Tasman Goldfields Limited

ABN 86 121 985 385

Annual Report for the financial year ended 30 June 2010

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 and/or Managing Director;
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 Chief Executive Officer and/or 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/or Managing Director 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 Chief Executive Officer and/or 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 will be undertaken at a board meeting of the Company by 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 Chief Executive Officer and/or 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 two executive directors and one non-executive director who is an independent director.

Director	Appointed	Non-Executive	Independent
W Gilmour	30 November 2009	No	No
G Glimour	30 November 2009	No	No
G Clatworthy	30 November 2009	Yes	Yes

The Directors are subject to re-election by shareholders. All Directors, apart from the Chief Executive Officer and/or 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 Graeme Clatworthy meets 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.

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

Board Committees
As at the date of this report, the Company does not have an Audit Committee, a Nomination or Remuneration Committee. The full Board of Directors undertake the role of these 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;
- 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.

The Company is reviewing its risk management procedures and is considering 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 will result 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 will identify 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 will be publicly available on the Company's web site at www.tasmangoldfields.com.au

The Company has a number of mechanisms in place to ensure that the management regularly reports on matters relating to risks.

The Board requires management to report to it on whether material business risks are being managed effectively. As management has changed extensively during the year and much of its time has been devoted to sorting out the Company's affairs the Board has yet to receive reports from management as to the effectiveness of the Company's system for managing its material business risks.The Managing Director is currently working with management on a review of material risks.

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	No	5
2.2	The Chairperson should be an independent director.	No	5

	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 respects, 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.	No	2
4.2	Structure the Audit Committee so that it consists of:		
	• only Non-Executive Directors	N/a	
	• a majority of Independent Directors	N/a	
	• an independent Chairperson, who is not chairperson of the Board	N/a	
	• at least three members.	N/a	
4.3	The Audit Committee should have a formal charter.	N/a	
4.4	The Details of the names and qualifications of those appointed to the Audit committee are specified in the Corporate Governance Charter.	N/a	
	The details of the number of meetings of the Audit committee are set out in the Directors Report.	N/a	
	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.	N/a	
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.	No	6
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 an Audit Committee, a Remuneration Committee or a Nomination Committee. 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. As at the date of this report the Board does not have a majority of independent directors. Given the nature of the Company's current business operations the Directors believe that the existing Board composition is optimal. However as circumstances change the Company will, at the appropriate time, make further independent director appointments.

6. The Company iis currently reviewing its risk management procedures.

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 2010. 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. Warren Gilmour – Executive Chairman CPA

Warren was appointed on 30 November 2009 and aged 73 is a Certified Practicing Accountant with post graduate qualifications from the Harvard Business School in Boston USA. Warren has extensive experience at senior levels in both public and private companies in banking, finance and project management.

Directorships over the previous three (3) years include:

- Andean Resources Ltd from October 2003 to November 2009

As Chairman Warren ensures that the Company maintains a suitably balanced, focused and motivated management team.

Mr. Geoffrey Gilmour - Managing Director

Geoffrey appointed on 30 November 2009 and aged 46 is the principal of Willowood Corporate Pty Ltd a Company which advises and raises capital for junior resource companies. Geoffrey was instrumental in the creation of Andean Resources Ltd an emerging gold Company with a market capitaisation in excess of $3.5 billion.

As Managing Director, Geoffrey is responsible for the daily operations and administration of the Company.

Mr.Graeme Clatworthy – Non-Executive Director B Bus (Acc)

Graeme appointed on 30 November 2009 and aged 45 has been involved in the stockbroking industry since 1987. During this period he has worked in areas including Floor Trader, Equities Dealer, Assistant Accountant, Deputy State Manager and Approved Representative of ASX.

Directorships over the previous three (3) years include:

- Yilgarn Gold Ltd (now Kairiki Energy Ltd) from April 2005 to January 2007

Mr. Geoffrey N. Checketts - B.Com, SA Fin, ANZIM, MAusIMM resigned as a director on 30 November 2009.

Mr. Robert H. Skrzeczynski - M.Sc, DIC, B.Sc (Hons), MAusIMM, MSEG resigned as a director on 30 November 2009.

Mr. John G. Park - B.Sc (Hons), FAusIMM, CPMan, MAIME resigned as a director on 30 November 2009.

Company Secretary

Ross Arancini B.Bus CA is the Company's secretary.Ross is a Chartered Accountant who has been in private practice for over 20 years specialising in providing corporate and taxation advice to listed public companies involved in mineral exploration. Ross has been Company secretary of a number of listed and unlisted public companies.

Prior to Mr Arancini's appointment Mr John Haley BCom, MBA, FCA, ACIS was Company Secretary.

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 30 June 2010 was $2,775,542 (2009: $6,812,078).

Review of operations

During the financial year and to the date of this report the Company's activities have focused on maintaining and reviewing its portfolio of gold exploration projects.

In the period to 30 November 2009 under the control of directors Geoffrey Checketts, John Parks and Robert Skrzeczynski the Company unsuccessfully attempted to joint venture its Mt Adrah and Challenger gold projects located in New South Wales and to dispose of its Miclere gold project located in Queensland.

On 30 November 2009 Warren Gilmour, Geoffrey Gilmour and Graeme Clatworthy were appointed directors and Messrs Checketts, Park and Skrzeczynski resigned.

On their appointment the new board commenced an extensive review of the Group's existing projects. As a result of the review all existing tenements in New Zealand were relinquished and New Zealand subsidiary companies placed in voluntary adminstration and are in the process of being liquidated.

Under the guidance of the new board the the Company has begun actively searching for new gold projects that would add to shareholder value. As a result of the new board's efforts, and subsequent to year end, the Company has entered into an agreement to purchase the Kitongo Gold Project in Tanzania. The Company believes this project has further excellent exploration upside.

Changes in state of affairs

During the year the Company issued the following shares and options:

- 2,500,000 shares on 16 September 2009 at $0.08 each pursuant to the terms of an option agreement for the development of the Challenger and Mt Adrah Gold projects;
- 8,000,000 shares on 21 October 2009 at $0.025 each to fund exploration and for working capital;
- 528,000 shares on 21 October 2009 at $0.025 each to corporate advisor Alpha Securities Pty Ltd to advise on capital raising and research for a 12 month period;
- 12,000,000 shares on 14 December 2009 at $0.035 each for working capital;
- 8,571,428 shares on 22 March 2010 at $0.035 each to repay a $300,000 loan made by directors;
- 8,000,000 unlisted incentive options on 23 March 2010 to Warren Gilmour. The options are exercisable at $0.10 each and expire on 22 March 2014;
- 15,350,000 shares on 1 April 2010 at $0.08 to retire debt and for working capital.

In October 2009 Tanner Investments, a Company controlled by Warren Gilmour, requisitioned a general meeting with a view to removing the Company's then current board and making new appointments. There was significant support for the resolutions to be put to shareholders at the meeting which resulted in the resignations of Geoffrey Checketts, John Parks and Robert Skrzeczynski prior to the date of the meeting and the appoitment of the current board.

During the year after an extensive review of the consolidated entity's projects it was decided to relinquish all tenements in New Zealand and liquidate all New Zealand subsidiary companies. At 30 June 2010 all New Zealand subsidiaries had been placed into voluntary liquidation.

Other than the above there was no significant change in the state of affairs of the consolidated entity during the financial year.

Subsequent events

On 30 July 2010 the Company announced that it had enterred into an agreement to acquire the Kitongo Gold Project in Tanzania through the acquisition of 100% of the issued shares of Carlton Resources Pty Ltd.

The Kitongo Gold Project, located in the highly prospective Lake Victoria goldfields of Tanzania, has an inferred gold resource and has significant exploration potential.

The terms of the acquisition agreement are $1.5m cash or, at the election of the Company, $1.25m in Tasman shares. The Company will also be required to meet Carlton's acquisition obligations of $1.63m to IAMGOLD Corporation as follows;

- $180,000 upfront payment;
- $700,000 in the Company's shares on completion;
- $400,000 deferred payment upon commencement of production; and
- $350,000 deferred payment upon first anniversary of commencement of production.

Future developments

The Directors intend to continue to review opportunities for existing projects both in terms of development or sale.

The Directors will continue to assess acquisition opportunities that they believe will create shareholder wealth. The directors have progressed along this path with the acquisition of the Kitongo Gold Project in Tanzania.

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
Tasman Goldfields Limited	8,000,000	Ordinary Shares	10 cents	22 March 2014

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:

Directors	Board of Directors	
	Held	Attended
Mr W Gilmour (appointed 30 November 2009)	5	5
Mr G Gilmour (appointed 30 November 2009)	5	5
Mr G Clatworthy (appointed 30 November 2009)	5	4
Mr. J. Park (resigned 30 November 2009)	5	5
Mr. G Checketts (resigned 30 November2009)	5	5
Mr. R Skrzecynski (resigned 30 November 2009)	5	5

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.W Gilmour	14,892,857	8,000,000
Mr. G Gilmour	6,658,604	-
M. G Clatworthy	3,277,771	-

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 W Gilmour (Non- Executive Chairman) appointed 30 November 2009;
- Mr G Gilmour (Managing Director) appointed 30 November 2009;
- Mr G Clatworthy (Non-Exceutive Director) appointed 30 November 2009;
- Mr R Arancini (Company Secretary) appointed 30 November 2009;
- Mr J Park (Non-Executive Chairman) resigned 30 November 2009;
- Mr G Checketts (Managing Director), resigned 30 November 2009.
- Mr R Skrzecynski (Non Executive Director) resigned 30 November 2009.
- Mr P Nicolson (Exploration Manager) resigned 30 November 2009.
- Mr J Haley (Company Secretary) resigned 30 November 2009.

B. Remuneration policy for key management personnel

The Board of Directors is responsible for determining and reviewing compensation arrangements for 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

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 successful exploration;
- 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 three years to 30 June 2010:

Description	30 June 2010	30 June 2009	30 June 2008
Revenue	$53,964	$98,057	$128,048
Net loss before tax	$2,775,542	$6,812,078	$851,900
Net loss after tax	$2,775,542	$6,812,078	$851,900
Share price at start of year	2.8 cents	12 cents	N/A
Share price at end of year	8 cents	2.8 cents	12 cents
Interim dividend	-	-	-
Final dividend	-	-	-
Return of capital	-	-	-
Basic loss per share	2.89 cents per share	10.01 cents per share	2.2 cents per share
Diluted loss per share	2.89 cents 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	
2010	Salary & fees $	Bonus $	Non-monetary $	Other $	Super-annuation $	$	Options & rights $	Total $
Non-Executive Directors								
Mr G Clatworthy (i)	-	-	-	-	-	-	-	-
Mr J. Park (ii)	6,240	-	-	-	-	-	-	6,240
Mr R Skrzecynski (ii)	4,375	-	-	-	-	-	-	4,375
Executive Director								
Mr W Gilmour (i)	49,500	-	-	-	-	-	397,600	447,100
Mr G Gilmour (i)	37,500	-	-	-	-	-	-	37,500
Mr G. Checketts (ii)	59,500	-	-	-	5,355	-	-	64,855
Company Secretary								
Mr R Arancini (i)	-	-	-	-	-	-	-	-
Mr J. Haley (ii)	3,800	-	-	-	-	-	-	3,800
Senior Management								
Mr P Nicolson (ii)	50,000-	-	-	-	4,500	-	-	54,500

(i) appointed 30 November 2009.

(ii) resigned 30 November 2009.

With respect to the amounts disclosed above, the former directors of the Company have made claims for unpaid remuneration. These claims are for Mr R Skrzecynski ($ 14,438), Mr J Park ($18,750) and Mr G Checketts ($3,000). These amounts are not recorded above or in the results and position at 30 June 2010 as they are subject of dispute by the current directors.

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

(i) Mr. J. Haley was appointed on 3 July 2008.

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

Share-based payments granted as compensation

Current financial year

On 23 March 2010, 8,000,000 options were granted to the following Director:

Director	Share options Number
Mr. W Gilmour	8,000,000

These options have an exercise price of 10 cents per share and are exercisable on or before 22 March 2014. There is no further service or performance criteria that need to be met in relation to these options granted.
The options were granted as a incentive to Warren Gilmour to join the board of the Company as its financial position precluded an offer of a commercially competitve salary

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

Option series	Exercise Price	Number	Grant date	Expiry date	Grant date fair value	Vesting date
Director (i)	10 cents	8,000,000	23/03/2010	22/03/2014	$0.0497	Vested at date of grant.

There is no further service or performance criteria that need to be met in relation to these options.

During the current financial year no options granted to key management personnel were exercised or lapsed.

Previous financial year

No options were granted to key management personnel during the previous financial year.

During the previous financial year no options granted to key management personnel were exercised or lapsed.

Details of existing Options issued to Directors and employees

At 30 June 2010 the following options have been granted to current and previous Directors and employees:

Director	Option series	Share options Number
Mr W Gilmour	Director (i)	8,000,000
Mr J Park	Director (ii)	600,000
Mr G Checketts	Director (ii)	600,000
Mr A Gates	Director (ii)	600,000
Mr R Skrzecynski	Director (ii)	600,000

Employee	Option series	Share options Number
Mr G Gill	Employee (iii)	150,000
Mr P Nicolson	Employee (iv)	300,000

(i) These options have an exercise price of 10 cents per share and are exercisable by 22 March 2014. There are no further service or performance criteria that need to be met in relation to these options.

(ii) These options have an exercise price of 30 cents per share and are exercisable by 24 May 2012. There is no further service or performance criteria that need to be met in relation to these options.

(iii) These options have an exercise price of 30 cents per share and are exercisable by 24 May 2012. There is no further service or performance criteria that need to be met in relation to these options.

(iv) These options have an exercise price of 30 cents per share and are exercisable by 24 May 2012. The options had a 12 month vesting period at the date of grant. This vesting requirement has been satisfied. There is no further service or performance criteria that need to be met in relation to these options.

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
Director (i)	10 cents	8,000,000	23/03/2010	22/03/2014	$0.0497	Vests at date of grant
Director (ii)	30 cents	2,400,000	24/05/2007	24/05/2012	$0.096	Vests at date of grant.
Employee (iii)	30 cents	150,000	24/05/2007	24/05/2012	$0.096	Vests at date of grant.
Employee (iv)	30 cents	300,000	24/05/2007	24/05/2012	$0.107	Vested 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), (ii) and (iii). Series (iv) options were subject to a 12 month vesting period before the interest vests in the recipient. That performance criteria has been satisfied.

Value of options issued to Directors and Executives

Current financial year

During the current financial year 8,000,000 options were granted to Director, Warren Gilmour.

The following table summarises various information in relation to all options granted to Directors and Executives:

Option Series	2007 Value of options granted at the grant date (i) $	2008 Value of options granted at the grant date (ii) $	2010 Value of options granted at the date of grant (iii)	Value of options exercised at the exercise date $	Value of options lapsed at the date of lapse $
Director (i)	-	-	397,600	-	-
Director i(i)	230,496	-	-	-	-
Employee (iii)	14,406	-	-	-	-
Employee (iv)	3,254	28,730		-	-

Notes to the above table:

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

(b) 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 (iv) Employee Options that vested 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 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 were 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 full payment for any unexpired period of the two (2) year minimum term.

Mr Checketts resigned on 30 November 2009.

Mr Pete 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 were 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 Nicolson resigned on 30 November 2009.

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 Haley resigned on 30 November 2009.

Mr Warren Gilmour

Mr. Warren Gilmour has agreed to provide corporate consultancy services to the Company as and when required at a rate of $125 per hour. There is no formal written agreement with Mr Gilmour.

Mr Geoffrey Gilmour

Mr. Geoffrey Gilmourt has agreed to provide corporate and promotional consultancy services as and when required by the Company at a rate of $125 per hour. There is no formal written agreement with Mr Gilmour.

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 Gilmour
Managing Director

Fremantle
28th September 2010

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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 2010, 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

Brad Tozer
Partner
28 September 2010

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Independent auditor's report to the members of Tasman Goldfields Limited

Report on the Financial Report

We have audited the accompanying financial report of Tasman Goldfields Limited, which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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 and International Standards on Auditing. 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.

ERNST & YOUNG

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 consolidated entity's financial position at 30 June 2010 and of its 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.

Inherent Uncertainty Regarding Continuation as a 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 "Basis of preparation", there is significant uncertainty whether the consolidated entity will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its 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 consolidated entity not continue as a going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included on pages 11 to 16 of the directors' report for the year ended 30 June 2010. 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 2010, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Brad Tozer
Partner
Brisbane
28 September 2010

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 and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 3; and

(c) 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 2010.

On behalf of the Directors

Mr Geoffrey Gilmour
Managing Director

Fremantle
28 September 2010

Statement of comprehensive income for the year ended 30 June 2010

	Note	Consolidated 2010 $	2009 $
Continuing operations			
Rental Income		11,838	14,869
Interest revenue		19,099	66,496
Scrap Metal Sales		-	16,692
Option fee		20,000	-
Sundry income		3,027	-
Administrative expenses	6	(545,602)	(351,939)
Employee benefit expenses	6	(544,940)	(438,728)
Depreciation		(3,280)	(84,328)
Exploration and evaluation expenditure		(80,269)	-
Impairment loss on capitalised exploration and evaluation expenditure	13	(1,291,757)	(5,258,907)
Impairment loss on plant and equipment	12	(7,304)	(686,262)
Impairment loss on receivables		(186,299)	-
Impairment loss on land & buildings	12	(91,146)	-
Finance costs		(78,909)	(89,971)
Loss for the year before income tax		(2,775,542)	(6,812,078)
Income tax expense	7	-	-
Loss for the year after income tax		(2,775,542)	(6,812,078)
Other comprehensive income			
Foreign currency translation		25,773	44,449
Total comprehensive income for the year		(2,749,769)	(6,767,629)
Loss for the year is attributable to:			
Owners of Tasman Goldfields Linited		(2,749,769)	(6,767,629)
Total comprehensive loss for the year is attributable to:			
Owners of Tasman Goldfields Limited		(2,749,769)	(6,767,629)
Basic and dliuted loss per share (cents per share)	20	2.89	10.01

Notes to the financial statements are included on pages 26 to 53

Statement of financial position as at 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Current assets			
Cash and cash equivalents	8	356,844	208,200
Trade and other receivables	9	22,335	188,202
Total current assets		379,179	396,402
Non-current assets			
Property, plant and equipment	12	416,132	510,547
Exploration and evaluation expenditure	13	2,281,784	3,397,984
Receivables	10	287,428	346,137
Total non-current assets		2,985,344	4,254,668
Total assets		3,364,523	4,651,070
Current liabilities			
Trade and other payables	14	84,296	184,705
Other financial liabilities	15	-	1,122,601
Provisions	16	-	26,818
Total current liabilities		84,296	1,334,124
Non-current liabilities			
Provisions	16	140,000	140,000
Total non-current liabilities		140,000	140,000
Total liabilities		224,296	1,474,124
Net assets		3,140,227	3,176,946
Equity			
Issued capital	17	13,243,667	10,928,217
Reserves	18	744,708	321,335
Accumulated losses	19	(10,848,148)	(8,072,606)
Total equity		3,140,227	3,176,946

Notes to the financial statements are included on pages 26 to 53.

Statement of changes in equity
for the financial year ended 30 June 2010

	Fully paid ordinary shares $	Share option reserve $	Foreign currency reserve $	Accumulated losses $	Non-controlling Interest $	Total $
PRIOR YEAR						
Balance at 1 July 2008	10,210,617	276,886	-	(1,260,528)	-	9,226,975
Loss for the year	-	-	-	(6,812,078)	-	(6,812,078)
Other comprehensive income	-	-	44,449	-	-	44,449
Total comprehensive loss for the year	-	-	44,449	(6,812,078)	-	(6,767,629)
	10,210,617	276,886	44,449	(8,072,606)	-	2,459,346
Transactions with owners in their capacity as owners						
Issue of shares	717,600	-	-	-	-	717,600
Balance at 30 June 2009	10,928,217	276,886	44,449	(8,072,606)	-	3,176,946
CURRENT YEAR						
Balance at 1 July 2009	10,928,217	276,886	44,449	(8,072,606)	-	3,176,946
Loss for the year	-	-	-	(2,775,542)	-	(2,775,542)
Other comprehensive income	-	-	25,773	-	-	25,773
Total comprehensive loss for the year	-	-	25,773	(2,775,542)	-	(2,749,769)
Movement in foreign currency	-	-	-	-	-	-
	10,928,217	276,886	70,222	(10,848,148)	-	427.177
Transactions with owners in their capacity as owners						
Issue of shares	2,361,200	-	-	-	-	2,361,200
Share issue costs	(45,750)	-	-	-	-	(45,750)
Share based payment	-	397,600	-	-	-	397,600
Balance at 30 June 2010	13,243,667	674,486	70,222	(10,848,148)	-	3,140,227

Notes to the financial statements are included on pages 26 to 53.

Cash flow statement
for the financial year ended 30 June 2010

	Note	Consolidated 2010 $	Consolidated 2009 $
Cash flows from operating activities			
Receipts from customers and Government subsidy received		23,207	16,692
Receipts from rental income		11,838	14,869
Payments to suppliers and employees		(875,841)	(735,837)
Net cash (used in) operating activities	26	(840,796)	(704,276)
Cash flows from investing activities			
Interest received		19,099	66,496
Amounts advanced by related parties		300,000	-
Deferred consideration paid		(1,201,510)	(200,000)
Payments for property, plant and equipment		(7,315)	(5,799)
Payments for security deposits and options		-	(26,295)
Payments for exploration and evaluation		(175,557)	(1,098,814)
Net cash (used in) investing activities		(1,065,283)	(1,264,412)
Cash flows from financing activities			
Proceeds from issues of equity securities		2,061,500	-
Payment for share issue costs		(32,550)	-
Payments for loans advanced		-	(161,451)
Net cash provided by (used in) financing activities		2,028,950	(161,451)
Net increase (decrease) in cash and cash equivalents		122,871	(2,130,139)
Cash and cash equivalents at the beginning of the financial year		208,200	2,293,890
Effects of exchange rate changes on the balance of cash held in foreign currencies		25,773	44,449
Cash and cash equivalents at the end of the financial year	26	356,844	208,200

Notes to the financial statements are included on pages 26 to 53.

Notes to the financial statements for the year ended 30 June 2010

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 from Fremantle. 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 1/1 Nairn Street, Fremantle WA 6160.

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

2. New accounting standards and interpretations

(a) Changes in accouting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 July 2009

- AASB 8 and AASB 2007-3 : Operating Segments and consequential amendments to other Australian Accounting Standards effective 1 July 2009
- AASB 101 (Revised), AASB 2007-8 and AASB 2007-10 Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards effective 1 July 2009

When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

AASB 8 Operating Segments
AASB 8 replaced AASB 114 *Segment Reporting* upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114. AASB 8 disclosures are shown in note 5, including the related revised comparative information.

AASB 101 Presentation of Financial Statements
The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

(b) Accounting 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 2009-5 Further amendments to Australian Accounting Standards arising from the Annual Improvements Process	Periods commencing on or after 1 January 2010	30 June 2011
• AASB 9 Financial Instruments	Periods beginning on or after 1 January 2013	30 June 2014
• AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Periods beginning on or after 1 January 2010	30 June 2011
• AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Periods beginning on or after 1 January 2011	30 June 2012

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 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** 28 September 2010.

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 2010 the Company has commitments of $1,713,000 (2009 : $1,170,840) in respect of minimum expenditure required under exploration permits and mineral leases. In addition, subsequent to the year ended 30 June 2010 the Company has entered into an agreement to acquire the Kitongo Gold Project in Tanzania through the acquisition of 100% of the issued shares of Carlton Resources Pty Ltd. Under the agreement the Company is required to pay $1.5m in cash or, at the election of the Company, $1.25m in Tasman shares. The Company will also be required to meet Carlton's acquisition obligations of $1.63m to IAMGOLD Corporation as follows;

- $180,000 upfront payment;
- $700,000 in the Company's shares on completion;
- $400,000 deferred payment upon commencement of production; and
- $350,000 deferred payment upon first anniversary of commencement of production

In order for the Company to undertake committed exploration activities, meet its obligations under the Kitongo Gold Project acquisition agreement and continue planned operations it will have to raise additional capital.

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 is unable to raise additional equity capital or realise funds through the sale of assets there is significant uncertainty as to whether the consolidated entity will 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 2010.

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 non-controlling 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 statement of comprehensive income, 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

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors. The Board is responsible for allocating resources and assessing performance of the operating segments.

Change in accounting policy
The Group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes to the Board of Directors.

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 statement of comprehensive income, 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 statement of comprehensive income.

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 statement of financial position. These differences are recognised in the statement of comprehensive income 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 statement of comprehensive income 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.

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 reporting date.

Deferred income tax is provided on all temporary differences at the reportingdate 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 reporting 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 reporting 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 reporting 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 statement of financial position.

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 $1,372,026 (2009 : $5,258,907) against the carrying value of its exploration and evaluation expenditure.

Impairment of Plant Property and Equipment
During the previous 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 in the previous year of $686,262 against the carrying value of the Mining Plant.

During the year the Consolidated Group made an assessment of the carrying value of Office Equipment owned by Group companies. As a result of this assessment the Consolidated Group made a provision for impairment of $7,304 (2009 : nil) against the caryying value of Office Equipment.

During the year the Consolidated Group made an assessment of the carrying value of Land and Buildings owned by Group companies. As a result of this assessment the Consolidated Group made a provision for impairment of $91,146 (2009 : nil) against the caryying value of Land and Buildings.

Impairment of receivables from subsidiaries
During the financial year the Company increased its provision for non-recovery to $5,083,183 (2009 : $3,770,303) based on an assessment of underlying net assets of the Consolidated Group.

Impairment of receivable
During the financial year the Company made an assessment of the likely recovery of a loan to a third party. As a result of this asssessment the Company made a provision for impairment of $161,243 (2009 : nil).

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. Segment Information

Description of segments

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

The Group operates in mineral exploration in Australia, New Zealand and Papua New Guinea.

Segment information provided to the Board

	Australia		New Zealand		Papua New Guinea		Total	
	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Total segment revenue	-	-	-	-	-	-	-	-
Total segment expenses	(840,321)	(4,521,068)	(531,705)	(131,706)	-	(606,133)	(1,372,026)	(5,258,907)
Total segment loss	(840,321)	(4,531,068)	(531,705)	(131,706)	-	(606,133)	(1,372,026)	(5,258,907)
Total segment assets	2,250,789	2,969,161	-	394,405	30,995	34,418	2,281,784	3,387,984
Total segment liabilities	(140,000)	(140,000)	-	-	-	-	(140,000)	(140,000)

Other sement information

	2010 $	2009 $
Segment expense reconcile to total expense as follows:		
Segment expense	(1,372,026)	(5,258,907)
Administrative expenses	(545,602)	(351,939)
Employee benefits expense	(544,940)	(438,728)
Depreciation	(3,280)	(84,328)
Impairment losses	(284,749)	(686,262)
Finance costs	(78,909)	(89,971)
Total expenses	(2,829,506)	(6,910,135)
Segment assets reconcile to total assets as follows:		
Segment assets	2,281,784	3,397,984
Current assets	379,179	396,402
Property, plant and equipment	416,132	510,547
Receivables	287,428	346,137
Total assets	3,364,523	4,651.070
Segment liabilities reconcile to total liabilities as follows:		
Segment liabilities	(140,000)	(140,000)
Other liabilities	(84,296)	(1,334,124)
Total liabilities	(224,296)	(1,474,124)
Segment loss reconciles to loss before tax as follows:		
Segment loss	(1,372,026)	(5,258,907)
Revenue from operations	53,764	98,057
Administrative expenses	(545,602)	(351,939)
Employee benefits expense	(544,940)	(438,728)
Depreciation	(3,280)	(84,328)
Impairment losses	(284,749)	(686,262)
Finance costs	(78,909)	(89,971)
	(2,775,742)	(6,812,078)

6. Other expenses

Loss for the year includes the following expenses:

	2010 $	2009 $
Administrative		
Travel	39,165	16,785
Legal	67,116	16,775
Accounting fees	32,750	59,832
Office Rent	23,202	57,190
Audit fees	56,500	79,414
Stock Exchange fees	48,331	20,448
Consultancy fees	234,806	47,378
Other	43,732	54,117
	545,602	351,939

	2010 $	2009 $
Employee Benefits		
Charged to statement of comprehensive income		
Options granted to a director	397,600	-
Salaries and wages	147,340	438,728
	544,940	438,728
Capitalised to exploration and evaluation costs		
Salaries and wages	-	128,809

7. Income taxes

	2010 $	2009 $
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:

	2010 $	2009 $
Loss from continuing operations	(2,775,542)	(6,812,078)
Income tax benefit calculated at 30%	(832,663)	(2,043,623)
Tax effects of amounts which are not deductible in calculating taxable income	119,280	-
Deferred tax losses and temporary differences not brought to account	713,383	2,043,623
Total tax expense/(benefit)	-	-
Deferred tax loss not brought to account in equity	323,200	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.

	2010 $	2009 $
The following deferred tax assets/ liabilities have not been brought to account:		
Share issue costs	134,770	185,685
Unused tax losses	1,873,420	1,736,678
Deferred tax assets not recognised by foreign subsidiaries	360,360	504,547
Accruals	12,000	8,045
Provision for restoration and rehabilitation	42,000	42,000
Exploration and evaluation expenditure	(684,520)	(1,019,395)

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

	2010 $	2009 $
Cash at bank and on hand	356,844	208,200
	356,844	208,200

9. Trade and other receivables

	2010 $	2009 $
Current		
Other debtors	22,335	188,202
	22,335	188,202

10. Receivables

	2010 $	2009 $
Non Current		
Security deposits – bank guarantee (i), (iii)	94,297	94,113
Deposits and environmental bonds – mining tenements (ii)	193,131	252,024
	287,428	346,137

(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 certain mining tenements. The guarantees are covered by cash balances held with the Group's bankers ANZ Banking Group Limited; and

(ii) The deposits and environmental bonds relate to mining tenements held in Australia.

11. Parent entity disclosure

The following details information related to the parent entity, Tasman Goldfields Limited.as at 30 June 2010. The information presented has been prepared using consistent accounting policies as presented in Note 3.

	2010 $	2009 $
Current assets	376,242	375,916
Non-current assets	2,956,754	2,967,502
Total assets	3,332,996	3,343,418
Current liabilities	84,296	177,634
Non-current liabilities	-	-
Total liabilities	84,296	177,634
Contributed equity	13,243,667	10,928,217
Accumulated losses	(10,669,453)	(8,039,319)
Reserves	674,876	276,886
Total equity	3,249,090	3,165,784
Loss for the year	(2,630,134)	(6,779,324)
Total comprehensive loss for the year	(2,630,134)	(6,779,324

Guarantees: No guarantees have been enterred into by the parent entity on behalf of subsidiaries.

Contingent liabilities: The Company has arranged bank guarantees totalling $94,297 (2009: $94,113) in favour of the Queensland Department of Employment, Economic Development and Innovation against the Group meeting its obligations in relation to mining tenements. The guarantees are covered by cash balances held with the Group's bankers ANZ Banking Group Limited.

12. Property, plant and equipment

	Freehold land & buildings at cost $	Plant and equipment at cost $	Total $
Balance at 1 July 2009	510,000	924,995	1,434,995
Additions	-	7,315	7,315
Balance at 30 June 2010	510,000	932,310	1,442,310
Accumulated depreciation/ amortisation and impairment			
Balance at beginning of period	(6,705)	(917,743)	(924,448)
Impairment loss (i)	(91,146)	(7,304)	(98,450)
Depreciation expense	(3,208)	(72)	(3,280)
Balance at 30 June 2010	(101,059)	(925,119)	(1,026,178)
Net book value as at 30 June 2010	408,941	7,191	416,132

	Freehold land & buildings at cost $	Plant and equipment at cost $	Total $
Balance at 1 July 2008	510,000	919,196	1,429,196
Additions	-	5,799	5,799
Balance at 30 June 2009	510,000	924,995	1,434,995
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)
Balance at 30 June 2009	(6,705)	(917,743)	(924,448)
Net book value as at 30 June 2009	503,295	7,252	510,547

12. Property, plant and equipment (continued)

(i) During the financial year the Consolidated Group made an assessment of the carrying value of the freehold land and buildings and plant and equipment and determined that total fair value is $416,132 (2009 : $510,547). As the result of this assessment the Consolidated Group made a provision for impairment of $98,450 (2009 : $686,262) against the carrying value of these assets.

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

	2010 $	2009 $
Buildings	3,208	3,208
Plant and equipment	72	81,120
	3,280	84,328

13. Exploration and evaluation expenditure

	2010 $	2009 $
Gross carrying value:		
Balance at beginning of period	8,656,891	7,584,829
Additions	175,557	1,072,062
Disposals	-	-
Balance at end of financial year	8,832,448	8,656,891
Accumulated depreciation/amortisation and impairment		
Balance at beginning of period	(5,258,907)	-
Impairment expense (i)	(1,291,757)	(5,258,907)
Balance at end of financial year	(6,550,664)	(5,258,907)
At the end of the financial year book value net of accumulated amortisation and impairment (ii)	2,281,784	3,397,984

(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 $1,291,757 (2009 : $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 statement of comprehensive income until a mining operation is commenced or when tenements are relinquished.

14. Trade and other payables

	2010 $	2009 $
Trade, other payables and accrued expenses (i),(ii)	84,296	184,705
	84,296	184,705

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

(ii) Included in 2009 other payables for the group is an advance from Mr G Checketts to Tasman NZ Operations Pty Ltd for $15,938. This amount was repaid during the year.

15. Other financial liabilities

	2010 $	2009 $
Unsecured – at amortised cost		
Current		
Other - deferred consideration payable (i),(ii)	-	1,122,601
Non-current		
Other - deferred consideration payable (i)	-	-
Total deferred consideration payable	-	1,122,601

(i) The Company had 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.

(ii) The total purchase price contained in the agreement of $3.1 million consists of a mixture of cash and shares and was payable in three tranches. During the financial year the Company paid Golden Cross Resources Limited a total of $1,195,000 in cash in full settlement of oustanding obligations. In the prior 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 a cash payment of $200,000.

16. Provisions

	2010 $	2009 $
Current		
Employee benefits (i)	-	26,818
	-	26,818
Non-current		
Provision for rehabilitation expenditure (ii)	140,000	140,000
	140,000	140,000
	140,000	166,818
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 $nil (2009: $26,818).

(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 2010 $	Consolidated 2009 $
122,582,763 fully paid ordinary shares (2009: 75,633,336)	13,243,667	10,938,217
	13,243,667	10,938,217

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	2010 No.	2010 $	2009 No.	2009 $
Fully paid ordinary shares				
Balance at beginning of the period	75,633,335	10,928,217	60,973,335	10,210,617
Shares issued at $0.08 per share on 16 September 2009 pursuant to an option agreement for the development of the Challenger and Mt Adrah Gold projects	2,500,000	200,000	-	-
Shares issued at $0.025 per share on 21 October 2009 to fund exploration and for working capital	8,000,000	200,000	-	-
Shares issued at $0.025 per share on 21 October 2009 to corporate advisor Aplha Securities Pty Ltd to advise on capital raising and research for a 12 month period	528,000	13,200	-	-
Shares issued at $0.035 per share on 14 December 2009 for working capital	12,000,000	420,000	-	-
Shares issued at $0.035 per share on 22 March 2010 to repay a $300,000 loan made to the Company by directors	8,571,428	300,000		
Shares issued at $0.08 per share on 1 April 2010 to retire debt and for working capital	15,350,000	1,228,000		
Shares issued at $0.09 per share fon 3 September 2008 for Longwood Project	-	-	500,000	45,000
Shares issued at $0.0475 per share on 9 January 2009 to Golden Cross Resources Limited	-	-	14,160,000	672,600
Share issue costs		(45,750)	-	-
Balance at end of financial year	122,582,763	13,243,667	75,633,335	10,928,217

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.

Other share options on issue

Details of unissued shares or interests under option as at 30 June 2010 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
Tasman Goldfields Limited	8,000,000	Ordinary Shares	10 cents	22 March 2014

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.

18. Reserves

	Consolidated 2010 $	Consolidated 2009 $
Share option reserve	674,486	276,886
Foreign Currency Translation Reserve	70,222	44,449
	744,708	321,335

Foreign Currency Translation reserve		
Balance at beginning of financial year	44,449	-
Movements:		
Translation adjustments (i)	25,773	44,449
Balance at end of financial year	70,222	44.449
Share Option reserve		
Balance at beginning of financial year	276,886	276,886
Movements:		
Issue of options (ii), (iii)	397,600	-
Balance at end of financial year	674,486	276,886

(i) Represents the foreign exchange differences arising from the translation of the financial statements of the foreign subsidiaries.

(ii) During the Company granted a total of 8,000,000 options to director Warren Gilmour.The options have a fair value at the time of grant of $397,600.

(iii) The Share option reserve arises on the grant of share options to executives and senior employees 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	
	2010	**2009**
	$	**$**
Balance at beginning of financial year	(8,072,606)	(1,260,528)
Net loss attributable to members of the parent entity	(2,775,542)	(6,812,078)
Balance at end of financial year	(10,848,148)	(8,072,606)

20. Loss per share

	2010 Cents per share	**2009 Cents per share**
Basic loss per share		
From continuing operations	2.89	10.01
Total basic loss per share	2.89	10.01
Diluted loss per share		
From continuing operations	2.89	10.01
Total diluted loss per share	2.89	10.01

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:

	2010	**2009**
	$	**$**
Net loss	(2,775,542)	(6,812,078)
Losses used in the calculation of basic loss per share from continuing operations	(2,775,542)	(6,812,078)

	2010	**2009**
	No.	**No.**
Weighted average number of ordinary shares for the purposes of calculating basic loss per share and diluted loss per share	96,258,339	68,056,95

	2010	**2009**
	No.	**No.**
Options	10,850,000	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	
	2010	**2009**
	$	**$**
Exploration and evaluation expenditure		
Not longer than 1 year	535,000	1,132,500
Longer than 1 year and not longer than 5 years	1,178,000	21,087
Longer than 5 years	-	17,253
	1,713,000	1,170,840

(ii) Remuneration commitments for payment of salaries under long term employment contracts in existance at reporting date but not recognised as a liability payable:

	Consolidated	
	2010	**2009**
	$	**$**
Salaries under long term employment contracts		
Not longer than 1 year	-	243,300
Longer than 1 year and not longer than 5 years	-	269,775
Longer than 5 years	-	-
	-	513,075

23. Contingent liabilities and contingent assets

The Group has arranged bank guarantees totalling $94,297 (2009: $94,113) in favour of the Queensland Department of Employment, Economic Development and Innovation against the Group meeting its obligations in relation to mining tenements. The guarantees are covered by cash balances held with the Group's bankers ANZ Banking Group Limited.

At 30 June 2010 the company had received claims of $36,187 for alleged remuneration payable to former directors. The current directors are disputing this amount and believe that no amounts will be paid. No provision is made for these amounts at 30 June 2010.

The group has also received claims for NZ$ 112,914 related to New Zealand subsidiary activities currently in liquidation. Legal advice obtained by the Board indicates no amounts are payable. No provision is made for these amounts at 30 June 2010.

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

The Company has terminated all operating leases in relation to office leases in Austalian and New Zealand.

24. Leases (continued)

	Consolidated 2010 $	Consolidated 2009 $
Office rent under long term rental agreements		
Not longer than 1 year	-	31,441
Longer than 1 year and not longer than 5 years	-	2,752
Longer than 5 years	-	-
	-	34,193

25. Interests in controlled entities

Name of entity	Country of incorporation	Ownership interest 2010 %	Ownership interest 2009 %
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 (A)	New Zealand	100	100
Tasman Goldfields Longwood Limited (ii) (A)	New Zealand	100	100
Tasman Goldfields Otago Limited (ii) (A)	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	100

(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.

(A) These subsidiaries have been placed into voluntary liquidation.

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 statement of financial position as follows:

	Consolidated	
	2010	2009
	$	$
Cash and cash equivalents	356,844	208,200

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

	Consolidated	
	2010	2009
	$	$
Net loss	(2,775,542)	(6,812,078)
Interest income	(19,099)	(66,496)
Depreciation	3,280	84,328
Impairment of exploration and evaluation expenditure	1,291,757	5,258,907
Impairment loss on plant and equipment	7,304	686,262
Impairment loss on receivable	186,299	-
Impairment loss on land and buildings	91,146	-
Equity-based remuneration – share based payments	397,600	-
Interest on deferred consideration	78,909	89,971
(Increase)/decrease in assets:		
Trade and other receivables	(3,853)	11,853
Prepayments	-	15,748
Increase/(decrease) in liabilities:		
Trade and other payables	(71,779)	13,411
Provisions – employee benefits	(26,818)	13,818
Net cash from operating activities	(840,796)	(704,276)

(c) Non-cash financing and investment activities

	2010	2009
Issue of 528,000 shares at $0.025 per share for capital raising and research services provided by Alpha Securities Pty Ltd for a 12 month period	13,200	-
Issue of 500,000 shares at $0.09 per share for the Longwood Project.	-	45,000
Issue of 14,160,000 shares at $0.0475 per shares to Golden Cross Resources Limited	-	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 price risk, foreign exchange 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 statement of financial position 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.

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 2010.

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 2010 and as at 30 June 2009:

2010	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		22,335	-	-	-	-	22,335
Variable interest rate instrument	4.0	356,844	-	-	287,428	-	644,272
Fixed interest rate instruments		-	-	-	-	-	-
		379,179	-	-	287,428	-	666,607
Financial liabilities							
Non-interest bearing		84,296	-	-	-	-	84,296
		84,296	-	-	-	-	84,296

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

A 1% change in interest rates on interest bearing assets will increase or decrease net loss and accumulated losses by $6,447 (2009: $2,082).

28. Key management personnel compensation

	2010 $	2009 $
Short-term employee benefits	210,915	382,686
Post-employment benefits	9,855	13,500
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payment	397,600	-
	618,370	396,186

Further details of the key management personnel compensation can be found in the Remuneration Report section of the Directors' Report. The remunueration report also contains information on disputed remuneration not included in the amounts above.

29. Share-based payments

During the financial year 8,000,000 options over ordinary shares in the capital of the Company were granted to the following Director:-

Director	Share options Number
Mr. W Gilmour	8,000,000

These options have an exercise price of 10 cents per share and are exercisable by 22 March 2014. There is no further service or performance criteria that need to be met in relation to these options. The fair value of these options at time of issue was $397,600.

The granting of these options was not dependent on the satisfaction of a performance condition and was issued by the Company as an incentive.

The key inputs to the Black Scholes model used for valuing the options are:

Inputs into the model		
Fair Value of Options		$0.0497
Grant date share price		$0.08
Exercise price		$0.10
Expected volatility		90%
Risk free rate		4.70%

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

	2010		2009	
	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	8,000,000	$0.10	-	-
Exercised during the financial year	-	-	-	-
Expired during the financial year	-	-	-	-
Balance at end of the financial year	10,850,000	$0.15	2,850,000	$0.30
Exercisable at end of the financial year	10,850,000	$0.15	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 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June No. (iii)
2010					
Mr.W Gilmour	7,750,000	-	-	7,142,857	14,892,857
Mr G Gilmour	-	-	-	6,658,604	6.658,604
Mr. G Clatworhty	1,849,200	-	-	1,428,571	3,277,771
Mr R Arancini	-	-	-	1,428,571	1,428,571
Mr J Park	2,253,500	-	-		2,253,500
Mr G Checketts	5,450,000	-	-		5,450,000
Mr R. Skrzeczynski	1,800,000	-	-		1,800,000
2009					
Mr J. Park	2,180,000	-	-	73,500	2,253,500
Mr G. Checketts	5,150,000	-	-	300,000	5,450,000
Mr R. Skrzeczynski	1,800,000	-	-	-	1,800,000

(i) Messrs Park, Checketts and Skrzeczynski resigned on 30 November 2009.
(ii) Messrs Gilmour, Gilmour, Clatworhty and Arancini were appointed on 30 November 2009
(iii) Shareholding shown at 30 June or at date of resignation where resignation occurred during the year.

Share options of Tasman Goldfields 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. (i)	Vested but not exercis-esable No.	Vested and exercisable No.	Options vested during year No.
2010									
Mr W Gilmour	-	8,000,000	-	-	8,000,000	8,000,000	-	8,000,000	8,000,000
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	-
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	-

(i) Option holdingshown at 30 June or at date of resignation where resignation occurred during the year.

Transactions between the Group and other related parties

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

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

During the previous 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. During the current financial year the Company paid Golden Cross Resources Limited $1,195,000 in full settlement of outstanding obligations.

ii. Related Party Loans

As at 30 June 2009 Mr G Checketts had advanced a total of $15,936 to Tasman Goldfield NZ Operations Ltd a wholly owned subsidiary of the Company. The amount was repaid durng the financial year.

During the year a loan aggregating $300,000 was provided by Mr W Gilmour ($250,000) and Mr Graeme Clatworthy ($50,000) to the Company. The loan was repaid during the year through the issue of share at 3.5 cents each.,

iii. Sub lease of Premises

Mr. G Checketts is a director and shareholder in Rosedale Capital Limited. During the previous financial year Rosedale Capital Limited received rent and outgoings from Tasman Goldfields NZ Operations Limited totaling NZ$4,480.

iv. Consultancy fees

During the financial year the Company paid Willowood Corporate Pty Ltd, a Company related to Mr G Gilmour consultancy fees of $37,500 (2009 : nil).

During the financial year the Company paid Tanner Investments Pty Ltd, a company related to Mr W Gilmour, consultancy fees of $49,500 (2009 : nil).

31. Remuneration of auditors

	Consolidated	
	2010	2009
	$	$
Remuneration of Ernst & Young as the auditor of the parent entity		
Audit or review of the financial report	56,500	67,000
Related practice of the parent entity auditor		
Other non-audit services – corporate services	-	-
	56,500	67,000
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	2,610	13,929
	2,610	13,929

32. Subsequent events

On 30 July 2010 the Company announced that it had entered into an agreement to acquire the Kitongo Gold Project in Tanzania through the acquisition of 100% of the issued shares of Carlton Resources Pty Ltd.

The Kitongo Gold Project , located in the highly prospective Lake Victoria goldfields of Tanzania, has an inferred gold resource and has significant exploration potential..

The terms of the acquisition agreement are $1.5m cash or, at the election of the Company, $1.25m in Tasman shares. The Company will also be required to meet Carlton's acquisition obligationsof $1,63m to IAMGOLD Corporation as follows:;

- $180,000 upfront payment;
- $700,000 in the Company's shares on completion;
- $400,000 deferred payment upon commencement of production;
- $350,000 deferred payment upon first anniversary of commencement of production.

Additional stock exchange information as at 23 August 2010

Number of holders of equity securities

Ordinary share capital
122,582,763 fully paid ordinary shares.

There are 32 unmarketable shareholdings.

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 May 2012 are held by 6 individual option holders and 8,000,000 options exercisable at 10 cents on or before 22 March 2014 are held by one option holder.
Options do not carry a right to vote.

Distribution of holders of equity securities

Holdings Ranges	Holders	Total Units	%
1-1,000	13	2,757	0.002
1,001-5,000	18	58,927	0.048
5,001-10,000	104	875,893	0.715
10,001-100,000	292	12,828,787	10.465
100,000 and over	150	108,816,399	88.770
Totals	**577**	**122,582,763**	**100.000**

Substantial shareholders

ORDINARY SHAREHOLDER	FULLY PAID SHARES	%
GOLDEN CROSS RESOURCES LTD	15,000,000	12.237
W&C GILMOUR SUPERANNUATION FUND	14,892,857	12.149
DR LEON EUGENE PRETORIOUS	7,742,000	6.315
GEOFFREY MARK GILMOUR	6,658,604	5.432

Twenty largest holders of quoted equity securities

Holder Name	Balance	%
GOLDEN CROSS RESOURCES LTD	15,000,000	12.237
WARREN GIMLOUR & CATHERINE GILMOUR <W&C GILMOUR SUPER FUND A?C>	14,892,857	12.149
GEOFFREY MARK GILMOUR	6,658,604	5.432
DR LEON EUGENE PRETORIUS	6,642,000	5.418
ROBKIN PTY LTD <PACIFIC EXP CONS S/F A/C>	4,538,318	3.702
GRAEME JOHN CLATWORTHY <G CLATWORTHY FAMILY A/C>	3,277,771	2.674
COLOSSEUM SECURITIES PTY LTD <GIGLIA FAMILY A/C>	2,541,869	2.074
JOHN GORDON PARK & SHIRLEY PATRICIA PARK <PARK SUPER FUND A/C>	2,100,000	1.713
ARTHUR MURPHY <THE ARTHUR FAMILY A/C>	1,546,449	1.262
STONECOT PTY LTD	1,500,000	1.224
DEVIPO PTY LTD	1,428,571	1.165
RED OAKS PTY LTD	1,428,571	1.165
GREAT EASTERN HOLDINGS PTY LTD <NAMBUNG UNIT A/C>	1,200,000	0.979
LEANDA DRILLING (QLD) PTY LTD	1,166,667	0.952
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LTD <BERNDALE A/C>	1,151,455	0.939
DR LEON EUGENE PRETORIUS	1,100,000	0.897
BAMBER INVESTMENTS PTY LTD	1,000,000	0.816
CLAUDIA SARA SIMONE CARROLL	1,000,000	0.816
KILKEE PTY LTD <PETERSON FAMILY A/C>	1,000,000	0.816
ROBERT SKRZECZYNSKI	1,000,000	0.816
TRETHEWAY PTY LTD <WEST/AUST A/C>	1,000,000	0.816
Total	71,173,132	58.061

Unquoted equity security holdings greater than 20%

W&C GILMOUR SUPER FUND – 8,000,000 options exercisable at 10 cents on or before 22 March 2014
JOHN PARK – 600,000 options exercisiable at 30 cents on or before 24 May 2012
GEOFFREY CHECKETTS – 600,000 options exercisiable at 30 cents on or before 24 May 2012
ANTHONY GATES – 600,000 options exercisiable at 30 cents on or before 24 May 2012
ROBERT SKRZECYNSKI – 600,000 options exercisiable at 30 cents on or before 24 May 2012

Tenement Schedule
Tenements held at 30 June 2010

Tenement No	Status	Expiry	Registered Holder	Equity
Challenger Project				
ML 1435	Granted	27/09/19	Challenger Mines Ltd	100%
EL 5728	Granted	16/04/11	Challenger Mines Ltd	100%
MC 279	Granted	09/03/08	Robert Henrick Skrzeczynski	100%
MC 280	Granted	09/03/08	Anthony Hedley Gates	100%
MC 281	Granted	09/03/08	Robert Henrick Skrzeczynski	100%
MC 282	Granted	09/03/08	Tasman Goldfields NSW Pty Ltd	100%
MC 283	Granted	09/03/08	Tasman Goldfields NSW Pty Ltd	100%
MC 284	Granted	09/03/08	John Gordon Park	100%
MC 285	Granted	09/03/08	John Gordon Park	100%
MC 286	Granted	09/03/08	Challenger Mines Ltd	100%
MC 287	Granted	09/03/08	Tasman G'fields Aust Ops Pty Ltd	100%
MC 288	Granted	09/03/08	Tasman G'fields Aust Ops Pty Ltd	100%
MC 289	Granted	09/03/08	Tasman Goldfields Ltd	100%
MC 290	Granted	09/03/08	Challenger Mines Ltd	100%
MC 291	Granted	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	Renewal pending	18/07/10	Tasman Goldfields Miclere Pty Ltd	100%
EPM 9680	Renewal pending	07/12/09	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	Renewal pending	01/02/10	Challenger Mines Ltd	100%
EL 7189	Renewal pending	15/08/10	Tasman Goldfields NSW Pty Ltd	100%
EL 7190	Renewal pending	15/08/10	Tasman Goldfields NSW Pty Ltd	100%
PNG Project				
EL 1444	Renewal pending	29/05/10	Golden New Guinea Ltd	85%

Corporate directory

Directors	Mr. Warren Gilmour (Chairman) Mr. Geoffrey Gilmour (Managing Director) Mr. Graeme Clatworthy (Non Executive Director)
Company secretary	Mr. Ross Arancini
Registered office	Tasman Goldfields Limited 1/1 Nairn Street FREMANTLE WA 6160
Share registry	Registries Limited Level 7 207 Kent Street SYDNEY NSW 2000
Auditors	Ernst & Young 1 Eagle Street BRISBANE QLD 4000
Lawyers	Johnson Winter Slattery Level 1, London House 216 St George's Tce PERTH WA 6000
Stock exchange listings	Tasman Goldfields Limited fully paid ordinary shares are quoted on the Australian Securities Exchange
Website address	www.tasmangoldfields.com.au