

## ASX & Media Announcement

*31 July 2006*

### Progress Update

#### Bluestone Tin Ltd and Metals Exploration Limited Proposed Merger

Bluestone Tin Limited (“**Bluestone**”) and Metals Exploration Limited (“**Metals Ex**”) announced on May 1, 2006 a proposed merger by scheme of arrangement to create a larger and more diversified mining and exploration group.

The Boards of both companies are working towards completing the merger and continue to support the merger proposal. The companies have common management, common major shareholders, share offices and have similar business models and strategies. Both companies are undiversified from a commodity perspective and each is significantly linked to the fortunes of their respective metal prices. The merger will diversify the commodity exposure of shareholders in both companies and create a larger group with an enhanced portfolio of development projects and will provide a clear uncompromised path to growth.

Subsequent to the merger being announced there has been significant volatility in the commodity markets and the share prices of both entities. Bluestone has also experienced delays in the completion of its primary vent shaft /emergency egress and as a consequence mine production at Collingwood has been restricted during this period.

Both companies are presently waiting on completion of the expert’s reports commissioned to meet the requirements of the Corporations Law and the ASX Listing Rules. Once those reports have been received it will be determined if any adjustment to the consideration is required.

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Managing Director  
Bluestone Tin Limited

**Warren Hallam**  
Managing Director  
Metals Exploration Limited