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ASX/MEDIA RELEASE

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Queensland-based gold exploration company Tasman Goldfields Limited (ASX: TGX) (Tasman, the Company) advises that AusCan Gold Ltd (the counterparty to the Challenger Development Funding Option Agreement as announced to ASX on 13 July) has failed to pay the initial \$200,000 cash payment to Tasman.

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

The parties to the Option Agreement are in discussions aimed at resolving the late payment issue.

As a result of the late payment by AusCan, Tasman now has the opportunity to re-open discussions with another funding party who also submitted a strong proposal.

Despite the delay, Tasman's directors are optimistic that a positive outcome will be achieved.

About Challenger Gold Project

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

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

Tasman's gold resource profile is further enhanced by the Mt Adrah project which is located 15km northwest of Challenger. The project has a JORC compliant resource of 239,000oz at 1.13 g/t gold (3.2 mt @ 1.14 g/t Indicated + 3.4 mt @ 1.13 g/t Inferred).

ENDS

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About Tasman Goldfields

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

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

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

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

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