ACN 009 253 187

ASX QUARTERLY REPORT

for the Period Ended 30th September 2010

HIGHLIGHTS

SA – VULCAN PROJECT

- **13.7 km 2D seismic reflection survey completed successfully at Vulcan. Preliminary data review indicates that the survey will greatly enhance geological understanding of the project and help confirmation of priority drill targets.**

- **Further drilling has been delayed due to wet weather, and is now expected to commence in mid-January 2011.**

CORPORATE

During the quarter, the Company completed the raising of $0.91 million before costs by the issuing of approximately 9.1 million fully paid ordinary shares at an issue price of $0.10 per share via a share purchase plan to existing shareholders.

INVESTMENTS

Fission Energy (Tasman: 28.0% shareholding, fully diluted as at 30th September 2010).

- **At Mt Thirsty, follow up of strong nickel sulphides in hole MTRC015 hit significant nickel sulphides including 2m at 5.9% Ni and 2m at 3.5%. Further drilling is in progress.**
- **Infill drilling of the oxide resource is in progress**
- **Mt Thirsty project showcased at Cobalt Conference in Capetown**

Eden Energy (Tasman: 16.6% shareholding, fully diluted).

- **Eden acquired the 50% interest in the pyrolysis project and the gas to liquids held by the University of Queensland. Eden's wholly owned subsidiary, Hythane Company has commenced the inital scale-up of the**

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pyrolysis technology in Colorado, USA and are now testing and optimising the process.

- **In India, development of Eden's Optiblend® Dual Fuel business continued.**
- **Eden successfully completed a share purchase plan raising $1.3 million.**

DETAILS

IOCGU EXPLORATION: SOUTH AUSTRALIA

Vulcan Project (100% Tasman)

Summary of Recent Drilling Program

Tasman's recent four-hole follow up drilling program at the Vulcan iron-oxide copper gold uranium (IOCGU or Olympic Dam-style) was successfully completed during the Quarter.

Three of the four holes intersected thick zones of IOCGU-style alteration and mineralisation.. **VUD 003** intersected much stronger IOCGU mineralisation than the discovery hole VUD 001, including 7.8m down hole at 1.21% Cu, (and 0.35g/t Au) higher copper grade than the Olympic Dam discovery hole RD 1. This 7.8m zone is included within a much thicker interval of 56.65m at 0.59% Cu, which also included a number of other higher grade zones such as 0.75m at 4.44% Cu, 1.34g/t Au, 0.58kg/t U_3O_8 and 0.65m at 7.82% Cu, 2.41g/t Au and 0.03kg/t U_3O_8, as reported to the ASX on 6th July 2010 (see Table 1 and Figures 2 and 3 below).

VUD 002 and VUD 004, intersected weaker mineralisation than VUD 003, although interestingly, VUD 002 also intersected further anomalous rare earth element concentrations, with one five metre zone (from 947m to 952m down hole) averaging 0.29% Ce and 0.18% La, comparable to levels seen in mineralised hematite-rich breccias at Olympic Dam. VUD 004 intersected a 1.37m thick zone at the basement unconformity averaging 0.91kg/t U_3O_8. Although narrow, this relatively strong uranium mineralisation at this key geological contact may indicate a potentially new target for consideration.

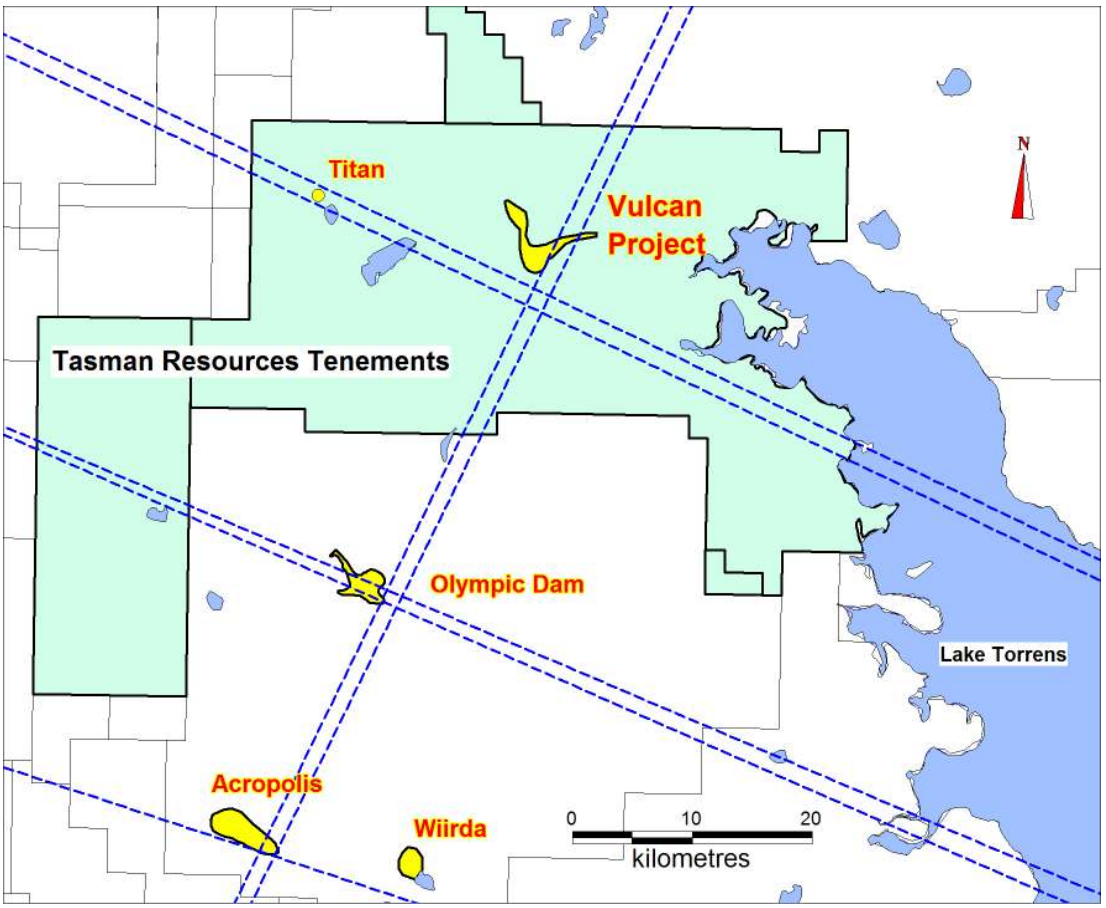


Figure 1: Location Plan showing the Vulcan IOCGU Project, nearby IOCGU deposits/systems and several key (historic) tectonic lineaments (dashed blue lines)

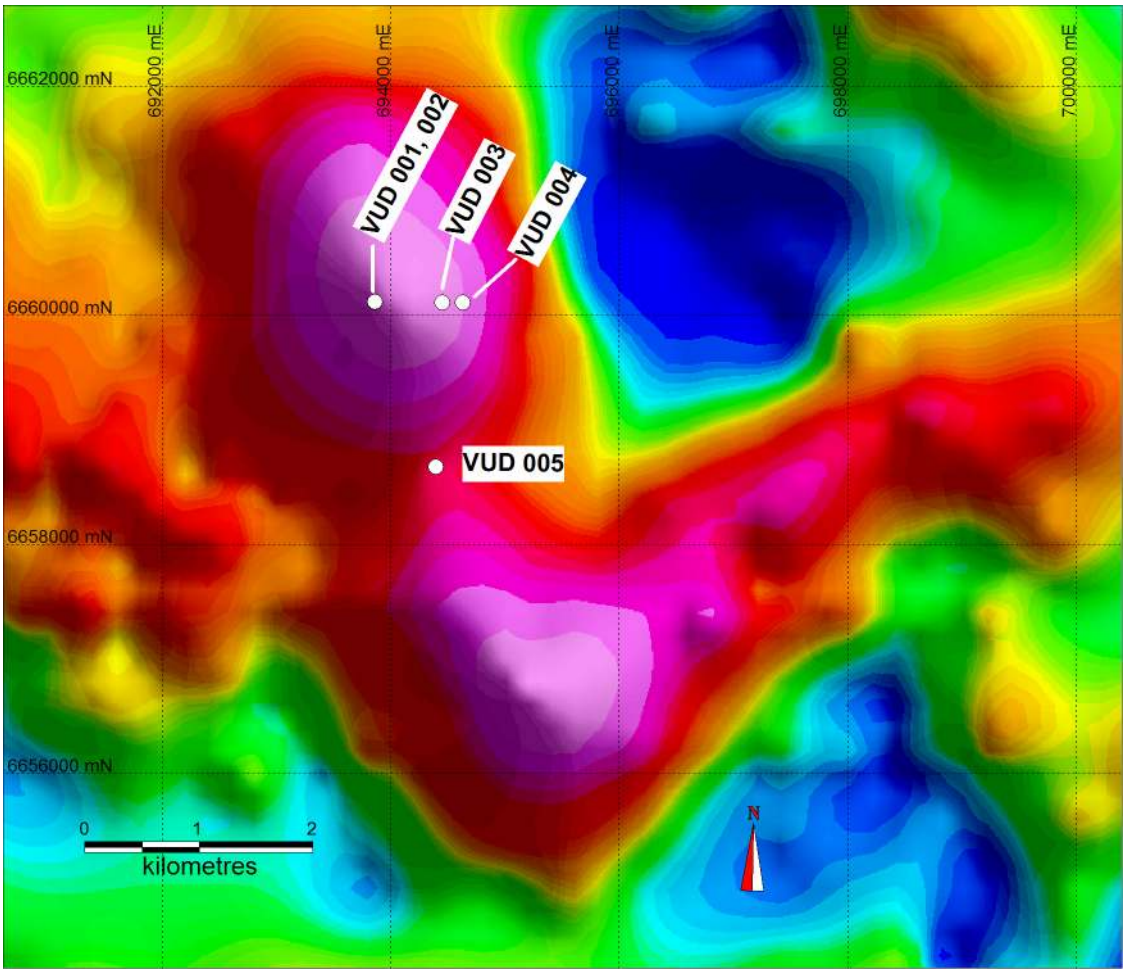


Figure 2: Vulcan residual bouguer gravity image with the location of drill holes VUD 001 to 005.

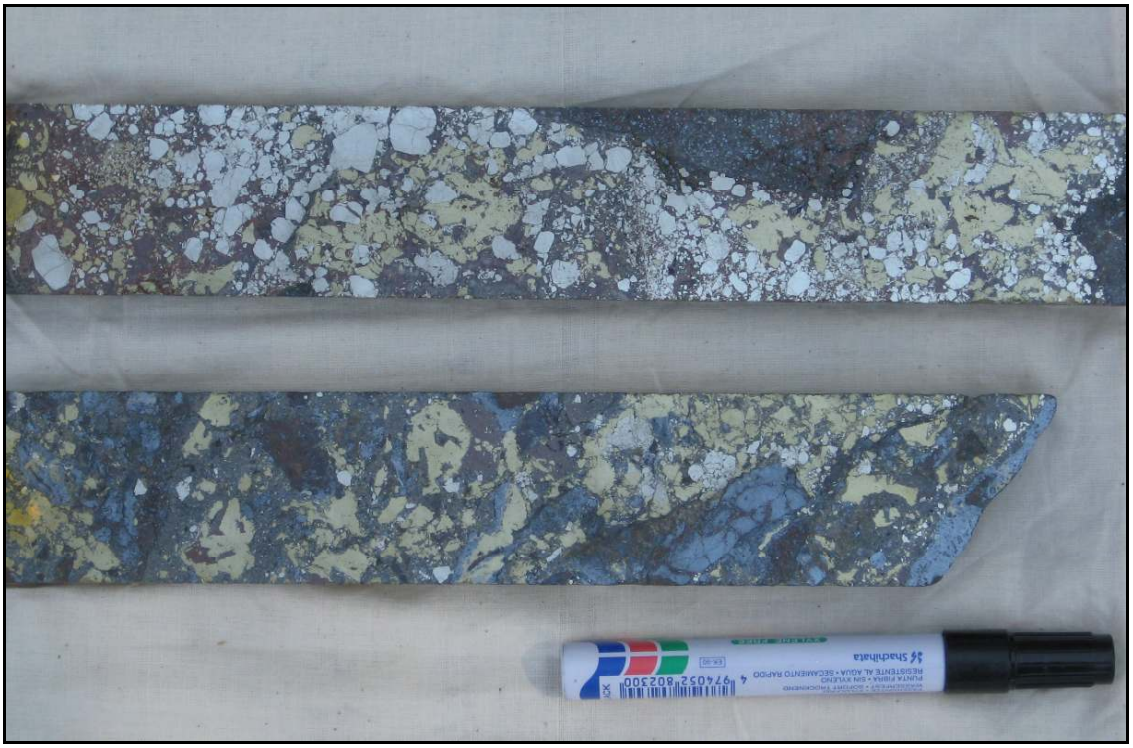


Figure 3: Split core samples from VUD 003 (upper 895.08-895.42m; lower 919.50-9.9.75m), showing yellow chalcopyrite (copper sulphide), white pyrite (iron sulphide), with grey and red hematite (iron oxide) and carbonate.

The fourth hole, VUD 005 intersected a thick zone of a geologically younger sedimentary rock unit called the Pandurra Formation at the same depth as the potentially mineralised basement was expected to be hit (about 840m depth) and the hole was stopped at 1413m without hitting basement.

Table 1: Summarised assay results from the upper part of hole VUD 003.

Intersection No.	From	To	Thickness	Copper %	Gold g/t	U_3O_8 kg/t	Silver g/t
A	874.20	930.85	56.65	0.59	0.17	0.051	0.9
Including							
1	874.20	886.06	11.86	0.56	0.11	0.045	1.2
And							
2	895.08	901.85	6.77	0.81	0.33	0.033	1.3
	Including						
	895.08	*895.42*	*0.34*	*5.85*	*2.23*	*0.025*	*5.8*
And							
3	912.00	919.80	7.80	1.21	0.35	0.144	1.2
	Including						
	914.25	*915.00*	*0.75*	*3.30*	*1.06*	*0.058*	*2.5*
	and						
	919.05	*919.80*	*0.75*	*4.44*	*1.34*	*0.584*	*2.5*
And							
4	930.20	930.85	0.65	7.82	2.41	0.033	4.9
B	944.65	949.48	4.83	0.82	0.32	0.142	2.1

Drill core for assay was halved by diamond sawing, and analysis was performed by a combination of fire assay/solvent extraction and flame AAS, ICP optical emission and mass spectrometry. Averages were calculated by weighting by sample length and density.

Seismic Survey

To delineate the zone of Pandurra Formation sediments hit in VUD 005 and help prioritise drill targets three lines of seismic reflection surveying totalling 13.7km were conducted during the Quarter.

A preliminary review of the data obtained indicates that the survey will greatly enhance our geological understanding of the project and confirm priority drill targets. However further processing and interpretation is required, and this is currently underway.

Exploration Completed To Date: Significance

The main sulphide minerals intersected in these first holes (VUD 001 to VUD 004) are pyrite and chalcopyrite and not the higher tenor bornite or chalcocite as seen in higher grade parts of the Olympic Dam Deposit. However, Vulcan is clearly large enough (about 11km^2, see Figure 2), for significant development elsewhere within the system of this style of higher-grade, and economically more attractive mineral assemblage. Further, individual sections of these holes have returned assays for copper, uranium, gold, cerium and lanthanum that are equivalent to the higher-grade ore mined at Olympic Dam, confirming that the system has the potential to produce high-grade mineralisation.

Forthcoming Program

Tasman's program for the next six months:

- Further drilling of priority targets. It is expected that drilling will now commence in mid-January 2011. The start of drilling has unfortunately been delayed due to wet weather in the eastern states delaying the drilling contractor's prior drilling programs. 4-6 holes are planned in this next programme.
- Work continues towards resolution of heritage matters affecting a portion of the southern part of the gravity target.

Background

Tasman identified Vulcan as a prime IOCGU target in 2009, based on the presence of a very large gravity anomaly (about 11km^2), supporting magnetic and seismic anomalies and Vulcan's location close to key tectonic (structural) lineaments which had previously been used in the original targeting of Olympic Dam by WMC in the 1970s (see Figure1).

Tasman's initial discovery drill hole, VUD 001, intersected Vulcan late in 2009, and further technical investigations confirmed the potential significance of the discovery.

GOLD EXPLORATION: SOUTH AUSTRALIA

Parkinson Dam Epithermal Gold-Silver (Lead-Zinc) Project (Tasman 100%)

Tasman discovered new, outcropping epithermal-style gold and silver mineralisation in 2005, and later hit very encouraging, high grade gold and silver mineralisation in vertical hole **PD 63 (21m at 21g/t Au and 83g/t Ag, including 9m down hole at 31g/t Au and 152g/t Ag)**.

No exploration was conducted at Parkinson Dam during the quarter due to commitments at Tasman's Vulcan Project, and at Mirrica in Queensland.

GOLD - BASE METAL EXPLORATION: QUEENSLAND

Mirrica Project (Tasman 100%)

The Mirrica project is located on the eastern edge of the Simpson Desert approximately 350 km south-southwest of Mt Isa. Tasman's principal exploration target is Mesoproterozoic gold and/or base metal mineralisation under relatively thin cover rocks of the Eromanga Basin and Simpson Desert sands. Tasman has previously conducted a RAB drilling program in part of the tenement.

Krucible Metals Ltd has reported encouraging results from exploration an adjacent tenement to the north of Tasman's Mirrica project. Krucible reported results from its initial drilling programme at Champ Prospect, which included an intersection of 27m at 0.40% Cu from 9m (including 3m at 2.3% Cu from 12m).

During the Quarter Tasman conducted a program of geochemical sampling in the northern part of Tasman's project area, and results are being assessed.

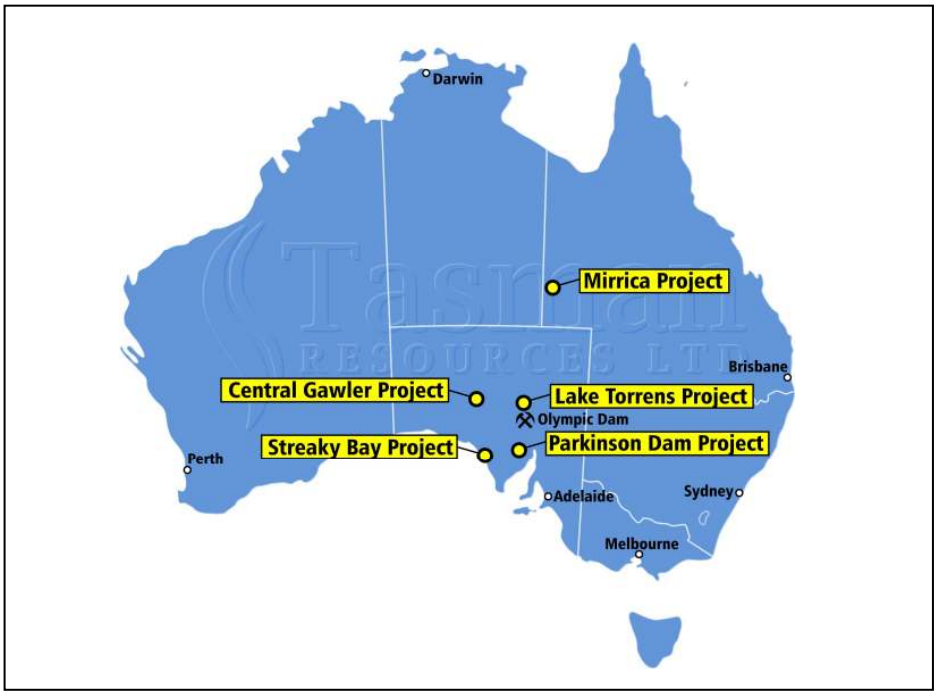


Figure 5: Location of Tasman Project Areas in South Australia and Queensland

Outside interests in Tasman's 100%-owned mineral tenements:

Fission Energy Ltd has the right to explore for uranium in all Tasman's South Australian tenements except for (a) basement-hosted mineralisation within the Lake Torrens Project and (b) part of the Parkinson Dam Project, where Fission farmed out its uranium exploration rights to Mega Hindmarsh Ltd.

Flinders Mining Ltd has a joint venture agreement with Tasman to explore for diamonds within all Tasman's South Australian granted tenements except for the Parkinson Dam Project.

CORPORATE

Capital Raising

During the quarter, the Company completed the raising of $0.91 million before costs by the issuing of approximately 9.1 million fully paid ordinary shares at an issue price of $0.10 per share via a share purchase plan to existing shareholders.

The funds raised are being used to fund the Company's ongoing exploration program and the Company's ongoing working capital requirements.

Investment in Fission Energy Ltd

Tasman has a 28.0% interest in uranium explorer and potential nickel-cobalt producer Fission Energy Ltd (ASX: FIS), on a fully diluted basis as at 30th September 2010.

Mt Thirsty Nickel-Cobalt Project (refer Fission Energy Ltd Quarterly Report for full details)

Fission Energy owns 50% of the Mt Thirsty Nickel-Cobalt Project in WA, with the other 50% held by Barra Resources Limited (ASX: BAR). Mt Thirsty is located 20 kilometres north-northwest of Norseman, Western Australia.

Mt Thirsty Oxide Deposit

Mt Thirsty has a current JORC compliant Indicated Resource of 14.8 million tonnes at 0.14% Co, 0.59% Ni and 0.99% Mn and a JORC compliant Inferred Resource of 14.2 million tonnes at 0.11% Co, 0.52% Ni and 0.77% Mn over an apparent strike of 1.3 kilometres and a width of around 800 metres.

Infill Resource Drilling

Infill resource drilling has commenced and should be completed by mid November. Approximately 150 holes will be drilled for about 7,500m mostly on the western side of the deposit within the current inferred resource. This will allow an updated resource estimation and enable open pit optimisation and mine scheduling studies to be carried out prior to commencement of the PFS.

Mt Thirsty – Nickel Sulphide Exploration

On 19th May the intersection of primary nickel sulphide mineralisation was announced by Fission Energy Limited and 50% joint venture partner Barra Resources Limited. Reverse circulation hole MTRC015 intersected a 6 metre thick zone of massive and stringer nickel sulphides assaying 3.38% nickel at a down hole depth of 201 metres (interpreted to be a vertical depth of approximately 190 metres) adjacent to the footwall basalt-ultramafic contact.

During the quarter, follow-up drilling of the nickel sulphide mineralisation commenced, and six reverse circulation (RC) percussion holes were completed. Two holes intersected further nickel sulphides - MTRC020: 2m down hole at 5.9% Ni and MTRC022: 2m down hole at 3.5% Ni.

Further follow up drilling of this exciting discovery has commenced.

Wynbring Uranium Project (South Australia)

Tasman has sold to Marmota Energy Ltd ("Marmota") its residual interest in Exploration Licence 4526 (formerly 3306) on the Gawler Craton in South Australia and over which Fission Energy Ltd holds the uranium rights, including the Wynbring uranium project. Tasman has received 500,000

Marmota shares as consideration, escrowed for 12 months.

Fission has also sold its uranium rights to EL 4526 in the Wynbring Project to Marmota for a cash consideration of $350,000.

Investment in Eden Energy Ltd

Tasman has a 16.6% interest in alternative energy company Eden Energy Ltd (ASX: EDE), on a fully diluted basis.

Pyrolysis Project

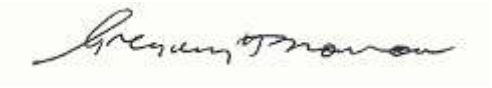
- Eden acquired the 50% interest in the pyrolysis project and the gas to liquids project held by the University of Queensland by the issue of 3.75 million Eden shares.
- Eden's wholly owned subsidiary, Hythane Company has commenced the inital scale-up of the pyrolysis technology in Colorado, USA and are now testing and optimising the process, and preliminary results are encouraging.

India

- Collaboration agreement signed with the Automotive Research Association of India ("ARAI").
- Eden appointed by Woodward Governor as a recognised engine retrofitter ("RER") for large dual fuel engines in India.
- Eden secured sales of two further Optiblend® Dual Fuel Kits to a large tea plantation in Assam in north-eastern India.
- Eden received its first order for an Optiblend® kit im Mumbai for a 1,250KVA generator.

Corporate

- Eden successfully completed a share purchase plan raising $1.3 million



Greg Solomon
Executive Chairman

The interpretations and conclusions reached in this report are based on current geological theory and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for complete certainty. Any economic decisions that might be taken on the basis of interpretations or conclusions contained in this report will therefore carry an element of risk.

The information in this announcement, insofar as it relates to Mineral Exploration activities, is based on information compiled by Robert N. Smith and Michael J. Glasson, who are members of the Australian Institute of Geoscientists, and who have more than five years experience in the field of activity being reported on. Mr Smith and Mr Glasson are full-time employees of the company. Mr Smith and Mr Glasson have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Smith and Mr Glasson consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

It should not be assumed that the reported Exploration Results will result, with further exploration, in the definition of a Mineral Resource.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

TASMAN RESOURCES LTD

ABN

85 009 253 187

Quarter ended ("current quarter")

30 September 2010

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (3 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	59	59
1.2	Payments for (a) exploration & evaluation	(548)	(548)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(176)	(176)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	19	19
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(646)	(646)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	(15)	(15)
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(15)	(15)
1.13	Total operating and investing cash flows (carried forward)	(661)	(661)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(661)	(661)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	890	890
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	890	890
	Net increase (decrease) in cash held	229	229
1.20	Cash at beginning of quarter/year to date	2,087	2,087
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	**Cash at end of quarter**	2,316	2,316

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	108
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Management Fees, as per agreement, were paid during the quarter to a company of which Mr GH Solomon and Mr DH Solomon are directors.
Directors Fees paid during the period.
Legal Fees were paid during the quarter to a firm of which Mr GH Solomon and Mr DH Solomon are partners.
Bona-fide re-imbursement of expenses.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	200
4.2	Development	-
4.3	Production	-
4.4	Administration	150
	Total	**350**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	2,316	2,087
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	2,316	2,087

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	EL 4526	Direct	100%[1]	0%
6.2	Interests in mining tenements acquired or increased				

1 – Excluding uranium rights.

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	193,787,678	193,787,678		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** (*description)*	NOT APPLICABLE			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	20,589,396 1,574,804 2,000,000 3,000,000 401,606 500,000 500,000	20,589,396 NIL NIL NIL NIL NIL NIL	*Exercise price* 10 cents 10 cents 16 cents 16,875 cents 15 cents 12 cents 15 cents	*Expiry date* 30 June 2012 16 April 2012 30 June 2012 20 Nov 2012 8 Feb 2013 26 May 2013 31 May 2013
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*	NOT APPLICABLE			
7.12	**Unsecured notes** *(totals only)*	NOT APPLICABLE			

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.

2 This statement does give a true and fair view of the matters disclosed.

Sign here:  Date: 27 October 2010

(Company secretary)

Print name: Aaron Gates

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

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+ See chapter 19 for defined terms.