled entities

Name of entity	Country of incorporation	Ownership interest 2009 %	Ownership interest 2008 %
Parent entity:			
Tasman Goldfields Limited (i)	Australia		
Controlled entities:			
Tasman Goldfields Australia Operations Pty Ltd	Australia	100	100
Tasman Goldfields Miclere Pty Ltd (ii)	Australia	100	100
Tasman Goldfields NSW Pty Ltd (ii)	Australia	100	100
Challenger Mines Pty Ltd (ii)	Australia	100	100
Tasman Goldfields Pajingo Pty Ltd (ii)	Australia	100	100
Tasman Goldfields NZ Operations Ltd	New Zealand	100	100
Tasman Goldfields Longwood Limited (ii)	New Zealand	100	100
Tasman Goldfields Otago Limited (ii)	New Zealand	100	100
Golden Pacific Resources Limited	Australia	100	100
Golden Pacific Resources (PNG) Limited (ii)	Papua New Guinea	100	100
Golden New Guinea Ltd (ii)	Papua New Guinea	100	89.2

(i) Tasman Goldfields Limited is the ultimate holding company.
(ii) Investments held through subsidiaries.

The parent entity and its controlled entities are not within a tax-consolidated group.

26. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Cash and cash equivalents	208,200	2,293,890	199,327	2,155,875

(b) Reconciliation of profit for the period to net cash flows from operating activities

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Net loss	(6,812,078)	(851,900)	(6,779,324)	(882,837)
Interest income	(66,496)	(125,459)	(57,733)	(125,459)
Depreciation	84,328	141,120	820	-
Impairment of exploration and evaluation expenditure	5,258,907	-	4,333	-
Impairment loss on plant and equipment	686,262		-	-
Impairment loss on investment	-	-	2,954,200	-
Equity-based remuneration – options	-	28,730	-	28,730
Equity-based remuneration – share based payments	-	-	-	-
Interest on deferred consideration	89,971	212,590	-	-
Provision for doubtful debts	-	-	3,350,303	420,000
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:				
(Increase)/decrease in assets:				
Trade and other receivables	11,853	3,694	1,407	18,204
Prepayments	15,748	-	(10,036)	-
Increase/(decrease) in liabilities:				
Trade and other payables	13,411	(147,926)	85,076	(196,435)
Provisions – employee benefits	13,818	13,000	13,818	13,000
Net cash from operating activities	(704,276)	(726,151)	(437,136)	(724,797)

(c) Non-cash financing and investment activities

Issue of 3,000,000 shares at an issue price of $0.25 per share in lieu of share issue costs	-	750,000	-	750,000
Issue of 2,000,000 at $0.25 per share to Golden Cross Resources Limited	-	500,000	-	500,000
Issue of 14,020,001 shares at $0.21 per share to shareholders of Golden Pacific Resources Limited	-	2,944,200	-	2,944,200
Issue of 500,000 shares at $0.09 per share for the Longwood Project.	45,000	-	45,000	-
Issue of 14,160,000 shares at $0.0475 per shares to Golden Cross Resources Limited	672,600	-	672,600	-

27. Financial instruments

(a) Financial risk management objectives

The senior management and Board monitor and manage the financial risk relating to the operations of the Group. The Group's activities include exposure to market risk, fair value interest rate risk, foreign exchange risk and price risk, credit risk, liquidity risk and cash flow interest rate risk. The overall risk management program focuses on managing these risks and implementing and monitoring of controls over the cash management function. The unpredictability of the finance markets and seeks to mininise the potential adverse effects on the financial performance. There has been no substantive changes in the Group's exposure to financial instrument risks, its objectives, polices and processes for managing these risks or the methods to measure them.

(b) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in **notes 3 and 4** to the financial statements.

(c) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern. The capital structure of the Group includes cash and cash equivalents, equity attributable to equity holders of the parent, comprising of issued capital, reserves and accumulated losses as disclosed in **notes 17, 18 and 19** respectively. The Group operates its exploration and evaluation activities through its wholly owned subsidiaries. None of the Group's entities are subject to externally imposed capital requirements. The Group intends to use a variety of capital market issues to meet anticipated funding requirements. The Group currently has no short-term or long-term borrowings.

(d) Market price risk

The Group is involved in the exploration and development of mining tenements for base metals including gold and cooper. Revenue from any future mining associated with metal sales, the acquisition and disposal consideration for mining tenements and the ability to raise funds through equity and debt will be largely dependent upon the commodity price for resources at the time of the transaction.

(e) Interest rate risk

The Group's cash-flow interest rate risk for assets primarily arises from cash at bank and deposits which are subject to market bank rates. There is no interest receivable or payable on the Group's trade and other receivables or payables. Details of the interest rates and maturities are located in this note. The Group will be exposed to further interest rate risk if it intends to borrow funds in the future for acquisition and development.

(f) Credit risk management

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any provisions for doubtful debts, as disclosed in the balance sheet and notes to the financial statements. The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group. The Group internal policy requires deposits to be held with financial institutions holding a benchmark credit rating. At balance date the cash and deposits were held with the ANZ Banking Group.

(g) Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

(i) the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

(ii) the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on the discounted cash flow analysis; and

(iii) the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

The deferred consideration liability has been accounted for on a discounted using a discounted cash flow analysis applying a discount factor of 11.65%. The Group does have use derivative financial instruments.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets, expenditure commitments and liabilities.

(h) Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services and the holding of assets and liabilities in currencies other than the Group's measurement currency. The Group did not have a material exposure to foreign currency risk during the period to 30 June 2009.

27. Financial instruments (continued)

Maturity profile of financial instruments

The following tables details the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The table have been drawn up based on undiscounted cash flows and details the Group's exposure to interest rate risk as at 30 June 2009 and as at 30 June 2008:

2009	Weighted average effective interest rate %	Less than 1 month $	1-3 months $	3 months to 1 year $	1-5 years $	5 + years $	Total
Financial assets							
Non-interest bearing		188,202	-	-	371,765	-	559,967
Variable interest rate instrument	3.7	208,200	-	-	-	-	208,200
Fixed interest rate instruments		-	-	-	-	-	-
		396,402	-	-	371,765	-	768,167
Financial liabilities							
Non-interest bearing		184,705	-	1,222,601	-	-	1,407,306
		184,705	-	1.222,601	-	-	1,407,306

2008	Weighted average effective interest rate %	Less than 1 month $	1-3 months $	3 months to 1 year $	1-5 years $	5 + years $	Total
Financial assets							
Non-interest bearing	-	-	-	-	397,118	-	397,118
Variable interest rate instrument	6.0	2,293,890	-	-	-	-	2,293,890
Fixed interest rate instruments	-	-	-	-	-	-	-
		2,293,890	-	-	397,118	-	2,691,008
Financial liabilities							
Non-interest bearing	-	171,273	-	1,500,000	600,000	-	2,271,273
		171,273	-	1,500,000	600,000	-	2,271,273

A 1% change in interest rates on interest bearing assets will increase or decrease net loss and accumulated losses by $2,082 (2008: $22,939).

The following tables details the Company's remaining contractual maturity for its non-derivative financial assets and liabilities. The table have been drawn up based on undiscounted cash flows and details the Group's exposure to interest rate risk as at 30 June 2009 and as at 30 June 2008:

2009	Weighted average effective interest rate %	Less than 1 month $	1-3 months $	3 months to 1 year $	1-5 years $	5 + years $	Total
Financial assets							
Non-interest bearing	-	176,589	-	-	2,779,892	-	2,956,481
Variable interest rate instrument	3.7	199,327	-	-	-	-	199,327
Fixed interest rate instruments	-	-	-	-	-	-	-
		375,916	-	-	2,779,892	-	3,155,808
Financial liabilities							
Non-interest bearing	-	150,816	-	-	-	-	150,816
		150,816	-	-	-	-	150,816

A change in interest rates of 1% will increase or decrease net loss and accumulated losses by $1,993.

2008	Weighted average effective interest rate %	Less than 1 month $	1-3 months $	3 months to 1 year $	1-5 years $	5 + years $	Total
Financial assets							
Non-interest bearing	-	6,717	-	-	7,126,566	-	7,133,283
Variable interest rate instrument	6.0	2,155,875	-	-	-	-	2,155,875
Fixed interest rate instruments	-	-	-	-	-	-	-
		2,162,592	-	-	7,126,566	-	9,289,158
Financial liabilities							
Non-interest bearing	-	64,671	-	-	-	-	64,671
		64,671	-	-	-	-	64,671

A change in interest rate of 1% will increase or decrease net loss and accumulated losses by $21,559.

28. Key management personnel compensation

	Consolidated		Company	
	2009	2008	2009	2008
	$	$	$	$
Short-term employee benefits	382,686	347,021	201,803	285,193
Post-employment benefits	13,500	25,679	-	25,679
Other long-term benefits	-	-	-	-
Termination benefits	-	-	-	-
Share-based payment	-	28,730	-	28,730
	396,186	401,430	201,803	401,430

Further details of the key management personnel compensation can be found in the Remuneration Report section of the Directors' Report.

29. Share-based payments

During the 30 June 2007 financial year, 2,400,000 options over ordinary shares in the capital of the Company were granted to the following Directors:-

Directors	Share options Number
Mr. J. G. Park	600,000
Mr. G. N. Checketts	600,000
Mr. A. H. Gates	600,000
Mr. R. H. Skrzecynski	600,000

These Directors' Options have an exercise price of 30 cents per share and are exercisable at any time within 5 years from the date of grant, being 24 May 2007. There is no further service or performance criteria that need to be met in relation to these options granted. The fair value of these options at time of issue was $230,496.

The granting of these options was not dependent on the satisfaction of a performance condition and was issued by the Company as an incentive to attract a suitable Directors and Chairman. In accordance with the terms of the share based arrangement the options vest at the date of the issue.

During the 30 June 2007 financial year, the Company implemented an Employee Share Option Plan and issued 450,000 share options pursuant to the scheme. These Employee Options have an exercise price of 30 cents per share and are exercisable at any time within 5 years from the date of grant. Included in these share options was a total of 300,000 options issued to Mr. P. J. Nicolson which have a 12 month vesting period and a total of 150,000 options were issued to Mr. Garry Gill fully vested, with an aggregate fair value of $46,390.

The following share-based payment arrangements were made to the key personnel during the 30 June 2007 financial year:

Options series	Number	Grant date	Expiry date	Exercise price $	Fair value at grant date $
Directors' Options	2,400,000	24/05/2007	24/05/2012	30 cents	230,496
Employee Options	450,000	24/05/2007	24/05/2012	30 cents	46,390

Inputs into the model	Vested	Vesting over 12 months
Fair Value of Options	$0.096	$0.107
Grant date share price	$0.25	$0.25
Exercise price	$0.30	$0.30
Expected volatility	65%	65%
Risk free rate	6.09%	6.11%

29. Share-based payments (continued)

The following reconciles the outstanding share options provided as share based payments at the beginning and end of the financial year:

	2009		2008	
	Number of options	Weighted average exercise price $	Number of options	Weighted average exercise price $
Balance at beginning of the financial year	2,850,000	$0.30	2,850,000	$0.30
Granted during the financial year	-	-	-	-
Exercised during the financial year	-	-	-	-
Expired during the financial year	-	-	-	-
Balance at end of the financial year	2,850,000	$0.30	2,850,000	$0.30
Exercisable at end of the financial year	2,850,000	$0.30	2,850,000	$0.30

30. Related party transactions

Parent entity

The parent entity in the Group is Tasman Goldfields Limited which was incorporated in Brisbane Australia on 29 September 2006.

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in the subsidiary are disclosed in **note 25** to the financial statements.

(b) Transactions with key management personnel

i. Key management personnel compensation

The aggregate compensation made to key management personnel compensation are disclosed in **note 28** of the financial statements and details of the compensation made to key management personal has been provided in the remuneration report which forms part of the Directors' Report.

ii. Key management personnel equity holdings

Fully paid ordinary shares of Tasman Goldfields Limited held directly or indirectly:

	Balance at 1 July	Granted as compensation	Received on exercise of options	Net other change	Balance at 30 June
	No.	No.	No.	No.	No.
2009					
Mr. J. Park (i)	2,180,000	-	-	73,500	2,253,500
Mr. G. Checketts (i)	5,150,000	-	-	300,000	5,450,000
Mr. T. Gates (former director) (ii)	5,141,318	-	-	-	5,141,318
Mr. R. Skrzeczynski	1,800,000	-	-	-	1,800,000
2008					
Mr. J. Park	2,100,000	-	-	80,000	2,180,000
Mr. G. Checketts (i)	5,100,000	-	-	50,000	5,150,000
Mr. T. Gates (former director) (ii)	600,000	-	-	4,541,318	5,141,318
Mr. R. Skrzeczynski	1,800,000	-	-	-	1,800,000
Mr. P. Nicolson	-	-	-	-	-
Mr. G. Gill	70,000	-	-	-	70,000

(i) Shares acquired on the market.

(ii) A total of 3,000 shares were acquired on market and a further 4,538,318 were acquired pursuant to the scrip for scrip acquisition of Golden Pacific Resources Limited.

30. Related party transactions (continued)

Share options of Tasman Gold Limited

Directors	Balance at 1 July No.	Granted as compensation No.	Exercised No.	Net other change No.	Bal at 30 June (beneficial interest) No.	Bal vested at 30 June No.	Vested but not exercis e-sable No.	Vested and exercisable No.	Options vested during year No.
2009									
Mr. J. Park	600,000	-	-	-	600,000	600,000	-	600,000	-
Mr. G. Checketts	600,000	-	-	-	600,000	600,000	-	600,000	-
Mr. T. Gates	600,000	-	-	-	600,000	600,000	-	600,000	-
Mr. R. Skrzeczynski	600,000	-	-	-	600,000	600,000	-	600,000	-
Mr. P. Nicolson	300,000	-	-	-	300,000	300,000	-	300,000	-
Mr. G. Gill	150,000	-	-	-	150,000	150,000	-	150,000	-
2008									
Mr. J. Park	600,000	-	-	-	600,000	600,000	-	600,000	-
Mr. G. Checketts	600,000	-	-	-	600,000	600,000	-	600,000	-
Mr. T. Gates	600,000	-	-	-	600,000	600,000	-	600,000	-
Mr. R. Skrzeczynski	600,000	-	-	-	600,000	600,000	-	600,000	-
Mr. P. Nicolson	300,000	-	-	-	300,000	300,000	-	300,000	-
Mr. G. Gill	150,000	-	-	-	150,000	150,000	-	150,000	-

Transactions between the Group and other related parties

(a) Other Transactions with Key Management Personnel and Related Parties

i. Acquisition of interest in Longwood joint venture

On 25 July 2007, the consolidated entity entered into a joint venture agreement with Southwest Exploration Limited pursuant to which Southwest Exploration Limited was paid certain fees. On 3 September 2008 the Company issued 500,000 Shares at $0.09 per share. Geoffrey Checketts holds 50% of the shares in Southwest Exploration Limited, and is a Director of that company.

ii. Acquisition of shares in Golden Pacific Resources (GPR)

On 21 August 2007, Tasman, GPR and the shareholders of GPR entered into an option deed whereby Tasman has the option to acquire all of the shares in GPR if certain conditions precedent is satisfied. On 4 March 2008, under the terms of the option the Company issued 14,020,001 fully paid ordinary shares to the previous shareholders of Golden Pacific Resources Limited for all the shares in Golden Pacific Resources Limited in a scrip to scrip transaction. Tony Gates is a former Director of both Tasman and GPR was issued 4,538,318 shares in the scrip for scrip acquisition of Golden Pacific Resources Limited.

During the financial year the Company paid Golden Cross Resources Limited a total of $872,600 through the issue of 14,160,000 shares at an issue price of $0.0475 per share (refer note 17) and the payment of $200,000. On 25 August 2009 the Company had paid Golden Cross Resources Limited a further cash consideration of $95,000 Golden Cross Resources Limited and the Company is required to pay a further $1.1 million by 21 January 2010 with a minimum of $200,000 of that amount payable in cash.

iii. Related Party Loans

As at 30 June 2009 Mr. G. N. Checketts had advanced a total of NZ $19,531 (AUD $15,938) to Tasman Goldfield NZ Operations Ltd a wholly owned subsidiary of the Company (2008: NZ $5,725 AUD $4,672).

iv. Sub lease of Premises

Mr. G. N. Checketts is a director and shareholder in Rosedale Capital Limited. During the financial year Rosedale Capital Limited received rent and outgoings from Tasman Goldfields NZ Operations Limited totaling NZ$4,480 (2008: NZ $8,317).

v. Intercompany receivables

Details of the intercompany receivables are outlined in **note 11**. All amounts advanced to or payable to related parties are unsecured and are subordinate to other liabilities. No interest is charged on the outstanding balances. The amounts outstanding will be settled in cash. No guarantees have been given or received. Provisions for doubtful debts as detailed in **note 11** have been recognised in the period for the recoverability of the amounts owed to the Company by its subsidiaries. Transactions and balances between the Company and its subsidiaries were eliminated in the preparation of the consolidated financial statements of the Group.

31. Acquisition of business and companies

i. Acquisition of Longwood Joint Venture

On 25 July 2007, the Group entered into a joint venture agreement with Southwest Exploration Limited pursuant to which Southwest Exploration Limited was paid certain fees and was issued 500,000 shares at $0.25 per share on 3 September 2008. Mr. G. N. Checketts is a director and shareholder in Southwest Exploration Limited. Under the Longwood Joint Venture Agreement Tasman Goldfields Longwood Ltd and Southwest Exploration Limited entered into an unincorporated joint venture for the development of the permits. The rights and obligations under the Longwood Joint Venture Agreement have been satisfied.

The Group has a 90% interest in the assets which will be the assets of the Longwood joint venture (an unincorporated joint venture). Under the joint venture agreement the Company is required to contribute NZ$125,000 per annum toward exploration expenditure for an initial period of 4 years. Thereafter the Company may extend the agreement for a further two years by agreeing to contribute NZ$250,000 per annum. Tasman must contribute the first two years (NZ$250,000) prior to withdrawing from the joint venture. The Group's interest in the joint venture has been classified in current Other Assets as options on mining tenements. Refer **note 10.**

ii. Acquisition of Companies

Names of businesses acquired	Principal activity	Date of acquisition	Proportion of shares acquired (%)	Cost of acquisition $'000
2008				
Golden Pacific Resources Limited (i)	Mineral Exploration	10 January 2008	100%	2,954,200
Golden Pacific Resources PNG Limited (i)	Mineral Exploration	10 January 2008	100%	-
Golden New Guinea Ltd (i)	Mineral Exploration	10 January 2008	89.2%	-
				2,954,200

(i) On 10 January 2008, the Company announced that it had exercised its option to fully acquire Golden Pacific Resources Limited that has a 60% interest (with a further earn in right to 80%) in Exploration Licence 1235 covering 399km^2 of tenements in the East Sepik District of Papua New Guinea. On 4 March 2008, under the terms of the option the Company issued 14,020,001 fully paid ordinary shares to the previous shareholders of Golden Pacific Resources Limited for all the shares in Golden Pacific Resources Limited in a scrip to scrip transaction. Golden Pacific Resources Limited controls 100% of Golden Pacific Resources PNG Limited and 89.2% ownership of Golden New Guinea Ltd.

	Golden Pacific Resources Limited			
Net assets acquired	Book value $	Fair value adjustment $	Fair value on acquisition $	Fair Value $
Current assets				
Cash and cash equivalents	65,863	-	65,863	
Trade and other receivables	29,537	-	29,537	
Non-current assets				
Exploration and evaluation expenditure	165,957	2,730,057	2,896,014	
Total assets	261,357	2,730,057	2,991,414	
Current liabilities				
Trade and other payables	37,214	-	37,214	
Total liabilities	37,214	-	37,214	
Net Assets	224,143	2,730,057	2,954,200	
Cost of the combination:				
Shares issues				2,944,200
Cash paid				10,000
				2,954,200
Exploration and evaluatuion expenditure				2,730,057

From the date of acquisition to 30 June 2008 Golden Pacific Resources Limited have contributed $602,966 to the loss of the group.

During the financial year the Company acquired the remaining 10.8% of Golden Pacific Resources PNG Limited at a cost of $77,000.

32. Remuneration of auditors

	Consolidated		Company	
	2009 $	2008 $	2009 $	2008 $
Remuneration of Ernst & Young as the auditor of the parent entity				
Audit or review of the financial report	67,000	53,605	67,000	53,605
Related practice of the parent entity auditor				
Other non-audit services – corporate services	-	4,500	-	4,500
	67,000	58,105	67,000	58,105
Amounts due and receivable by other auditors (foreign subsidiaries)				
An audit or review of the financial report of the entity and any other entity in the consolidated entity	13,929	9,000	-	9,000
	13,929	9,000	-	9,000

33. Subsequent events

In July 2009 the Company announced that it had entered into an option agreement for a $25 million Development Joint Venture with Auscan Gold Ltd (the agreement) for the development of the Group's Challenger and Mt Adrah Gold Projects in New South Wales. Under the terms of the agreement the Company will issue a placement of 2.5 million shares at an issue price of 8 cents per share to Auscan Gold Ltd to raise $200,000 and grant Auscan Gold Limited an option to enter into the Development Joint Venture to bring the Challenger Gold Project into production. On 14 September 2009 the Company announced that it had received $200,000 from Auscan Limited representing a placement of 2.5 million shares at an issue price of 8 cents per share. No adjustments have been made to the financial statements at balance date to reflect this transaction.

On 13 July 2009 the Company announced that it had renegotiated the terms of its deferred settlement liability to Golden Cross Resources Ltd relating to the acquisition of the Challenger and Mt Adrah Gold Projects in New South Wales. Under the new terms of the deferred settlement obligation, the Company was required to pay $95,000 in cash to Golden Cross Resources Limited and a further $1.1 million by 21 January 2010 with a minimum of $200,000 of that amount payable in cash. On 25 August 2009 the Company paid Golden Cross Resources Limited $95,000. An amendment was made to the carrying value of the Exploration Assets and the Deferred Settlement Liability to reflect the terms of the renegotiated settlement liability.

On 21 August 2009 the Company announced that it had received a $20,000 option fee and signed an Option Agreement to sell all of the Group's interest in the Miclere Project in Queensland for $835,000. Under the terms of the Option Agreement Casimir Capital (Asia Pacific) Pty Ltd and its client (the Purchasers) have an option until 5 October 2009 to complete due diligence on the Miclere Project. At the end of the option period the Purchasers may elect to acquire the Miclere Project immediately by making a further cash payment of $258,000 and making subsequent payments to the Company over the ensuring 180 days. Casimir Capital (Asia Pacific) Pty Ltd will also be entitled to a facilitation fee for organising the transaction. As at 30 June 2009 the Company has made a provision for doubtful debts of $1,413,763 against the loan receivable of $2,213,763 from Tasman Goldfields Miclere Pty Ltd.

On 16 September 2009 the Company made a placement of 2.5 million ordinary shares at an issue price of 8 cents per share to Auscan Gold Limited.

Additional stock exchange information as at 24 September 2009

Number of holders of equity securities

Ordinary share capital

78,133,335 fully paid ordinary shares.

There is not an on-market buyback.

All issued ordinary shares carry one vote per share.

Options

A total of 2,850,000 options exercisable at 30 cents on or before 24 September 2012 are held by 6 individual option holders.

Options do not carry a right to vote.

Distribution of holders of equity securities

Holdings Ranges	Holders	Total Units	%
1-1,000	2	1,500	0.002
1,001-5,000	16	59,427	0.076
5,001-10,000	90	771,620	0.988
10,001-100,000	253	9,455,793	12.102
100,000 and over	71	67,844,995	86.832
Totals	**432**	**78,133,335**	**100.000**

Substantial shareholders

ORDINARY SHAREHOLDER	FULLY PAID SHARES	%
GOLDEN CROSS RESOURCES LTD	15,000,000	19.198
TANNER INVESTMENTS PTY LTD	7,750,000	9.919
DR LEON EUGENE PRETORIUS	4,642,000	5.941
GEOFFREY NEVILLE CHECKETTS & COOK ADAM TRUSTEES LIMITED <GOLDWAY A/C>	4,600,000	5.887
ROBKIN PTY LTD <PACIFIC EXP CONS S/F A/C>	4,538,318	5.808

Twenty largest holders of quoted equity securities

%

Holder Name		Balance	%
GOLDEN CROSS RESOURCES LTD		15,000,000	24.624
TANNER INVESTMENTS PTY LTD		7,750,000	12.723
DR LEON EUGENE PRETORIUS		4,642,000	7.620
MR ARTHUR MURPHY <THE ARTHUR FAMILY A/C>		2,539,949	4.170
AUSCAN GOLD LIMITED		2,500,000	4.104
GOLDSTYLE NOMINEES PTY LTD		1,701,869	2.794
LEANDA DRILLING (QLD) PTY LTD		1,166,667	1.915
DR LEON EUGENE PRETORIUS		1,100,000	1.806
WARRAMA CONSULTING PTY LIMITED		941,580	1.546
BEACH 302 PTY LIMITED		800,000	1.313
MR LARRY J GIBSON & MS MAUREEN R MORROW & MRS ELAINE R GIBSON		575,000	0.944
MALAUMANDA DEVELOPMENT CORPORATION LTD		561,050	0.921
MR PETER KEMPINSKI & MR PAUL KEMPINSKI <KEMPINSKI S/F A/C>		500,000	0.821
GENERAL TECHNOLOGY PTY LTD <EMPLOYERS SUPER FUND A/C>		400,000	0.657
MR WILLIAM FULCHER <FULCHER SUPER FUND A/C>		354,556	0.582
MR NICKLOAS CHRISTOS SKONIS & MR PHILLIP CHARLES PARKER		340,374	0.559
MR NICHOLAS KESALL & MR ROBERT WOOLNOUGH & MR TROY BEATTIE		340,374	0.559
RONCIO NOMINEES PTY LTD		340,374	0.559
ZELMAN PTY LTD		340,374	0.559
COLOSSEUM SECURITIES PTY LTD <GIGLIA FAMILY A/C>		340,000	0.558
	Total	42,234,167	69.334

Unquoted equity security holdings greater than 20%

Mr. J. G. Park – 600,000 options exercisiable at 30 cents on or before 24 May 2012
Mr. G. N. Checketts – 600,000 options exercisiable at 30 cents on or before 24 May 2012
Mr. A. H. Gates – 600,000 options exercisiable at 30 cents on or before 24 May 2012
Mr. R. H. Skrzecynski – 600,000 options exercisiable at 30 cents on or before 24 May 2012

Tenement Schedule
Tenements held at 30 June 2009

Tenement No	Status	Expiry	Registered Holder	Equity
Challenger Project				
ML 1435	Granted	17/09/19	Challenger Mines Ltd	100%
EL 5728	Renewal	n/a	Challenger Mines Ltd	100%
MC 279	Renewal	09/03/08	Robert Henrick Skrzeczynski	100%
MC 280	Renewal	09/03/08	Anthony Hedley Gates	100%
MC 281	Renewal	09/03/08	Robert Henrick Skrzeczynski	100%
MC 282	Renewal	09/03/08	Tasman Goldfields NSW Pty Ltd	100%
MC 283	Renewal	09/03/08	Tasman Goldfields NSW Pty Ltd	100%
MC 284	Renewal	09/03/08	John Gordon Park	100%
MC 285	Renewal	09/03/08	John Gordon Park	100%
MC 286	Renewal	09/03/08	Challenger Mines Ltd	100%
MC 287	Renewal	09/03/08	Tasman G'fields Aust Ops Pty Ltd	100%
MC 288	Renewal	09/03/08	Tasman G'fields Aust Ops Pty Ltd	100%
MC 289	Renewal	09/03/08	Tasman Goldfields Ltd	100%
MC 290	Renewal	09/03/08	Challenger Mines Ltd	100%
MC 291	Renewal	09/03/08	Tasman Goldfields Ltd	100%
MC 311	Granted	01/02/11	Geoffrey Neville Checketts	100%
MC 312	Granted	01/02/11	Geoffrey Neville Checketts	100%
MC 313	Granted	01/02/11	Anthony Hedley Gates	100%
Miclere Project				
EPM 9453	Granted	18/07/10	Tasman Goldfields Miclere Pty Ltd	100%
EPM 9680	Granted	10/12/09	Tasman Goldfields Miclere Pty Ltd	100%
ML 1765	Granted	31/03/26	Tasman Goldfields Miclere Pty Ltd	100%
ML 1797	Granted	31/07/27	Tasman Goldfields Miclere Pty Ltd	100%
ML 1865	Granted	30/04/25	Tasman Goldfields Miclere Pty Ltd	100%
ML 1883	Granted	30/04/27	Tasman Goldfields Miclere Pty Ltd	100%
ML 1905	Granted	30/09/26	Tasman Goldfields Miclere Pty Ltd	100%
ML 1927	Granted	31/01/27	Tasman Goldfields Miclere Pty Ltd	100%
ML 1928	Granted	30/11/10	Tasman Goldfields Miclere Pty Ltd	100%
ML 1929	Granted	30/11/10	Tasman Goldfields Miclere Pty Ltd	100%
ML 1931	Granted	30/11/10	Tasman Goldfields Miclere Pty Ltd	100%
ML 1939	Granted	30/11/10	Tasman Goldfields Miclere Pty Ltd	100%
ML 1946	Granted	30/11/10	Tasman Goldfields Miclere Pty Ltd	100%
ML 1947	Granted	30/11/10	Tasman Goldfields Miclere Pty Ltd	100%
ML 1954	Granted	31/01/27	Tasman Goldfields Miclere Pty Ltd	100%
ML 1955	Granted	31/10/16	Tasman Goldfields Miclere Pty Ltd	100%
ML 2139	Granted	30/04/12	Tasman Goldfields Miclere Pty Ltd	100%
ML 2140	Granted	31/08/12	Tasman Goldfields Miclere Pty Ltd	100%
ML 1963	Granted	30/06/18	Tasman Goldfields Miclere Pty Ltd	100%
Mt Adrah Project				
EL 6372	Granted	01/02/10	Challenger Mines Ltd	100%
EL 6950	Granted	30/11/09	Tasman Goldfields NSW Pty Ltd	100%
EL 7189	Granted	15/08/10	Tasman Goldfields NSW Pty Ltd	100%
EL 7190	Granted	15/08/10	Tasman Goldfields NSW Pty Ltd	100%
Pajingo Project				
EPM 13667	Granted	19/03/10	Tasman Goldfields Pajingo Pty Ltd	100%
PNG Project				

EL 1235	Granted	11/08/10	Golden Pacific Resources PNG Ltd	60%
EL 1444	Granted	29/05/10	Golden New Guinea Ltd	100%
Otago Project				
EP 40794	Granted	22/06/10	Tasman Goldfields Otago Ltd	100%
Longwood Project				
PP 39342	Renewal	n/a	Tasman Goldfields Longwood Ltd	90%
EP 40567	Granted	13/06/10	Tasman Goldfields Longwood Ltd	90%
EP 40568	Granted	12/06/12	Tasman Goldfields Longwood Ltd	90%
EP 50086	Granted	09/12/12	Tasman Goldfields Longwood Ltd	90%
EP 40852	Granted	04/04/12	Tasman Goldfields Longwood Ltd	90%

CORPORATE DIRECTORY

Corporate directory

Directors	Mr. John G. Park (Chairman) Mr. Geoffrey N. Checketts (Managing Director) Mr. Robert H. Skrzeczynski (Non Executive Director)
Company secretary	Mr. John Haley
Accountant	Mr. Michael J. Ilett
Registered office	Tasman Goldfields Limited Level 2 500 Boundary Road SPRING HILL QLD 4000
Share registry	Registries Limited Level 7 207 Kent Street SYDNEY NSW 2000
Auditors	Ernst & Young 1 Eagle Street BRISBANE QLD 4000
Lawyers	McCullough Robertson Lawyers Level 11, Central Plaza Two 66 Eagle Street BRISBANE QLD 4000
Stock exchange listings	Tasman Goldfields Limited fully paid ordinary shares are quoted on the Australian Securities Exchange
Website address	www.tasmangoldfields.com.au

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.