BLUESTONE
TIN LIMITED
ACN 110 150 055

ASX Announcement

Tasmanian Tin Projects - Update

Option to negotiate plant lease with Allegiance

On 12 September 2006, Bluestone signed an option agreement with Allegiance Mining NL ("Allegiance") to enable Allegiance to review the possibility of utilising Bluestone's Renison Concentrator for the processing of their Avebury nickel ores whilst it constructs its own plant.

Allegiance paid the first option fee and Bluestone gave Allegiance access to the plant site and to Bluestone's personnel to enable them to undertake their assessment of the suitability of the plant for processing their ore and draft sublease documentation was exchanged.

Allegiance did not pay the option renewal fee due by 1 October as per the signed Option Agreement. However, Allegiance continued its evaluation of the plant and exercised the privileges the option entitled it to. Allegiance subsequently advised Bluestone that it had essentially completed its evaluation and that the plant was suitable for its needs. Further Allegiance advised that it no longer wished to pay the outstanding option fee until a binding agreement on a further Option and Sublease was reached.

Bluestone has advised Allegiance that it finds such behaviour to be unacceptable given that Allegiance is seeking to be entrusted with Bluestone's Renison Concentrator for the early processing of their nickel ores in the current high price environment.

Bluestone's intention given the fact that the tin price appears to have stabilised above US$8,000 per tonne, and has recently been above US$9,000 per tonne is to resume tin production once all detailed planning for the restart is completed and all approvals to mine Mt Bischoff have been received.

Peter Cook
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