

## ASX & Media Announcement

### Progress Update- 5 September 2006

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

Bluestone Tin Limited (“**Bluestone**”) and Metals Exploration Limited (“**Metals Ex**”) announce that their respective Boards have agreed to alter the terms of the proposed merger announced on 1 May 2006.

Further to the joint announcement of 31 July 2006 the revised terms of the merger will be five (5) Bluestone shares for every one (1) Metals Ex share.

Since the announcement of the intent to merge there has been significant volatility in the respective commodity and share prices of both entities. Further, as announced in our merger update of 31 July 2006, Bluestone had experienced delays in the completion of its primary vent shaft / emergency egress and as a consequence mine production at Collingwood had been restricted during this period. These have now been resolved and the Collingwood Project is now in full production mode.

The indicative timetable for the completion of the merger is set out below. The actual times and dates will depend upon many factors outside the control of Bluestone and Metals Ex, including the Court approval process.

<b>EVENT</b>	<b>INDICATIVE DATES</b>
Submission of Scheme Booklet to ASIC and application for first Court hearing date	20 September 2006
First Court hearing to consider approval of Scheme Booklet and to order Scheme meetings	10 October 2006
Dispatch of Scheme Booklet	17 October 2006
Metals Ex meetings to consider and approve Scheme	15 November 2006
Second court hearing to consider approval of Scheme	27 November 2006
Court orders lodged with ASIC and Scheme becomes effective.	28 November 2006

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.

**Peter Cook**  
Managing Director  
Bluestone Tin Limited

**Warren Hallam**  
Managing Director  
Metals Exploration Limited