



# ANNUAL REPORT

for the Year Ended 30 June 2012

Tasman Resources Ltd  
& Controlled Entities  
ABN: 85 009 253 187



**Tasman**  
RESOURCES LTD

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## HIGHLIGHTS FOR THE YEAR TO 30 JUNE 2012

### Vulcan Project (EL 4322)

- During the year no further drilling was conducted at the Vulcan iron-oxide copper gold uranium (IOCGU-style) Project located approximately 30km north of Olympic Dam in SA. A total of eight holes have previously been drilled at Vulcan by Tasman, with all having intersected IOCGU-style alteration and/or mineralisation. Dating of selected samples from Vulcan has confirmed that the mineralisation belongs to the same “family” of deposits as Olympic Dam, Prominent Hill and Carapateena.
- In October 2011 Tasman announced the signing of a conditional Farm-in/ Joint Venture agreement (the Agreement) with Rio Tinto Exploration (RTX) in respect of EL4322 which incorporates Tasman’s 100% owned Vulcan iron-oxide copper gold uranium (IOCGU-style) Project located approximately 30km north of Olympic Dam in SA.

The conditional Agreement had the following key provisions:

- RTX to pay Tasman an initial A\$10 million (the first milestone payment) upon the Agreement becoming unconditional.
- Tasman to then undertake an estimated A\$5 million exploration program that includes at least 12,000 metres of drilling within the first 12 months of the Agreement.
- RTX can then elect to earn a 55% interest in the Agreement by:
  - paying to Tasman a further A\$7 million; and
  - within 3 years of electing to farm-in, fund the delineation of a JORC compliant Inferred mineral resource and completing a concept study; or
  - expending a further A\$25 million on exploration costs,
 whichever shall be the earlier.
- Tasman can then either retain a 45% interest and thereafter contribute or, if not, RTX may, at its election, increase its interest to 80% by either:
  - completing a pre-feasibility study within a further 5 years; or
  - expending a further A\$50 million on exploration costs,
 whichever shall be the earlier.
- If RTX earns an 80% interest, Tasman then has the right to either:
  - maintain a 20% interest, contributing to future funding; or
  - offer to sell its 20% to RTX (which RTX must purchase) for an agreed value or at fair market value.
- One of the key conditions affecting the Agreement was Tasman obtaining Aboriginal heritage clearance from the native title claimants for exploration drilling within the southern, and believed to be the most prospective part of Vulcan.
- In July 2012, Aboriginal heritage clearance to conduct drilling from most of the identified drill sites was obtained, and accordingly, the Agreement with RTX became unconditional in early August 2012.
- Drilling of 12,000 metres of drilling pursuant to the first exploration programme under the Agreement at Vulcan commenced in early September 2012.
- Under the Agreement RTX paid to Tasman \$1million as part of the first milestone payment during the year ended 30 June 2012 and upon the Agreement becoming unconditional in August 2012 RTX paid to Tasman the remaining \$9million being the balance of the first milestone payment of \$10million.
- Tasman is managing and funding the initial 12,000m of drilling in consultation with RTX, which must be completed within 12 months.
- At the end of the initial drilling programme, after reviewing the results, RTX may elect to earn a 55% interest by paying a further \$7 million to Tasman and expending a further \$25 million on exploration, or to withdraw.

## Lake Torrens Outlying Tenements

- On 13<sup>th</sup> June 2012 Tasman announced the sale of five Exploration Licences and one Exploration Licence Application to BHP Billiton pursuant to two conditional agreements for a total consideration of \$3 million. The sale was conditional upon a number of conditions including Ministerial consent and BHP Billiton internal approval. On 10 September 2012 BHP Billiton terminated both agreements.

## Other Prospects

- Tasman completed two diamond drill holes at its Lucas Hill prospect on the Stuart Shelf, approximately 25km south east of Woomera. Alteration and weak copper mineralisation were intersected in both holes.
- No further exploration was conducted at Tasman's epithermal gold-silver prospect at Parkinson Dam. Other companies have expressed interest in farming in, although no agreements were reached.
- Tasman has a 19% interest (fully diluted) in Fission Energy Ltd. Fission owns 50% of the Mt Thirsty nickel-cobalt-manganese oxide deposit in Western Australia.
- Tasman has a 22.9% interest (fully diluted) in alternative energy company Eden Energy Ltd, which is involved in production, development and marketing of hydrogen-based fuels and interests in coal seam gas, conventional hydrocarbons and innovative production of carbon nanotubes.

## CORPORATE DIRECTORY

### DIRECTORS:

Gregory H Solomon **LLB** (Executive Chairman)  
Douglas H Solomon **BJuris LLB (Hons)** (Non-Executive)  
Guy T Le Page **B.A., B.Sc. (Hons), M.B.A., F.FIN., MAusIMM** (Non-Executive)

### COMPANY SECRETARY:

Aaron P Gates **BCom CA ACSA**

### REGISTERED OFFICE:

Level 15  
197 St Georges Terrace  
Perth  
Western Australia 6000  
Tel +61 8 9282 5889  
Fax +61 8 9282 5866  
Email: [mailroom@tasmanresources.com.au](mailto:mailroom@tasmanresources.com.au)  
Website: [www.tasmanresources.com.au](http://www.tasmanresources.com.au)

### SOLICITORS:

Solomon Brothers  
Level 15  
197 St Georges Terrace  
Perth WA 6000

Minter Ellison  
1 King William Street  
Adelaide SA 5000

### AUDITORS:

Grant Thornton (Audit) Pty Ltd  
Chartered Accountants  
Level 1  
10 Kings Park Road  
West Perth WA 6005

### SHARE REGISTRY:

Advance Share Registry Services  
150 Stirling Highway  
Nedlands WA 6009

### STOCK EXCHANGE LISTING:

ASX Code: TAS (ordinary shares)

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.

## REVIEW OF OPERATIONS

The Company has exploration licences and applications located in South Australia covering a range of commodities – gold, silver, copper and uranium, for which the company's tenements are considered prospective.

Tasman Resources Ltd holds a 100% interest in the following exploration projects:

- The Lake Torrens IOCGU Project comprising Exploration Licences 4206, 4300, 4322, 4405 and EL 4857.
- The Lucas Hill IOCGU Project, consisting of EL 4770 and EL Application 2011/299.
- The Parkinson Dam Epithermal Gold - Silver Project (EL 4475).
- The Central Gawler Gold - Nickel Project (EL 4868, and ELAs 2010/59 and 2010/233).

## EXPLORATION RESULTS

During the year, the Company spent \$1.3 million on various exploration activities. Details of the results of the exploration are outlined below.

### ***Lake Torrens Iron-oxide, Copper-Gold Uranium (IOCGU) Project (100% Tasman)***

No further drilling was conducted at Vulcan Project, but two deep diamond drill holes were completed at Tasman's Lucas Hill prospect, located approximately 25km southeast of Woomera.

A conditional Farm-in/Joint Venture agreement (the Agreement) was reached with Rio Tinto Exploration Pty Ltd (RTX) in October 2012 over Exploration Licence 4322 (see Figure 1), located immediately north of BHP Billiton's Olympic Dam deposit and containing Tasman's Vulcan Project. The terms of the Agreement are set out below.

The Agreement became unconditional in August 2012, following the successful Aboriginal heritage clearance of certain key drill targets.

### **Vulcan Project**

As stated above, in October 2011, a conditional Farm-in/JV Agreement (the Agreement) over Tasman's Exploration Licence EL 4322 in SA that hosts the Vulcan IOCGU prospect was signed with RTX. The Agreement has the following key provisions:

- RTX to pay Tasman an initial A\$10 million upon the Agreement becoming unconditional as a first milestone payment.
- Tasman to undertake an estimated A\$5 million exploration program that includes 12,000m of drilling within the first 12 months of the Agreement.
- RTX can then elect to earn a 55% interest in the Agreement by:
  - paying to Tasman a further A\$7 million; and
  - within 3 years of electing to farm-in, fund the delineation of a JORC compliant Inferred Mineral Resource and completing a concept study; or
  - expending a further A\$25 million on exploration costs,
 whichever shall be the earlier.
- Tasman can then either retain a 45% interest and thereafter contribute or, if not, RTX may, at its election, increase its interest to 80% by either:
  - completing a pre-feasibility study within a further 5 years; or
  - expending a further A\$50 million on exploration costs,
 whichever shall be the earlier.
- If RTX earns an 80% interest, Tasman then has the right to either:
  - maintain a 20% interest, contributing to future funding; or
  - offer to sell its 20% to RTX (which RTX must purchase) for an agreed value or at fair market value.

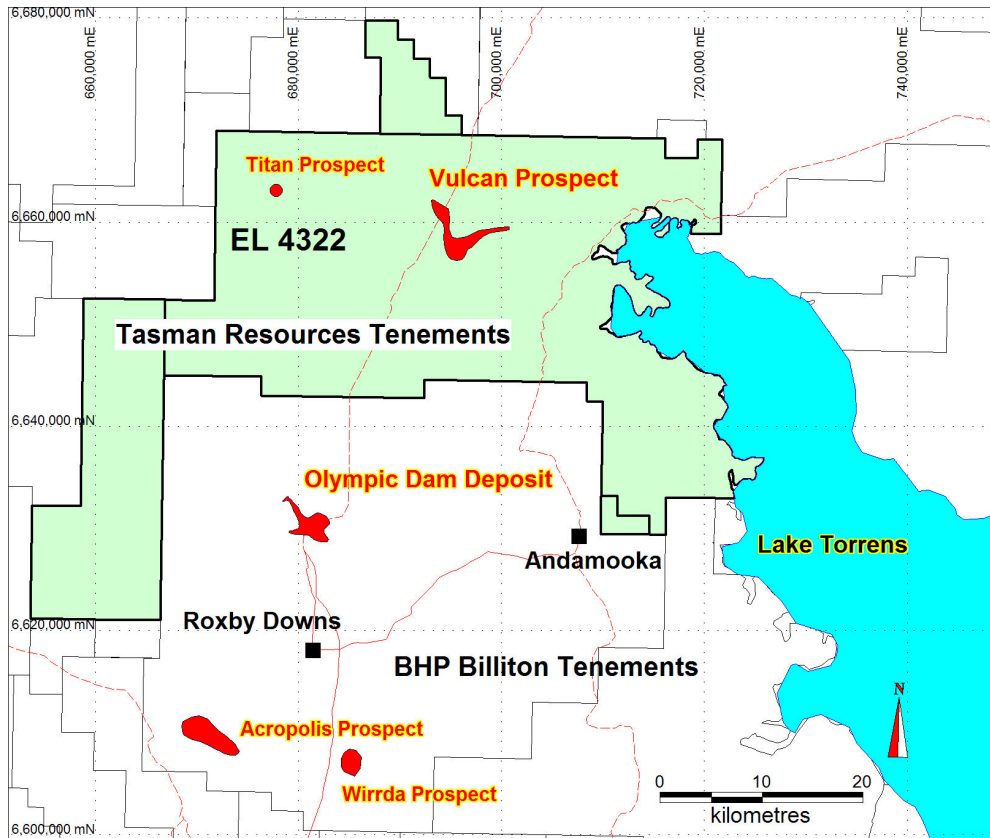


Figure 1: Location Plan showing certain of Tasman's Lake Torrens tenements, the Vulcan IOCGU Project and nearby IOCGU deposits/systems.

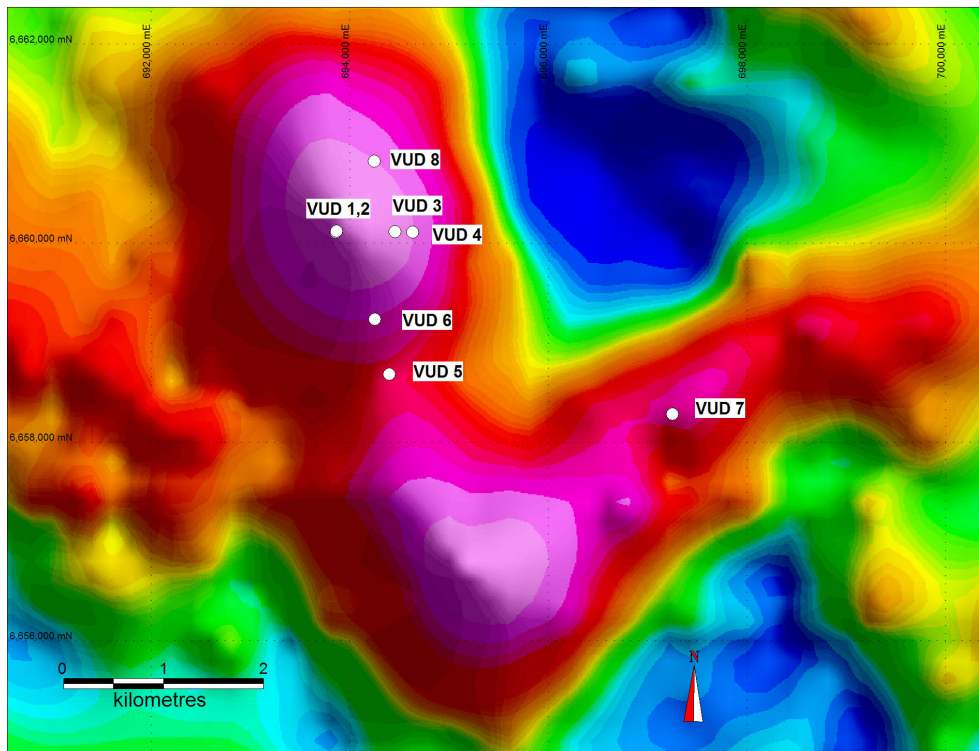


Figure 2: Vulcan residual bouguer gravity image (background) showing the location of all holes drilled prior to the drilling programme that commenced in early September 2012.

During the year RTX paid to Tasman \$1million of the first milestone payment as consideration for Tasman extending the date by which the Agreement must become unconditional.

The Agreement with RTX became unconditional in August 2012 following a successful Aboriginal heritage clearance survey of certain key drill targets within the southern part of the Vulcan Project.

The heritage survey followed the signing of a Native Title Mining Agreement with the Kokatha Uwankara Native Title Claim Group, covering most of EL 4322, and subsequently, a supplementary heritage agreement covering a more specific area, including the southern portion of the Vulcan Project.

As a result of the successful heritage clearances the Agreement became unconditional in August 2012, and RTX paid to Tasman a further \$9million being the balance of the first milestone payment.

Tasman then commenced in early September 2012 the first exploration programme under the Agreement, comprising 12,000 metres of drilling to be managed and funded by Tasman in consultation with RTX, and to be completed within 12 months.

### **Background**

*Vulcan was discovered by Tasman in November 2009 following the recognition, of the following:*

- *A large, and previously untested gravity anomaly (Figure 2), with associated anomalous magnetic characteristics,*
- *A favourable location with respect to certain key tectonic lineaments which had been important in the discovery of Olympic Dam by WMC Resources, and*
- *Unusual, previously unexplained reflection patterns in seismic data collected in a Government survey several years earlier.*

*Eight diamond drill holes have now been completed at Vulcan by Tasman, all exhibiting IOCGU-style alteration and/or mineralisation, including copper, gold, uranium, silver, molybdenum and rare earth elements. Recent age dating of the mineralisation at about 1590 million years confirms that Vulcan belongs to the same "family" of deposits as Olympic Dam, Prominent Hill and Carapateena.*

### **Lucas Hill IOCGU Project**

Tasman completed two deep diamond drill holes at its Lucas Hill Project located 25km south of Woomera in South Australia. Drilling was aimed at testing a discrete gravity anomaly apparently larger in area and of comparable strength to that over the Carrapateena deposit, 48km to the ENE. Geophysical modeling indicated that the likely source of the gravity target at Lucas Hill is a significant body of quite dense material, becoming more magnetic at depth. The modeled depth to this body was about 900 to 1000m.

A vertical hole (LHD001, 693977E 6530146N GDA94 Zone 53) was drilled initially, intersecting the basement deeper than anticipated at 1128m. Variable intensity sericite -chlorite -carbonate alteration was intersected in places down this hole, with associated weak copper sulphide (chalcopyrite) mineralization over a 0.2m interval. The hole was terminated at 1275m in relatively unaltered metasediments, interpreted to be part of the Wallaroo Group.

A second hole (LHD002) inclined at -75° to the SE was collared from the same location to follow up the alteration in the first hole, and intersected the basement at about the same RL, 230m further to the SE, closer to the centre of the interpreted highest density portion of the gravity model. More intense, sericite- chlorite - carbonate alteration in places overprinting earlier "red rock" alteration and obliterating the original metasediment host rock texture was encountered in the lower portion of this hole. Copper sulphide (chalcopyrite) mineralization associated with pyrite and another sulphide mineral, probably arsenopyrite, was also observed over a short interval around 1320m. This hole was terminated at 1395m in intensely chlorite altered host rock.

The alteration observed in both holes is most likely part of a larger IOCGU system although insufficient dense material (eg. hematite) was observed in these holes to explain the strength of the observed gravity response.

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

Tasman's 100% owned Parkinson Dam Project is located approximately 60km west of Port Augusta in South Australia. Tasman commenced exploration at Parkinson Dam in mid-2005, discovering previously unknown epithermal gold-silver mineralisation in outcrop.

Following initial phases of RC percussion and diamond drilling, Tasman hit high grade mineralisation in drill hole PD 63 (21m at 21g/t Au and 83g/t Ag, including 9m down hole at 31g/t Au and 152g/t Ag), but subsequent drilling was unable to repeat the grade or width of this intersection.

Further targets for drill testing have been identified within the Project, but no further drilling was completed during the year due to higher priority work at the Vulcan Project.

### **Central Gawler Gold-Nickel Project (100% Tasman)**

No further work was conducted by Tasman on these tenements during the year. Flinders Mines has a diamonds only joint venture with Tasman over Tasman's Central Gawler tenements.

During the year Tasman also conditionally agreed to sell five Exploration Licences and one Exploration Licence Application to BHP Billiton for a total consideration of \$3 million. The two sales were each subject to several conditions precedent, including Ministerial Consent. On 10 September 2012 BHP Billiton elected to terminate both of these agreements.

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

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

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

## **INVESTMENTS**

### **Investment in Fission Energy Ltd (Tasman has a 19% interest in Fission Energy on a fully diluted basis)**

Fission Energy owns 50% of the Mt Thirsty Nickel-Cobalt Project in WA, with the other 50% held by Barra Resources Limited (ASX: BAR).

#### **Mt Thirsty Oxide Deposit**

The Mt Thirsty Cobalt-Nickel-Manganese oxide project is located 20km north-northwest of Norseman.

Mt Thirsty has a current JORC compliant Indicated Resource of 16.6 million tonnes at 0.14% Co, 0.60% Ni and 0.98% Mn and a JORC compliant Inferred Resource of 15.3 million tonnes at 0.11% Co, 0.51% Ni and 0.73% Mn over an apparent strike of 1.3 kilometres and a width of around 800 metres.

Recent investigations of processing routes suggest that one option involving relatively low cost recovery of cobalt at the expense of some nickel recovery warrants further consideration. Test work is continuing. A limited program of aircore drilling was completed, primarily to obtain larger volumes of sample material for this test work.

#### **Mt Thirsty – Nickel Sulphides**

In early 2010 the intersection of primary nickel sulphide mineralisation was announced by Fission Energy Limited and Barra Resources Limited. Reverse circulation hole MTRC015 intersected a 6 metre thick zone of massive and stringer nickel sulphides assaying 3.38% nickel at a down hole depth of 201 metres. Follow-up drilling has intersected further nickel sulphides, although the latest follow up diamond drill hole completed early in 2011 failed to intersect additional mineralisation at depth.

### **Investment in Eden Energy Ltd (Tasman has a 22.87% interest in Eden Energy on a fully diluted basis)**

Tasman has a 22.87% interest in alternative energy company Eden Energy Ltd (ASX: EDE), on a fully diluted basis as at 30<sup>th</sup> June 2012.

- Eden is continuing in the development of its carbon/hydrogen pyrolysis project.
- Eden's US and Indian subsidiaries make further Optiblend Dual Fuel Kit sales.
- Eden holds through a wholly owned subsidiary a 50% interest in joint venture in a number of Petroleum Exploration and Development Licences in the UK, and a 100% interest in a further three such licences.

## **CORPORATE GOVERNANCE STATEMENT**

### **The Board of Directors**

The Company's constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

As and if the Company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand.

The membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the Company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporation Act 2001, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke the appointment.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

### **Role of the Board**

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance statement of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

### **Appointments to Other Boards**

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

### **Independent Professional Advice**

The Board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

### **Continuous Review of Corporate Governance**

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

### **ASX Principles of Good Corporate Governance**

The board has reviewed its current practices in light of the ASX Principles of Good Corporate Governance and Best Practice Guidelines with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the Company's present position with regard to adoption of these Principles.

## CORPORATE GOVERNANCE STATEMENT

ASX Principle	Reference/comment
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**Principle 1: Lay solid foundations for management and oversight**

1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company has not adopted this recommendation to formalise and disclose the functions reserved to the board and those delegated to management. The roles and functions within the Company must remain flexible in order for it to best function within its level of available resources.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Company does not have any senior executives and as such has not developed a process for evaluating the performance of senior executives.
1.3	Companies should provide the information indicated in the Guide to Reporting on Principle 1.	See above.

**Principle 2: Structure the board to add value**

2.1	A majority of board should be independent directors.	Due to the Company's size, nature and extent of operations, the company has departed from this principle.
2.2	The chair should be an independent director.	Due to the Company's size, nature and extent of operations, the company has departed from this principle.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The Company does not have a Chief Executive Officer.
2.4	The board should establish a nomination committee.	Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee is warranted.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Acting in its ordinary capacity, the board from time to time carries out the process of considering and determining performance issues. Whenever relevant, any such matters are reported to the ASX.
2.6	Companies should provide the information indicated in Guide to Reporting on Principle 2.	The skills and experience of directors are set out in the Company's Annual Report and on its website.

**Principle 3: Promote ethical and responsible decision-making**

3.1	Companies should establish a code of conduct and disclose the code or summary of the code as to: <ul style="list-style-type: none"> <li>the practices necessary to maintain confidence in the Company's integrity</li> <li>the practices necessary to take into account their legal obligations and the responsible expectations of their stakeholders</li> <li>the responsibility and accountability of individuals reporting or investigating reports of unethical practices.</li> </ul>	The Company has a Code of Conduct which can be viewed on the Company's website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Due to the Company's size, nature and extent of operations, the company has departed from this principle.

3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Due to the Company's size, nature and extent of operations, the company has departed from this principle.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Tasman does not have any women employees in the organisation, women in senior executive positions or women on the board.
3.5	Companies should provide the information indicated in Guide to Reporting on Principle 3.	The Code of Conduct can be viewed on the Company's website.

#### Principle 4: Safeguard integrity in financial reporting

4.1	The board should establish an audit committee.	Due to the Company's size, nature and extent of operations, the company has departed from this principle. The Board itself is the forum that deals with this function.
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> <li>consists only non-executive directors</li> <li>consists of a majority of independent directors</li> <li>is chaired by an independent chair, who is not the chair of the board</li> <li>At least three members</li> </ul>	See 4.1
4.3	The audit committee should have a formal charter.	See 4.1
4.4	Companies should provide the information indicated in Guide to Reporting on Principle 4.	See above

#### Principle 5: Make timely and balanced disclosure

5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies.	The Company has a Continuous Disclosure Policy which can be viewed on the Company's website.
5.2	Companies should provide the information indicated in Guide to Reporting on Principle 5.	See above.

#### Principle 6: Respect the rights of shareholders

6.1	Companies should design and disclose a communications policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclose their policy or a summary of that policy.	The Company has a Communications Policy which can be viewed on the Company's website.
6.2	Companies should provide the information indicated in Guide to Reporting on Principle 6.	The Company has a Communications Policy which can be viewed on the Company's website.

**Principle 7: Recognise and manage risk**

7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Due to the size and nature of the Company, the Company does not have formalised policies on risk management. The Board recognises its responsibility for identifying areas of material business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at board meetings and risk management culture is encouraged amongst employees and contractors.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	See above
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Executive Chairman and the Chief Financial Officer make this assurance to the board.
7.4	Provide information indicated in Guide to Reporting on Principle 7.	See above.

**Principle 8: Remunerate fairly and responsibly**

8.1	The board should establish a remuneration committee.	Due to the size and nature of the Company, the Company does not have a remuneration committee.  The Company's Constitution allows for a maximum amount per annum to be paid to non-executive directors, to be allocated at the discretion of the directors. Any changes to the annual amount must be approved at a General Meeting of members of the Company.
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> <li>consists of a majority of independent directors</li> <li>is chaired by an independent chair</li> </ul> has at least three members.	See 8.1
8.3	Companies should clearly distinguish the structure of non-executive directors remuneration from that of executives.	See 8.1
8.4	Companies should provide information indicated in ASX Guide to Reporting on Principle 8.	No schemes exist for retirement benefits for non-executive directors other than statutory superannuation.

## DIRECTORS' REPORT

Your directors present their report on the company and its controlled entities for the financial year ended 30 June 2012.

### Directors

The names of directors in office at any time during or since the end of the year are:

**Gregory H Solomon**

**Douglas H Solomon**

**Guy T Le Page**

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

### Company Secretary

The following person held the position of company secretary at the end of the financial year:

Mr Aaron P Gates has worked for Tasman Resources Ltd for the past 4 years. He is a Chartered Accountant and Chartered Secretary, has completed a Bachelor of Commerce (Curtin University) with majors in accounting and business law and completed a Diploma of Corporate Governance. Prior to joining Tasman he worked in public practice in audit and corporate finance roles.

### Principal Activities

The principal activity of the economic entity during the financial year ended 30 June 2012 was mineral exploration.

### Operating Results

The consolidated loss of the economic entity after providing for income tax amounted to \$1,100,782 (2011: \$991,896).

### Dividends Paid or Recommended

No dividends were paid or declared for payment during the year.

### Mineral Exploration Operations

Tasman's primary focus during the year has been mineral exploration for a range of commodities within the Company's tenements in South Australia. The principal exploration projects are Lake Torrens IOCGU-base metal project, the Parkinson Dam epithermal gold-silver (lead-zinc) project and central Gawler Craton gold-nickel-cobalt project in South Australia.

A review of the operations of the Group during the year ended 30 June 2012 is set out in the Review of Operations on Page 6.

### Financial Position

The net assets of the consolidated group have decreased by \$2,008,792 from 30 June 2011 to \$13,777,941 in 2012. This decrease has largely resulted from revaluation of investments.

### Significant Changes in State of Affairs

In the opinion of the directors, other than disclosed elsewhere in this report, there were no significant changes in the state of affairs of the Company that occurred during the year.

### After Balance Date Events

During the year Tasman conditionally agreed to sell five Exploration Licences and one Exploration Licence Application to BHP Billiton for a total consideration of \$3 million. The two sales were each subject to several conditions precedent, including Ministerial Consent. On 10 September 2012, BHP Billiton elected to terminate both of these agreements.

## DIRECTORS' REPORT

The Farm-in / Joint Venture Agreement with RTX became unconditional in August 2012 following a successful Aboriginal heritage clearance survey of certain key drill targets within the southern part of the Vulcan Project. As a result of the successful heritage clearances the Agreement became unconditional in August 2012, and RTX paid to Tasman a further \$9million being the balance of the first milestone payment.

Tasman then commenced in early September 2012 the first exploration programme under the Agreement, comprising 12,000 metres of drilling to be managed and funded by Tasman in consultation with RTX, and to be completed within 12 months.

In September 2012, Noble Energy Pty Ltd (a 100% subsidiary of Tasman) agreed to partially sub-underwrite a non-renounceable pro-rata rights issue in Eden Energy Ltd (which Tasman currently holds a 20.2% interest) to the extent of \$1,500,000.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

### Future Developments, Prospects and Business Strategies

The Company proposes to continue with its exploration program as detailed in the Review of Operations.

### Environmental Issues

The company is the subject of environmental regulation with respect to mining exploration and will comply fully with all requirements with respect to rehabilitation of exploration sites.

### Information on Directors

#### Gregory H Solomon

Executive Chairman

Qualifications

**LLB**

Experience

Appointed chairman 1987. Board member since 1987. A solicitor with more than 30 years Australian and international experience in a wide range of areas including mining law, commercial negotiation (including numerous mining and exploration joint ventures) and corporate law. He is a partner in the Western Australian legal firm, Solomon Brothers and has previously held directorships of various public companies since 1984 including two mining/exploration companies.

Interest in Shares and Options

31,165,475 Ordinary Shares

1,000,000 Options

Directorships held in other listed entities

Fission Energy Limited (ASX:FIS)

Eden Energy Limited (ASX:EDE)

#### Douglas H Solomon

Non-Executive

Qualifications

**BJuris LLB (Hons)**

Experience

Board member since 3 April 2003. A Barrister and Solicitor with more than 20 years experience in the areas of mining, corporate, commercial and property law. He is a partner in the legal firm, Solomon Brothers.

Interest in Shares and Options

30,659,960 Ordinary Shares

1,000,000 Options

Directorships held in other listed entities

Fission Energy Limited (ASX:FIS)

Eden Energy Limited (ASX:EDE)

## DIRECTORS' REPORT

<b>Guy T Le Page</b>	Non-Executive
Qualifications	<b>B.A., B.Sc. (Hons), M.B.A., F.FIN., MAusIMM</b> Bachelor of Arts, Bachelor of Science, Masters Degree in Business Administration, Bachelor of Applied Science (Hons), Graduate Diploma in Applied Finance and Investment
Experience	Board member since February 2001. Currently a corporate adviser specialising in resources. He is actively involved in a range of corporate initiatives from mergers and acquisitions, initial public offerings to valuations, consulting and corporate advisory roles. He previously spent 10 years as an exploration and mining geologist in Australia, Canada and the United States. His experience spans gold and base metal exploration and mining geology and he has acted as a consultant to private and public companies.
Interest in Shares and Options	1,784,821 Ordinary shares 1,000,000 Options
Directorships held in other listed entities	Eden Energy Limited (ASX:EDE) Fission Energy Limited (ASX:FIS) Red Sky Energy Limited (ASX:ROG) Palace Resources Limited (ASX:PXR) Soil Sub Technologies Ltd (ASX: SOI)

### Remuneration Report (Audited)

This report details the nature and amount of remuneration for each director of Tasman Resources Ltd, and for the executives receiving the highest remuneration.

#### Remuneration Policy

The remuneration policy of Tasman Resources Ltd has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the economic entity's financial results. The board of Tasman Resources Ltd believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the economic entity, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for board members and senior executives of the economic entity is as follows:

- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and options.

Executives are also entitled to participate in the employee share and option arrangement.

All directors and executives receive a superannuation guarantee contribution where required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Any shares which may be issued to executives would be valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The board policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General meeting. Fees for non-executive directors are not linked to the performance of the economic entity. To align directors' interests with shareholder interests, directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

#### Performance based Remuneration

No performance based remuneration was paid during the year.

### DIRECTORS' REPORT

#### Shares Issued on Exercise of Compensation Options

	No. of ordinary shares issued	Amount paid per share	Amount unpaid per share
Robert N Smith	600,000	0.10	-
Michael J Glasson	700,000	0.10	-
Total	<u>1,300,000</u>		

#### Options issued as part of remuneration for the year ended 30 June 2012

No options were issued to directors and employees as part of their remuneration during the year.

#### Directors Meetings

During the financial year, 2 meetings of directors were held. Attendance by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Gregory H Solomon	2	2
Douglas H Solomon	2	2
Guy T Le Page	2	2

Due to the nature of the operations and the size of the board, all the directors were in close communication throughout the year and most matters by attended to by way of circulatory resolution rather than formal directors meetings.

#### Details of Remuneration for Year Ended 30 June 2012

The remuneration for each director and each of the executive officers of the consolidated entity during the year was as follows:

#### Key Management Personnel Remuneration - 2012

Key Management Person	Short-term Benefits			Post-employment benefits		Termination	Share-based payments		Total	Performance Related
	Salary and Fees	Cash profit share	Non-cash benefit	Super-annuation	Other	Other	Equity Options			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Gregory H Solomon	140,000	-	-	12,600	-	-	-	-	152,600	-
Douglas H Solomon	32,000	-	-	2,880	-	-	-	-	34,880	-
Guy T Le Page	32,000	-	-	2,880	-	-	-	-	34,880	-
Aaron P Gates	(i)	-	-	-	-	-	-	5,060	5,060	-
Robert N Smith	189,850	-	-	49,950	-	-	-	-	239,800	-
Michael J Glasson	189,850	-	-	49,950	-	-	-	-	239,800	-
	<u>583,700</u>	-	-	<u>118,260</u>	-	-	-	<u>5,060</u>	<u>707,020</u>	-

## DIRECTORS' REPORT

### Key Management Personnel Remuneration - 2011

Key Management Person	Short-term Benefits			Post-employment benefits		Termination	Share-based payments		Total	Performance Related
	Salary and Fees	Cash profit share	Other	Super-annuation	Other	Equity	Options			
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Gregory H Solomon	120,000	-	-	10,800	-	-	-	-	130,800	-
Douglas H Solomon	24,000	-	-	2,160	-	-	-	-	26,160	-
Guy T Le Page	24,000	-	-	2,160	-	-	-	-	26,160	-
Aaron P Gates	(i)	-	-	-	-	-	-	2,640	2,640	-
Robert N Smith	170,723	-	-	49,876	-	-	-	-	220,599	-
Michael J Glasson	167,861	-	-	49,845	-	-	-	-	217,706	-
	506,584	-	-	114,841	-	-	-	2,640	624,065	-

(i) These management personnel are remunerated by Princebrook Pty Ltd under the Princebrook Management Services Contract.

#### Indemnifying Officers or Auditor

The company has paid premiums to insure the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The total premium paid was \$7,000.

#### Options

At the date of this report, the unissued ordinary shares of Tasman Resources Ltd under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
16 October 2008	26 May 2013	\$0.12	500,000
20 November 2009	20 November 2012	\$0.16875	3,000,000
8 February 2010	8 February 2013	\$0.15	401,606
1 June 2010	31 May 2013	\$0.15	500,000
			4,401,606

During the year ended 30 June 2012, 1,300,000 ordinary shares of Tasman Resources Ltd were issued on the exercise of options granted under the Tasman Resources Ltd Employee Option Plan. No shares have been issued since that date.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

#### Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

## DIRECTORS' REPORT

### Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

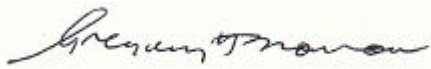
- all non-audit services are reviewed and approved prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2012.

### Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 20.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Gregory H Solomon', written over a horizontal line.

Gregory H Solomon

Dated this 27<sup>th</sup> day of September 2012

**Auditor's Independence Declaration  
To the Directors of Tasman Resources Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Tasman Resources Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner – Audit & Assurance

Perth, 27 September 2012

## STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2012

	Note	Consolidated Group	
		2012 \$	2011 \$
Other income	2	1,123,503	308,997
Audit and accounting		(89,806)	(26,189)
Depreciation and amortisation expense		(2,381)	(3,199)
Employee benefits expense		(522,270)	(424,564)
Exploration expenditure written off	14	-	(23,279)
Impairment of exploration and evaluation	14	(3,628)	(442,503)
Impairment of investment of associate	12a	(909,005)	-
Insurance		(16,160)	(14,268)
Legal and other consultants		(45,189)	(13,086)
Listing and share registry		(52,153)	(63,921)
Management fees		(226,170)	(226,170)
Other expenses		(109,289)	(63,714)
Realised loss on sale of available-for-sale financial assets		(10,040)	-
Share of loss of associate	12a	(714,988)	-
Loss before income tax	3	(1,577,576)	(991,896)
Income tax (expense) / benefit	4	476,794	-
Loss for the year		(1,100,782)	(991,896)
<b>Other Comprehensive Income</b>			
Gain / (Loss) on revaluation of financial assets		(3,127,781)	1,412,890
Income tax relating to comprehensive income		-	-
Total other comprehensive income, net of tax		(3,127,781)	1,412,890
<b>Total Comprehensive Income / (Loss) attributable to members of the parent</b>		<b>(4,228,563)</b>	<b>420,994</b>
Basic/Diluted earnings per share (cents per share)	7	(0.4998)	(0.4943)

The accompanying notes form part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	Consolidated Group	
		2012 \$	2011 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	746,025	813,892
Trade and other receivables	9	514,784	49,968
<b>TOTAL CURRENT ASSETS</b>		<b>1,260,809</b>	<b>863,860</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	10	-	4,206,317
Investments accounted for using the equity method	12	490,469	-
Property, plant and equipment	13	47,079	10,980
Exploration and Evaluation expenditure	14	12,221,685	10,875,151
<b>TOTAL NON-CURRENT ASSETS</b>		<b>12,759,233</b>	<b>15,092,448</b>
<b>TOTAL ASSETS</b>		<b>14,020,042</b>	<b>15,956,308</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	126,297	87,252
Provisions	16	67,097	82,323
<b>TOTAL CURRENT LIABILITIES</b>		<b>193,394</b>	<b>169,575</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	16	48,707	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>48,707</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>242,101</b>	<b>169,575</b>
<b>NET ASSETS</b>		<b>13,777,941</b>	<b>15,786,733</b>
<b>EQUITY</b>			
Issued capital	17	23,433,864	21,220,230
Reserves		915,372	4,037,016
Retained earnings/(accumulated) losses		(10,571,295)	(9,470,513)
<b>TOTAL EQUITY</b>		<b>13,777,941</b>	<b>15,786,733</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2012**

	Issued Capital	Option Reserve	Financial Asset Reserve	Accumulated Losses	Total
	\$	\$	\$	\$	\$
<b>Consolidated Group</b>					
<b>Balance at 30 June 2010</b>	19,610,391	909,235	1,714,891	(8,478,617)	13,755,900
Shares issued during the year, net of issue costs	1,609,839	-	-	-	1,609,839
Options issued during the year	-	-	-	-	-
Loss for the year	-	-	-	(991,896)	(991,896)
Total other comprehensive income	-	-	1,412,890	-	1,412,890
<b>Balance at 30 June 2011</b>	<b>21,220,230</b>	<b>909,235</b>	<b>3,127,781</b>	<b>(9,470,513)</b>	<b>15,786,733</b>
Shares issued during the year, net of issue costs	2,213,634	-	-	-	2,213,634
Options issued during the year	-	6,137	-	-	6,137
Loss for the year	-	-	-	(1,100,782)	(1,100,782)
Total other comprehensive income	-	-	(3,127,781)	-	(3,127,781)
<b>Balance at 30 June 2012</b>	<b>23,433,864</b>	<b>915,372</b>	<b>-</b>	<b>(10,571,295)</b>	<b>13,777,941</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2012**

	Note	Consolidated Group	
		2012	2011
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		1,100,287	231,562
Payments to suppliers and employees		(1,005,561)	(801,386)
Interest received		48,720	71,204
Net cash provided by / (used in) operating activities	23a	143,446	(498,620)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Exploration and evaluation expenditure		(1,350,162)	(1,627,316)
Purchase of property, plant and equipment		(40,426)	(2,517)
Investment in financial assets		(1,075,926)	(751,474)
Proceeds on sale of financial assets		29,960	-
Net cash used in investing activities		(2,436,554)	(2,381,307)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares, net of issue costs		2,225,241	1,609,839
Net cash provided by financing activities		2,225,241	1,609,839
Net increase (decrease) in cash held		(67,867)	(1,270,088)
Cash at beginning of financial year		813,892	2,083,980
Cash at end of financial year	8	746,025	813,892

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012****NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the consolidated group of Tasman Resources Ltd and controlled entities, and Tasman Resources Ltd as an individual parent entity. Tasman Resources Ltd is a listed public company, incorporated and domiciled in Australia.

The financial report of Tasman Resources Ltd and controlled entities, and Tasman Resources Ltd as an individual parent entity complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**Basis of Preparation**

The accounting policies set out below have been consistently applied to all years presented.

**Reporting Basis and Conventions**

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

**Going Concern**

The financial statements have been prepared on the basis that the entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business. Subsequent to year end \$9 million was received pursuant to the farm-in / joint venture agreement with RTX, accordingly the directors believe the Group has sufficient cash flow resources to continue as a going concern.

**Accounting Policies****a. Principles of Consolidation**

A controlled entity is any entity Tasman Resources Ltd has the power to control the financial and operating policies of so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 11 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

**b. Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### b. **Income Tax Continued**

Tasman Resources Ltd and Noble Resources Pty Ltd, its wholly-owned Australian subsidiary, have formed an income tax consolidated group under the tax consolidation regime. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2005. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

#### c. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

##### **Plant and equipment**

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

##### **Depreciation**

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and equipment	15–50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

#### d. **Exploration and Evaluation Expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

e. **Financial Instruments****Recognition**

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

**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.

**Available-for-sale financial assets**

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

**Financial liabilities**

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

**Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**Impairment**

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

f. **Impairment of Non-Financial Assets**

At each reporting date, the Group reviews the carrying values of its non-financial tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

g. **Investments in Associates**

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the group's share of post-acquisition reserves of its associates.

h. **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are 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 to be made for those benefits.

**Equity-settled compensation**

The Group operates a number of share-based compensation plans. These include both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

i. **Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

j. **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 three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

k. **Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

l. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

m. **New accounting standards and interpretations not yet adopted**

The directors have assessed the new accounting standards issued but not yet effective at 30 June 2012 and noted no impact on the entity's financial statements.

**Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

*Key Estimates — Impairment*

The Group's policy for exploration and evaluation is discussed in Note 1(d). The application of this policy requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. At the date of this report the Group has sufficient reason to believe:

- rights to explore in specific areas, once expired, will be renewed;
  - substantive expenditure on further exploration and evaluation in specific areas has been budgeted;
  - exploration in specific areas is ongoing and the entity has not decided to discontinue such activities; and
- no specific sufficient data exists that indicates that the carrying amount of the exploration and evaluation asset is unlikely to be recovered.

The financial report was authorised for issue on 27 September 2012 by the board of directors.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

## NOTE 2: OTHER INCOME

	Note	2012 \$	2011 \$
— interest received		48,720	71,204
— execution payment from RTX		1,000,000	-
— other		49,403	93,244
— wages recovery from associated entity		25,380	144,549
		1,123,503	308,997

## NOTE 3: LOSS FOR THE YEAR

## a. Expenses

Depreciation and amortisation expense	2,381	3,199
Exploration expenditure written off	-	23,279

## b. Significant Revenue and Expenses

The following significant revenue and expense items are relevant in explaining the financial performance:

Impairment of exploration and evaluation	(3,628)	(442,503)
Impairment of available-for-sale financial assets	(1,623,993)	-

## NOTE 4: INCOME TAX EXPENSE

## a. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on loss from ordinary activities at 30% (2011: 30%)	(473,273)	(297,569)
	(473,273)	(297,569)

Add tax effect of:

— other non-allowable items	3,359	2,640
— deferred tax assets not brought to account	469,914	294,929

Less tax effect of:

— Prior year research and development benefit	(476,794)	-
Income tax expense / (benefit) reported in the Income Statement	(476,794)	-

The applicable weighted average effective tax rates are as follows:

Nil%                      Nil%

## b. Unrecognised Deferred Tax Balances:

Unrecognised deferred tax asset- losses	5,886,316	5,947,179
Unrecognised deferred tax asset - other	541,620	44,492
Unrecognised deferred tax liabilities	(4,158,206)	(4,168,327)
Net Unrecognised deferred tax assets	2,269,730	1,823,344

## NOTE 5: AUDITORS' REMUNERATION

	Note	2012 \$	2011 \$
Remuneration of the auditor of the parent entity for:			
— auditing or reviewing the financial report		28,666	26,189

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION**

**a. Names and positions held of key management personnel in office at any time during the financial year are:**

<b>Key Management Person</b>	<b>Position</b>	<b>Key Management Person</b>	<b>Position</b>
Gregory H Solomon	Executive Chairman	Aaron P Gates	Company Secretary / CFO
Douglas H Solomon	Non-Executive Director	Robert N Smith	Senior Geologist
Guy T Le Page	Non-Executive Director	Michael J Glasson	Senior Geologist

**b. Options and Rights Holdings**

**Number of Options Held by Key Management Personnel**

	Balance 1.7.2011	Granted as Comp- ensation	Options Exercised	Net Change Other*	Balance 30.6.2012	Total Vested 30.6.2012	Total Exer- cisable 30.6.2012	Total Unexer- cisable 30.6.2012
Gregory Solomon	7,231,673	-	-	(6,231,673)	1,000,000	1,000,000	1,000,000	-
Douglas Solomon	7,159,918	-	-	(6,159,918)	1,000,000	1,000,000	1,000,000	-
Guy T Le Page	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
Aaron P Gates	500,417	-	-	(417)	500,000	500,000	500,000	-
Robert N Smith	1,990,085	-	(601,880)	(1,187,402)	200,803	200,803	200,803	-
Michael J Glasson	2,040,896	-	(700,000)	(1,140,093)	200,803	200,803	200,803	-
<b>Total</b>	<b>19,922,989</b>	<b>-</b>	<b>(1,301,880)</b>	<b>(14,719,503)</b>	<b>3,901,606</b>	<b>3,901,606</b>	<b>3,901,606</b>	<b>-</b>

\*The Net Change Other reflected above includes those options that have been forfeited by holders, options that have lapsed, as well as options issued during the year under review.

**c. Shareholdings**

**Number of Shares held by Key Management Personnel**

	Balance 1.7.2011	Received as Compensation	Options Exercised	Net Change Other*	Balance 30.6.2012
Gregory H Solomon	31,115,475	-	-	50,000	31,165,475
Douglas H Solomon	30,659,960	-	-	-	30,659,960
Guy T Le Page	1,784,821	-	-	-	1,784,821
Aaron P Gates	21,667	-	-	168,333	190,000
Robert N Smith	97,755	-	601,880	-	699,635
Michael J Glasson	307,535	-	700,000	-	1,007,535
<b>Total</b>	<b>63,987,213</b>	<b>-</b>	<b>1,301,880</b>	<b>218,333</b>	<b>65,507,426</b>

\* Net Change Other refers to shares purchased or sold during the financial year.

**d. Remuneration**

Refer to disclosures contained in the Remuneration Report section of the Directors' Report. The totals of remuneration paid to key management personnel of the Group during the year are as follows:

Short-term employee benefits	583,700	506,584
Post-employment benefits	118,260	114,841
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	5,060	2,640
<b>Total</b>	<b>707,020</b>	<b>624,065</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

## NOTE 7: EARNINGS PER SHARE

	Note	2012 \$	2011 \$
a. Reconciliation of earnings to profit or loss			
Profit/(loss)		(1,100,782)	(991,896)
Earnings used to calculate basic EPS		(1,100,782)	(991,896)
		No.	No.
b. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		220,249,184	200,684,176

The effect of share options on issue is not potentially dilutive at 30 June 2011 or 30 June 2012.

## NOTE 8: CASH AND CASH EQUIVALENTS

	Note	2012 \$	2011 \$
Cash at bank and in hand		746,025	813,892
		746,025	813,892

**Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	746,025	813,892
	746,025	813,892

## NOTE 9: TRADE AND OTHER RECEIVABLES

Other receivables	514,784	49,968
	514,784	49,968

## NOTE 10: FINANCIAL ASSETS

Available-for-sale financial assets	10a	-	4,206,317
		-	4,206,317

**a. Available-for-sale financial assets**

Listed investments, at fair value

— shares in listed entities	-	3,998,504
— options in listed entities	-	207,813
Total available-for-sale financial assets	-	4,206,317

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

## NOTE 11: CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned (%)*	
		2012	2011
Subsidiaries of Tasman Resources Ltd:			
Noble Energy Pty Ltd	Australia	100	100

\* Percentage of voting power is in proportion to ownership

## NOTE 12: ASSOCIATED COMPANIES

**Interests are held in the following associated companies**

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carry amount of investment	
				2012 %	2011 %	2012 \$	2011 \$

Listed:

Eden Energy Ltd	Alternate energy	Australia	Ord	20.20	-*	490,469	-*
Fission Energy Ltd	Mineral exploration	Australia	Ord	19.70	19.70	-	-

\* - At 30 June 2011 this investment was recorded as "Available-for-sale financial asset", see Note 10. Subsequent to 31 December 2011, the Company elected to equity account the investment in accordance with AASB 128.

	Note	2012 \$	2011 \$
<b>a. Movements During the Year in Equity Accounted Investment in Associate</b>			
Balance at beginning of the financial year		-	-
Add: Transfer from Available for sale financial assets		2,067,956	-
Shares purchased during the year		46,506	-
Less: Share of loss of associate		(714,988)	-
Impairment of investment of associate		(909,005)	-
Balance at end of the financial year		490,469	-
<b>b. Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associate</b>			
Current assets		1,339,081	691,036
Non-current assets		19,224,353	14,762,219
Total assets		20,563,434	15,453,255
Current liabilities		1,725,370	106,543
Non-current liabilities		250,000	250,000
Total liabilities		1,975,370	356,543
Net assets		18,588,064	15,096,712
Revenues		261,555	-
Profit/(Loss) after income tax of associates		(7,677,548)	(261,229)
<b>c. The reporting date of Fission Energy Ltd and Eden Energy Ltd is 30 June 2012</b>			
<b>d. Market value of listed investment in associate</b>			
— Eden Energy Ltd - shares		464,630	-
— Eden Energy Ltd - options		25,839	-
— Fission Energy Ltd - shares		400,000	975,000
		890,469	975,000

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 13: PROPERTY, PLANT AND EQUIPMENT

	Note	2012 \$	2011 \$
Plant and equipment:			
At cost		68,679	55,670
Accumulated depreciation		(21,600)	(44,690)
Total plant and equipment		<u>47,079</u>	<u>10,980</u>
Total Property, Plant and Equipment		<u><u>47,079</u></u>	<u><u>10,980</u></u>

**Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

Plant & Equipment

Balance at the beginning of year	10,980	11,662
Additions	40,426	2,517
Disposals	(1,946)	-
Depreciation expense	(2,381)	(3,199)
Carrying amount at the end of year	<u>47,079</u>	<u>10,980</u>

NOTE 14: EXPLORATION AND EVALUATION EXPENDITURE

Balance at the beginning of the financial year	10,875,151	9,850,374
Expenditure incurred during the year	1,350,162	1,530,559
Less tenements sold	-	(40,000)
Less provision for impairment	(3,628)	(442,503)
Less Written off	-	(23,279)
Balance at the end of the financial year	<u>12,221,685</u>	<u>10,875,151</u>

Recoverability of the carrying amount of exploration assets is dependent on the successful development and commercial exploitation or sale of respective mining areas.

The company's exploration tenements include areas subject to native title claims. As a result, mining and exploration activities may be subject to exploration and mining restrictions or compensation payments.

	2012 \$	2011 \$
Capitalised costs included in cash flows from investing activities in the cash flow statement	<u>1,350,162</u>	<u>1,627,316</u>

NOTE 15: TRADE AND OTHER PAYABLES

CURRENT - UNSECURED

Trade payables	39,001	24,048
Sundry payables and accrued expenses	87,296	63,204
	<u>126,297</u>	<u>87,252</u>

NOTE 16: PROVISIONS

CURRENT

Employee entitlements	67,097	82,323
	<u>67,097</u>	<u>82,323</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

## NOTE 16: PROVISIONS CONTINUED

	Note	2012 \$	2011 \$
NON-CURRENT			
Employee entitlements		48,707	-
		<u>48,707</u>	<u>-</u>

## NOTE 17: ISSUED CAPITAL

225,945,395 (2011: 210,089,840) fully paid ordinary shares	23,445,471	21,220,230
	<u>23,445,471</u>	<u>21,220,230</u>

	2012 No.	2011 No.
<b>a. Ordinary shares</b>		
At the beginning of reporting period	210,089,840	193,787,678
Shares issued – prior year	-	16,302,162
Shares issued during the year		
— 20 October 2011	12,233,331	-
— 24 October 2011	2,133,333	-
— Options exercised at various dates	1,488,891	-
At reporting date	<u>225,945,395</u>	<u>210,089,840</u>

On 20 October 2011 and 24 October 2011 the company issued 12,233,331 and 2,133,333 ordinary shares respectively at \$0.15 per share to professional and sophisticated investors.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	2012 No.	2011 No.
<b>b. Options</b>		
At the beginning of reporting period	30,348,744	28,565,806
Options issued	-	1,793,121
Options exercised	(1,488,891)	(10,183)
Options lapsed	(24,458,247)	-
	<u>4,401,606</u>	<u>30,348,744</u>

i. For information relating to the Tasman Resources Ltd employee option plan and options issued to key management personnel during the financial period, refer to Note 25 Share-based Payments.

**c. Capital Management**

Management controls the working capital of the Group in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in responses to changes in these risks and in the market. These responses include the management of expenditure and debt levels, distributions to shareholders and share and option issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

#### NOTE 18: RESERVES

##### a. **Option Reserve**

The option reserve records items recognised as expenses on valuation of employee share options.

##### b. **Financial Asset Reserve**

The financial asset reserve records revaluations of non-current assets.

#### NOTE 19: COMMITMENTS

##### a. Exploration commitments:

In order to maintain current rights of tenure to exploration tenements, the company is required to perform minimum exploration work to meet the requirements specified by various State governments. It is anticipated that minimum expenditure commitments for the twelve months will be tenement rentals of \$20,000 (2011: \$50,000) and exploration expenditure of \$935,000 (2011: \$210,000).

#### NOTE 20: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Directors are not aware of any contingent assets or contingent liabilities as at 30 June 2012.

#### NOTE 21: SEGMENT REPORTING

The group operates predominately in one geographical segment and one business being gold and other base metals exploration in South Australia.

#### NOTE 22: EVENTS AFTER THE BALANCE SHEET DATE

On 4 July 2012, Tasman issued 2,000,000 options exercisable at \$0.125 and expiring 30 June 2014 free of charge to employees under the Employee Share Option Plan.

During the year Tasman conditionally agreed to sell five Exploration Licences and one Exploration Licence Application to BHP Billiton for a total consideration of \$3 million. The two sales were each subject to several conditions precedent. On 10 September 2012 BHP Billiton elected to terminate both of these agreements.

On 6 August 2012, Tasman received \$9 million (plus GST) from Rio Tinto Exploration Pty Ltd pursuant to the Farm-in / Joint Venture Agreement executed on 30 April 2012. Please refer to the Review of Operations on for further details.

In September 2012, Noble Energy Pty Ltd (a 100% subsidiary of Tasman) agreed to partially sub-underwrite a non-renounceable pro-rata rights issue in Eden Energy Ltd (which Tasman currently holds a 20.2% interest) to the extent of \$1,500,000.

There were no material events occurring after the reporting date.

#### NOTE 23: CASH FLOW INFORMATION

	2012 \$	2011 \$
a. Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(1,100,782)	(991,896)
Non-cash flows in loss		
Depreciation	2,381	3,199
Share based payments	6,137	2,640
Impairment of exploration and evaluation	3,628	442,503
Impairment of available-for-sale financial assets	1,623,993	-
Net loss on disposal of financial assets	10,040	-
Net loss on disposal of plant and equipment	1,946	-
Write-off of exploration expenditure	-	23,279
Changes in assets and liabilities		
(Increase)/decrease in trade and term receivables	(464,816)	(6,383)
Increase/(decrease) in trade payables and accruals	27,438	28,038
Increase/(decrease) in provisions	33,481	-
Cash flow used in operations	<u>143,446</u>	<u>(498,620)</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

## NOTE 24: PARENT COMPANY INFORMATION

	2012 \$	2011 \$
<b>a. Parent Entity</b>		
<b>Assets</b>		
Current assets	1,259,340	863,595
Non-current assets	15,864,610	13,478,726
Total Assets	17,123,950	14,342,321
<b>Liabilities</b>		
Current liabilities	193,035	169,575
Non-current liabilities	48,707	-
Total liabilities	241,742	169,575
<b>Equity</b>		
Issued Capital	23,433,864	21,220,230
Retained Earnings	(7,467,028)	(7,944,219)
<b>Reserves</b>		
Financial assets reserve	-	(12,500)
Option reserve	915,372	909,235
Total reserves	915,372	896,735
<b>Financial performance</b>		
Profit for the year	477,191	(989,476)
Other comprehensive income	12,500	(12,500)
Total comprehensive income	489,691	(1,001,976)
<b>Contingent Liabilities</b>		

The Directors are not aware of any contingent liabilities as at 30 June 2012.

## NOTE 25: RELATED PARTY TRANSACTIONS

	2012 \$	2011 \$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.		
<b>a. Key Management Personnel</b>		
Management fees paid to Princebrook Pty Ltd, a company in which Mr GH Solomon and Mr DH Solomon have an interest.	226,170	226,170
Legal fees paid to Solomon Brothers, a firm of which Mr GH Solomon and Mr DH Solomon are partners.	45,189	13,086
Placement fees paid to RM Capital, a firm of which Mr GT Le Page has an interest.	19,000	-
Noble Energy Pty Ltd, (a 100% subsidiary of Tasman Resources Ltd) received a sub-underwriting fee of \$46,250 from RM Corporate Finance Pty Ltd, a company of which Mr GT Le Page has an interest.	46,250	-
<b>b. Associated Companies</b>		
Reimbursement from Fission Energy Ltd (which Tasman has a 19% fully diluted interest) for employee costs on a hourly basis, in relation to Tasman staff utilised by Fission.	25,380	100,292
Hire charges to Fission Energy Ltd (which Tasman has a 19% fully diluted interest) for hire of a vehicle owned by Fission.	7,260	8,500
Purchase of a vehicle from Fission Energy Ltd (which Tasman has a 19% fully diluted interest).	40,000	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

## NOTE 25: RELATED PARTY TRANSACTIONS CONTINUED

	2012	2011
	\$	\$
Acquisition of the uranium rights to various tenements in South Australia held by Fission Energy Ltd (which Tasman has a 19% fully diluted interest)	100,000	-
Noble Energy Pty Ltd, (a 100% subsidiary of Tasman Resources Ltd) purchased 18,500,000 fully paid ordinary shares (with 18,500,000 free attaching options) in Eden Energy Ltd (which the company has a 24.70% fully diluted interest) as a partial sub-underwriter.	925,000	-

## NOTE 26: SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2012:

**Employee Share Option Plan**

The purpose of the Plan is to provide Eligible Employees with an incentive to remain with the Company and to improve the longer-term performance of the Company and its return to shareholders.

**Eligible Employee** means a full or part-time employee or director of the Company or of associated bodies corporate of the Company who is determined by the Board to be an Eligible Employee for the purposes of the Plan or any other person who is declared by the Board to be an Eligible Employee for the purposes of the Plan.

The **Exercise Price** is whichever is the greater of the following:

- (a) 125% of the Market Price of a Share determined on the date of grant of an Option;
- (b) 20 cents; or
- (c) any other price determined by the Board at the time of issue.

The **Exercise Period** means, in relation to an Option, the period:

- (a) commencing on the second anniversary; and
- (b) ending on the fifth anniversary

of the date of grant of an Option, subject to any variation under Rule 7 or as otherwise determined by the Company at the time of grant of an Option.

The closing share market price of an ordinary share of Tasman Resources Ltd on the Australian Securities Exchange at 30 June 2012 was \$0.095 (30 June 2011 \$0.07). Included under employee benefits expense in the statement of comprehensive income is \$5,060 (2011: \$2,640), and relates, in full, to equity-settled share-based payment transactions.

All options granted to key management personnel are for ordinary shares in Tasman Resources Ltd, which confer a right of one ordinary share for every option held.

The options outstanding at 30 June 2012 had a weighted average exercise price of \$0.16 and a weighted average remaining contractual life of 0.5 years. Exercise prices range from \$0.10 to \$0.17 in respect of options outstanding at 30 June 2012.

	2012		2011	
	Number of Options	Weighted Avg Exercise Price	Number of Options	Weighted Avg Exercise Price
Outstanding at the beginning of the year	7,976,410	0.15	7,976,410	0.15
Granted	-	-	-	-
Exercised	(1,300,000)	0.10	-	-
Expired	(2,274,804)	0.15	-	-
Outstanding at year-end	4,401,606	0.16	7,976,410	0.15
Exercisable at year-end	4,401,606	0.16	7,876,410	0.15

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**NOTE 27: FINANCIAL INSTRUMENTS**

**a. Financial Risk Management**

The group's financial instruments consist mainly of deposits with banks, accounts payable.

The main purpose of non-derivative financial instruments is to raise finance for group operations.

i. Liquidity Risk

Responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring cash flows.

The remaining contractual maturities of the Group and Parent entities financial liabilities are:

	2012	2011
	\$	\$
6 months or less	126,927	87,252
<b>Total</b>	<b>126,927</b>	<b>87,252</b>

ii. Credit Risk

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, as disclosed in the balance sheet.

The Group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Group.

**b. Financial Instruments**

i. Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted		Floating Interest		Non Interest		Total	
	Average Effective		Rate		Bearing			
	2012	2011	2012	2011	2012	2011	2012	2011
			\$	\$	\$	\$	\$	\$
<b>Financial Assets:</b>								
Cash and cash equivalents	3.75%	4.25%	746,025	813,892	-	-	746,025	813,892
Trade and other receivables	-	-	-	-	514,784	49,968	514,784	49,968
<b>Total Financial Assets</b>	-	-	746,025	813,892	514,784	49,968	1,260,809	863,860
<b>Financial Liabilities:</b>								
Trade and sundry payables	-	-	-	-	126,297	87,252	126,297	87,252
<b>Total Financial Liabilities</b>	-	-	-	-	126,297	87,252	126,297	87,252

ii. Price Sensitivity Analysis

At 30 June 2012, the effect on equity as a result of changes in the price risk, with all other variables remaining constant would be as follows

	2012	2011
	\$	\$
Increase in market value of available-for-sale financial assets at fair value by 10%	49,047	420,632
Decrease in market value of available-for-sale financial assets at fair value by 10%	(49,047)	(420,632)

At 30 June 2012, there will be no effect on profit as a result of changes in the price risk.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

NOTE 27: FINANCIAL INSTRUMENTS CONTINUED

**b. Financial Instruments continued**

iii. **Net Fair Values**

Aggregate net fair values and carrying amounts of financial assets and financial liabilities.

	2012		2011	
	Carrying Amount \$	Net Fair Value \$	Carrying Amount \$	Net Fair Value \$
<b>Financial Assets</b>				
Cash and cash equivalents	746,025	746,025	813,892	813,892
Trade and other receivables	514,784	514,784	49,968	49,968
Available-for-sale financial assets at fair value	490,469	490,469	4,206,317	4,206,317
Investments accounted for using the equity method	-	400,000	-	975,000
	<u>1,270,482</u>	<u>1,670,482</u>	<u>5,070,177</u>	<u>6,045,177</u>
<b>Financial Liabilities</b>				
Trade and sundry payables	126,927	126,927	87,252	87,252
	<u>126,927</u>	<u>126,927</u>	<u>87,252</u>	<u>87,252</u>

NOTE 27: COMPANY DETAILS

The registered office of the company is:

Tasman Resources Ltd  
Level 15  
197 St Georges Terrace  
Perth  
Western Australia 6000

The principal place of business is:

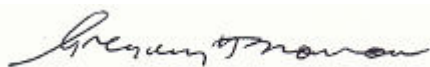
Tasman Resources Ltd  
Level 15  
197 St Georges Terrace  
Perth  
Western Australia 6000

## DIRECTORS' DECLARATION

In the opinion of the directors of Tasman Resources Ltd (the "Company"):

- a. the financial statements and notes set out on pages 21 to 39, and the Remuneration disclosures that are contained in pages 16 to 18 of the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
  - (iii) complying with International Financial Reporting Standards as disclosed in Note 1.
- b. the remuneration disclosures that are contained in page 17 to 18 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures 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.

This declaration is made in accordance with a resolution of the Board of Directors.



Gregory H Solomon  
Director

Dated this 27<sup>th</sup> day of September 2012

## **Independent Auditor's Report To the Members of Tasman Resources Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Tasman Resources Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the Directors determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

### **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. Those standards require us to 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view 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 Company's internal control. 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 complied with the independence requirements of the Corporations Act 2001.

### **Auditor's opinion**

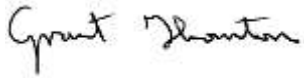
In our opinion:

- a the financial report of Tasman Resources Limited is 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 2012 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

### **Report on the remuneration report**

We have audited the remuneration report included in pages 16 to 18 of the directors' report for the year ended 30 June 2012. 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 on the remuneration report.

In our opinion, the remuneration report of Tasman Resources Limited for the year ended 30 June 2012, complies with section 300A of the Corporations Act 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



P W Warr  
Partner – Audit & Assurance

Perth, 27 September 2012

### ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

#### 1. Shareholding as at 31 August 2012

a. <b>Distribution of Shareholders</b>	<b>Number</b>
Category (size of holding)	<b>Ordinary</b>
1 – 1,000	104
1,001 – 5,000	332
5,001 – 10,000	360
10,001 – 100,000	1,169
100,001 – and over	307
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	2,272

b. The number of shareholdings held in less than marketable parcels at 30 June 2012 is 442.

c. The names and relevant interests of the substantial shareholders listed in the company's register as at 31 August 2012 are:

Shareholder	<b>Number Ordinary</b>
Arkenstone Pty Ltd	28,621,975
March Bells Pty Ltd	28,301,500

#### d. **Voting Rights**

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

#### e. **20 Largest Shareholders — Ordinary Shares**

<b>Name</b>	<b>Number of Shares Held</b>	<b>% of Issued Capital</b>
1. Arkenstone Pty Ltd <G H Solomon Family Invest A/C>	22,449,927	9.931%
2. March Bells Pty Ltd <DH Solomon Family A/C>	19,318,008	8.545%
3. March Bells Pty Ltd <The Douglas H Solomon S/F>	8,497,000	3.759%
4. Arkenstone Pty Ltd <The Gregory and Lee Solomon Super Fund A/C>	8,227,200	3.639%
5. HSBC Custody Nominees (Australia) Ltd	7,508,452	3.321%
6. Mr Lafras Luitingh	4,250,000	1.880%
7. Kalsie Holdings Pty Ltd <Iyer Super Fund A/C>	4,000,000	1.769%
8. Mr Thomas Fleet Scaife	3,200,912	1.416%
9. Nefco Nominees Pty Ltd	2,500,000	1.106%
10. Citicorp Nominees Pty Limited	2,369,360	1.048%
11. March Bells Pty Ltd	2,356,601	1.042%
12. Ernie Pty Ltd	1,900,000	0.840%
13. Kavel Pty Ltd <Kleemann Family A/c>	1,760,000	0.778%
14. Catchpole Investments Pty Ltd <Robert Catchpole Family A/C>	1,736,805	0.768%
15. Lippo Securities Nominees (BVI) Ltd <Client A/C>	1,500,000	0.663%
16. Resources & Land Management Services <Skerman Super Fund A/C>	1,408,334	0.623%
17. Peto Pty Ltd <The 1953 Super Fund A/C>	1,361,250	0.602%
18. Silva Pty Ltd	1,333,333	0.590%
19. Taycol Nominees Pty Ltd	1,300,000	0.575%
20. Malenki Pty Ltd	1,300,000	0.575%
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	98,277,182	43.470%

**2. Unlisted Options as at 31 August 2012**

<b>Name</b>	<b>Date of Expiry</b>	<b>Exercise Price</b>	<b>Number under Option</b>
ESOP	26 May 2013	0.12	500,000
DIRECTORS	20 November 2012	0.16875	3,000,000
ESOP	8 February 2012	0.15	401,606
ESOP	31 May 2013	0.15	500,000
ESOP	30 June 2014	0.125	2,000,000
			6,401,606

**TENEMENT SCHEDULE**

Table 1 lists further details on the tenements.

**Table 1: Tasman Resource Tenement Schedule**

State	Licence Type	Number	% Interest	Locality	Location
SA	ELA	2011/299	100	Island Lagoon	Approximately 30 km south of Woomera
SA	EL	4770	100	Lucas Hill	Approximately 25 km south of Woomera
SA	EL	4206	100	White Cliff	Approximately 70 km NNW of Andamooka
SA	EL	4405	100	Fergusson Hill	Approximately 120km northwest of Andamooka
SA	EL	4300	100	Andamooka	Immediately ENE of Andamooka
SA	EL	4857	100	Todds Dam	Approximately 45 km west of Andamooka
SA	EL	4322	100	Andamooka North	Approximately 140 km northwest of Leigh Creek
SA	EL	4475	100	Iron Knob	Approximately 50 km WSW of Port Augusta
SA	ELA	2010/59	100	Sandstone	Approximately 90 km southwest of Coober Pedy
SA	ELA	2010/233	100	Wildingi Claypan	Approximately 95 km southwest of Coober Pedy
SA	EL	4868	100	Galaxy Tank	Approximately 85 km southwest of Coober Pedy