BLUESTONE TIN LIMITED

ACN 110 150 055

Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Bluestone Tin Limited ABN 25 110 150 055 ("the Company") will be held at 10.00am (WST) on Monday, 27 November 2006 at the Mosman Bay Room, Hyatt Regency Perth, 99 Adelaide Terrace, East Perth, Western Australia.

AGENDA

BUSINESS

The business of the meeting will consist of:

ORDINARY BUSINESS

1) Financial statements and reports

To receive and consider the financial statements and reports of the Directors and the Auditors for the year ended 30 June 2006.

2) Resolution 1 – Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2006 as disclosed in the 2006 Annual Report be adopted."

Note: the vote on this resolution is advisory only and does not bind the directors of the Company.

3) Resolution 2 – Election of Director – Peter John Newton

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Peter John Newton, a director retiring from office by rotation, and in accordance with Rule 3.6 of the Constitution, being eligible, is re-elected as a Director of the Company."

4) Resolution 3 – Ratification of Issue of Options under the Employee Option Scheme

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.4 of the Official Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the issue on 30 January 2006 of 2,200,000 options to acquire ordinary shares in the capital of the Company at the exercise price of 28 cents per option in accordance with the terms and conditions of the Company's Employee Option Scheme described in section 4 in the Explanatory Memorandum accompanying this Notice of Annual General Meeting is ratified."

5) Resolution 4 – Ratification of Issue of Options under the Employee Option Scheme

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.4 of the Official Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the issue on 30 April 2006 of 500,000 options to acquire ordinary shares in the capital of the Company at the exercise price of 34 cents per option in accordance with the terms and conditions of the Company's Employee Option Scheme described in section 5 in the Explanatory Memorandum accompanying this Notice of Annual General Meeting is ratified."

6) Resolution 5 – Ratification of Issue of Options

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.4 of the Official Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the issue on 30 April 2006 of 400,000 options to acquire ordinary shares in the capital of the Company at the exercise price of 34 cents per option to Rygold Nominees Pty Ltd (or its nominee) in accordance with the terms and conditions described in section 6 in the Explanatory Memorandum accompanying this Notice of Annual General Meeting is ratified."

7) Resolution 6 – Ratification of Share Issue

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.4 of the Official Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the issue on 12 September 2006 of 38,840,000 ordinary shares in the capital of the Company at the issue price of 17 cents per share to the clients of Southern Cross Equities Limited described in section 7 of the Explanatory Memorandum accompanying this Notice of Annual General Meeting is ratified."

ORDINARY BUSINESS (continued)

8) Resolution 7 – Ratification of Issue of Options

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That, for the purposes of Listing Rule 7.4 of the Official Listing Rules of the Australian Stock Exchange Limited and for all other purposes, the issue on 13 September 2006 of 2,000,000 options to acquire ordinary shares in the capital of the Company at the exercise price of 25 cents per option to Southern Cross Equities Limited (or its nominee) in accordance with the terms and conditions described in section 8 in the Explanatory Memorandum accompanying this Notice of Annual General Meeting is ratified."

OTHER BUSINESS

To transact any other business which may be brought forward in accordance with the Company's Constitution.

VOTING ENTITLEMENT

For the purpose of determining an entitlement to vote at the Annual General Meeting, a person will be recognised as a member if that person is registered as a holder of Bluestone Tin Limited shares at 10.00 am on Monday, 27th November 2006.

VOTING EXCLUSION STATEMENTS

In relation to Resolution 5, pursuant to Listing Rule 7.5.6 of the Official Listing Rules of the Australian Stock Exchange Limited, the Company will disregard any votes cast by Rygold Nominees Pty Ltd or any of its associates. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In relation to Resolution 6, pursuant to Listing Rule 7.5.6 of the Official Listing Rules of the Australian Stock Exchange Limited, the Company will disregard any votes cast by the clients of Southern Cross Equities Limited described in section 7 of the Explanatory Statement or any of their respective associates. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In relation to Resolution 7, pursuant to Listing Rule 7.5.6 of the Official Listing Rules of the Australian Stock Exchange Limited, the Company will disregard any votes cast by Southern Cross Equities Limited or any of its associates. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Dated: 20 October 2006
For and on behalf of the Board

F. Van Maanen
Company Secretary

NOTES

(a) A member who is entitled to attend and cast a vote at the meeting is entitled to appoint no more than two proxies (who need not be members of the Company) to attend and vote on a poll in the members place.

(b) The appointment of two proxies will be of no effect unless each proxy is appointed to represent a specified proportion of the member's voting rights. A single proxy exercises all voting rights.

(c) The form of proxy must be signed by a member or the member's attorney duly authorised in writing or if the member is a corporation under its corporate seal or in accordance with section 127 of the Corporations Act 2001 or by its duly authorised attorney or representative. If an attorney is to attend the meeting please submit the relevant power of attorney for noting and return.

(d) The Company has determined in accordance with regulations pursuant to section 1074E of the Corporations Act 2001 that for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register as at 10:00 am on Saturday, 25th November 2006.

(e) A corporation may elect to appoint a representative in accordance with the Corporations Act 2001 in which case the Company will require written proof of the representative's appointment which must be lodged with or presented to the Company before the meeting.

(f) If you have any queries in relation to proxies please call the Company's share registry, Security Transfer Registrars Pty Ltd, on (08) 9315 0933 during business hours.

ORDINARY BUSINESS

1. Financial statements and reports

Distributed with Notice of Annual General Meeting and to be tabled and discussed.

2. Approval of the Remuneration Report (Resolution 1)

Approval of the Remuneration Report

In accordance with section 250R(2) of the Corporations Act 2001 the Company is required to present to its shareholders for their consideration and adoption by way of a non-binding resolution the Company's Remuneration Report as disclosed in the Company's 2006 Annual Report.

3. Election of Director (Resolution 2)

Election of Director – Peter John Newton

Mr Newton has been a director and the Chairman of the Company since inception. Mr Newton was a stockbroker for 25 years until 1994. Since then he has been a significant participant in the Australian resource industry as an investor and a director of a number of listed companies. In recent years he has been the Chairman of both Hill 50 Limited and Abelle Limited and a non-executive director of Lynas Corporation Ltd. He is presently also a director of Metals Exploration Limited.

4. Ratification of Employee Option Issue (Resolution 3)

Ratify Issue of Employee Options Pursuant to Employee Option Scheme

On 30 January 2006 the Company issued 2,200,000 employee options pursuant to the terms and conditions of the Company's Employee Option Scheme. The options are exercisable at 28 cents each and expire on 31 January 2010.

The following additional information is being provided for the purposes of compliance with Listing Rule 7.5:

(a) Employee options are issued for nil consideration.

(b) The primary purpose of the Employee Options Scheme is to attract, motivate and retain key personnel. The directors believe that the future success of the Company will depend in large on the skills and motivation of the people engaged in the management of the Company's business. It is important that the Company is able to attract and retain people of the highest calibre. The directors consider that the most appropriate means of achieving this is to establish a plan which provides employees with an opportunity to participate in the Company's future growth and gives them an incentive to contribute to that growth. It is on this basis that the directors determined the allotment of employee options to senior management staff members.

(c) No employee options were issued to directors.

The terms and conditions of the options issued under the Scheme are as follows:

TERMS AND CONDITIONS OF THE SCHEME OPTIONS EXPIRING 31 JANUARY 2010

1. Definitions

In these Terms and Conditions, unless the contrary intention appears:

"ASX" means Australian Stock Exchange Limited (ACN 008 624 691);

"Board" means the board of directors of the Company;

"Business Day" means a day on which the stock market of ASX is open for trading in securities;

"Certificate" means the certificate issued by the Company to a Holder in respect of an Option;

"Company" means Bluestone Tin Limited (ACN 110 150 005);

"Corporations Act" means the Corporations Act 2001 (Cth);

"Eligible Person" means a person who is an officer or employee (whether full-time or part-time) of the Company or an Associated Company;

4. Ratification of Employee Option Issue (Resolution 3) (continued)

TERMS AND CONDITIONS OF THE SCHEME OPTIONS EXPIRING 31 JANUARY 2010 (continued)

1. Definitions (continued)

"Exercise Period" means, in relation to an Option, the period of 3 years commencing on the first anniversary of the Issue Date applicable to that Option;

"Exercise Price" means $0.28 per share payable on exercise of the Option;

"Holder" means, in relation to an Option, the person (whether an Eligible Person or a Permitted Nominee) entered in the Company's register of options as the holder of the Option;

"Issue Date" means, in relation to an Option, the date on which the Company issues that Option;

"Listing Rules" means the Official Listing Rules of ASX;

"Option" means an option to subscribe (subject to clause 6.2(i) and 6.2(j)) for one fully paid ordinary share in the Company;

"Permitted Nominee" has the meaning given to it by clause 4;

"Scheme" means the Bluestone Tin Limited Employee Option Incentive Scheme established in accordance with its Rules;

the singular includes the plural and vice versa; and

a reference to a gender includes all genders.

2. Exercise of Options

(a) A holder may exercise Options at any time during the Exercise Period.

(b) Notwithstanding the definition of "Exercise Period", but subject always to clause 3, a Holder may exercise any Options at any time after the Issue Date during the period commencing on the making of a takeover bid (as that term is defined in section 9 of the Corporations Act) for the Company, which is unconditional and is recommended by the Board.

For the avoidance of doubt, this paragraph (b) does not permit the exercise of an Option by a Holder who:

- (i) ceased to be an Eligible Person; or
- (ii) is the Permitted Nominee of a person who ceased to be an Eligible Person, prior to the making of the takeover bid.

(c) Any Option that has not been exercised before the expiry of the Exercise Period automatically lapses.

(d) Options may only be exercised by notice in writing to the Company delivered to the registered office of the Company. The notice must specify the number of Options being exercised and must be accompanied by:

- (i) the Exercise Price for the number of Options specified in the notice; and
- (ii) the Certificate for those Options, for cancellation by the Company.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of the cheque).

(e) Subject to paragraphs (a) to (c), within 10 Business Days after the notice referred to in paragraph (d) becomes effective, the Board must:

- (i) allot and issue the number of shares specified in the notice to the Holder;
- (ii) cancel the Certificate for the Options being exercised; and
- (iii) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.

Shares Allotted on Exercise of Options

(f) All shares allotted upon the exercise of Options rank pari passu in all respects with other fully paid ordinary shares in the Company, and, in particular, entitle their holders to participate fully in:

- (i) dividends declared by the Company after the date of allotment; and
- (ii) all issues of securities offered to holders of ordinary shares where entitlements to participate in those issues are determined by reference to holders of shares after that date.

Official Quotation

(g) If the Company's ordinary shares have been granted Official Quotation by ASX, the Company must apply for Official Quotation of all shares allotted upon the exercise of Options not later than 10 Business Days after the date of exercise. The Company will not apply for Official Quotation of any Options.

4. Ratification of Employee Option Issue (Resolution 3) (continued)

TERMS AND CONDITIONS OF THE SCHEME OPTIONS EXPIRING 31 JANUARY 2010 (continued)

2. Exercise of Options (continued)

New Issues

(h) The Options do not confer any participating rights or entitlements and Holders are not entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that, for the purposes of determining entitlements to any such issue, the books closing date is at least 10 Business Days after the issue is announced. This will give each Holder the opportunity to exercise any Option which the Holder is are entitled to exercise pursuant to these Rules before the date for determining entitlements to participate in that issue.

Bonus Issues

(i) If from time to time prior to the expiry of any Options the Company makes an issue of any class of shares to the holders of ordinary shares in the Company by way of capitalisation of profits or reserves (a "bonus issue") then upon exercise of an Option, each Holder is entitled to have issued (in addition to the shares which would otherwise be issued to the Holder upon such exercise) the number of shares of the class which would have been issued to the Holder under the bonus issue ("bonus shares") if on the record date for the bonus issue the Holder had been registered as the holder of the number of shares of which the Holder would have been registered as holder if, immediately prior to that date, the Option had been exercised and the shares the subject of that exercise had been duly allotted and issued to the Holder. The bonus shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares of that class on issue at the date of issue of the bonus shares.

Reorganisation of Capital

(j) In the event of any reorganisation of the issued capital of the Company prior to the expiry of any Options, rights of a Holder will be changed to the extent necessary to comply with the applicable Listing Rules in force at the time of the reorganisation.

Advice

(k) The Company must give notice to each Holder of any adjustment to the number of shares for which the Holder's Options entitle the Holder to subscribe as a result of a bonus issue or a capital reorganisation.

3. Ceasing to be an eligible person

If at any time prior to the expiry of the Exercise Period an Eligible Person ceases to be an Eligible Person, all Options held by that Eligible Person (or, if appropriate, his Permitted Nominee) would automatically lapse six months after that cessation.

4. Transfer of options

Other than transfers between an Eligible Person and his Permitted Nominee, an Option is transferable by a Holder if, and only if, the Holder is entitled (other than by virtue of clause 2 (b)) to exercise that Option in accordance with these Rules. The instrument of transfer must be in writing, signed by both parties and otherwise be in such form as the Board from time to time prescribes. The Board must not register any transfer of an Option made otherwise than in accordance with this clause.

5. Ratification of Employee Option Issue (Resolution 4)

Ratify Issue of Employee Options Pursuant to Employee Option Scheme

On 30 April 2006 the Company issued 500,000 employee options pursuant to the terms and conditions of the Company's Employee Option Scheme. The options are exercisable at 34 cents each and expire on 30 April 2010.

The following additional information is being provided for the purposes of compliance with Listing Rule 7.5:

(a) Employee options are issued for nil consideration.

(b) The primary purpose of the Employee Options Scheme is to attract, motivate and retain key personnel. The directors believe that the future success of the Company will depend in large on the skills and motivation of the people engaged in the management of the Company's business. It is important that the Company is able to attract and retain people of the highest calibre. The directors consider that the most appropriate means of achieving this is to establish a plan which provides employees with an opportunity to participate in the Company's future growth and gives them an incentive to contribute to that growth. It is on this basis that the directors determined the allotment of employee options to senior management staff members.

(c) No employee options were issued to directors.

5. Ratification of Employee Option Issue (Resolution 4) (continued)

The terms and conditions of the options issued under the Scheme are as follows:

TERMS AND CONDITIONS OF THE SCHEME OPTIONS EXPIRING 30 APRIL 2010

1. Definitions

In these Terms and Conditions, unless the contrary intention appears:

"ASX" means Australian Stock Exchange Limited (ACN 008 624 691);

"Board" means the board of directors of the Company;

"Business Day" means a day on which the stock market of ASX is open for trading in securities;

"Certificate" means the certificate issued by the Company to a Holder in respect of an Option;

"Company" means Bluestone Tin Limited (ACN 110 150 005);

"Corporations Act" means the Corporations Act 2001 (Cth);

"Eligible Person" means a person who is an officer or employee (whether full-time or part-time) of the Company or an Associated Company;

"Exercise Period" means, in relation to an Option, the period of 3 years commencing on the first anniversary of the Issue Date applicable to that Option;

"Exercise Price" means $0.34 per share payable on exercise of the Option;

"Holder" means, in relation to an Option, the person (whether an Eligible Person or a Permitted Nominee) entered in the Company's register of options as the holder of the Option;

"Issue Date" means, in relation to an Option, the date on which the Company issues that Option;

"Listing Rules" means the Official Listing Rules of ASX;

"Option" means an option to subscribe (subject to clause 6.2(i) and 6.2(j)) for one fully paid ordinary share in the Company;

"Permitted Nominee" has the meaning given to it by clause 4;

"Scheme" means the Bluestone Tin Limited Employee Option Incentive Scheme established in accordance with its Rules;

the singular includes the plural and vice versa; and

a reference to a gender includes all genders.

2. Exercise of Options

(a) A holder may exercise Options at any time during the Exercise Period.

(b) Notwithstanding the definition of "Exercise Period", but subject always to clause 3, a Holder may exercise any Options at any time after the Issue Date during the period commencing on the making of a takeover bid (as that term is defined in section 9 of the Corporations Act) for the Company, which is unconditional and is recommended by the Board.

For the avoidance of doubt, this paragraph (b) does not permit the exercise of an Option by a Holder who:

(i) ceased to be an Eligible Person; or

(ii) is the Permitted Nominee of a person who ceased to be an Eligible Person, prior to the making of the takeover bid.

(c) Any Option that has not been exercised before the expiry of the Exercise Period automatically lapses.

(d) Options may only be exercised by notice in writing to the Company delivered to the registered office of the Company. The notice must specify the number of Options being exercised and must be accompanied by:

(i) the Exercise Price for the number of Options specified in the notice; and

(ii) the Certificate for those Options, for cancellation by the Company.

The notice is only effective (and only becomes effective) when the Company has received value for the full amount of the Exercise Price (for example, if the Exercise Price is paid by cheque, by clearance of the cheque).

(e) Subject to paragraphs (a) to (c), within 10 Business Days after the notice referred to in paragraph (d) becomes effective, the Board must:

(i) allot and issue the number of shares specified in the notice to the Holder;

(ii) cancel the Certificate for the Options being exercised; and

(iii) if applicable, issue a new Certificate for any remaining Options covered by the Certificate accompanying the notice.

5. Ratification of Employee Option Issue (Resolution 4) (continued)

2. Exercise of Options (continued)

Shares Allotted on Exercise of Options

(f) All shares allotted upon the exercise of Options rank pari passu in all respects with other fully paid ordinary shares in the Company, and, in particular, entitle their holders to participate fully in:

- (i) dividends declared by the Company after the date of allotment; and
- (ii) all issues of securities offered to holders of ordinary shares where entitlements to participate in those issues are determined by reference to holders of shares after that date.

Official Quotation

(g) If the Company's ordinary shares have been granted Official Quotation by ASX, the Company must apply for Official Quotation of all shares allotted upon the exercise of Options not later than 10 Business Days after the date of exercise. The Company will not apply for Official Quotation of any Options.

New Issues

(h) The Options do not confer any participating rights or entitlements and Holders are not entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that, for the purposes of determining entitlements to any such issue, the books closing date is at least 10 Business Days after the issue is announced. This will give each Holder the opportunity to exercise any Option which the Holder is are entitled to exercise pursuant to these Rules before the date for determining entitlements to participate in that issue.

Bonus Issues

(i) If from time to time prior to the expiry of any Options the Company makes an issue of any class of shares to the holders of ordinary shares in the Company by way of capitalisation of profits or reserves (a "bonus issue") then upon exercise of an Option, each Holder is entitled to have issued (in addition to the shares which would otherwise be issued to the Holder upon such exercise) the number of shares of the class which would have been issued to the Holder under the bonus issue ("bonus shares") if on the record date for the bonus issue the Holder had been registered as the holder of the number of shares of which the Holder would have been registered as holder if, immediately prior to that date, the Option had been exercised and the shares the subject of that exercise had been duly allotted and issued to the Holder. The bonus shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank pari passu in all respects with the other shares of that class on issue at the date of issue of the bonus shares.

Reorganisation of Capital

(j) In the event of any reorganisation of the issued capital of the Company prior to the expiry of any Options, rights of a Holder will be changed to the extent necessary to comply with the applicable Listing Rules in force at the time of the reorganisation.

Advice

(k) The Company must give notice to each Holder of any adjustment to the number of shares for which the Holder's Options entitle the Holder to subscribe as a result of a bonus issue or a capital reorganisation.

3. Ceasing to be an eligible person

If at any time prior to the expiry of the Exercise Period an Eligible Person ceases to be an Eligible Person, all Options held by that Eligible Person (or, if appropriate, his Permitted Nominee) would automatically lapse six months after that cessation.

4. Transfer of options

Other than transfers between an Eligible Person and his Permitted Nominee, an Option is transferable by a Holder if, and only if, the Holder is entitled (other than by virtue of clause 2 (b)) to exercise that Option in accordance with these Rules. The instrument of transfer must be in writing, signed by both parties and otherwise be in such form as the Board from time to time prescribes. The Board must not register any transfer of an Option made otherwise than in accordance with this clause.

6. Ratification of Option Issue (Resolution 5)

Ratify Issue of Options

On 30 April 2006 the Company issued 400,000 options to Rygold Nominees Pty Ltd (or its nominee) a consultant of the Company. The options are exercisable at 34 cents each and expire on 30 April 2010.

The following additional information is being provided for the purposes of compliance with Listing Rule 7.5:

(a) The options were issued for nil consideration.

(b) The primary purpose of the issue of Options to selected consultants is to attract, motivate and retain key personnel. The directors believe that the future success of the Company will depend in large on the skills and motivation of the people engaged in the management of the Company's business. It is important that the Company is able to attract and retain people of the highest calibre. The directors consider that the most appropriate means of achieving this is to provide valued consultants with an opportunity to participate in the Company's future growth and give them an incentive to contribute to that growth.

The terms and conditions of the options issued are as follows:

TERMS AND CONDITIONS OF THE 30 APRIL 2010 UNLISTED OPTIONS

(a) Each option will entitle the holder to subscribe for and be allotted one fully paid ordinary share in the Company;

(b) The options will be exercisable at any time before 5pm on 30 April 2010, by notice in writing to the Company accompanied by payment of the exercise price of $0.34 for each option;

(c) The options will be transferable;

(d) Shares allotted and issued pursuant to the exercise of the options will be allotted and issued not more than 10 business days after receipt of a properly executed notice of exercise of the options and payment of the requisite application moneys;

(e) Shares issued upon exercise of the options will rank pari passu in all respects with the Company's fully paid ordinary shares. Subject to ASX escrow restrictions the Company will apply for official quotation by the ASX (of all shares issued upon exercise of the options) within 3 business days after the date of allotment of those shares;

(f) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital or bonus issues offered or made to shareholders during the currency of the options. However, the Company will send a notice to each optionholder at least 20 business days before the record date, and this will give optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue;

(g) In the event of a bonus issue to holders of ordinary shares prior to the expiry date, the number of shares over which an option is exercisable will be increased in accordance with ASX Listing Rule 6.22.3;

(h) In the event of a pro rata issue to holders of ordinary shares prior to the expiry date, the exercise price of an option will be adjusted in accordance with ASX Listing Rule 6.22.2;

(i) In the event of any reorganisation or reconstruction of the issued capital of the Company on or prior to the expiry date, the rights of an optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of the reorganisation or reconstruction, and in all other respects the terms for the exercise of the options will remain unchanged;

(j) The Company will, at least 20 business days before the expiry date, send notices to the optionholders stating the name of the optionholder, the number of options held and the number of securities to be issued on exercise of the options, the exercise price, the due date for payment and the consequences of non-payment.

7 Ratification of Share Placement (Resolution 6)

On 12 September 2006 the Company announced that it had made a placement of 38,840,000 fully paid ordinary shares at 17 cents per share ($6.6 million) to clients of Southern Cross Equities Limited. For their services in respect of the placement Southern Cross Equities Limited were paid a fee of $100,000 and issued with 2,000,000 options over shares of the Company exercisable at 25 cents each expiring on 12 September 2009.

The $6.6 million raised from the placement is to be used for working capital including the continuation of the Company's Tin Strategies in Tasmania and Far North Queensland and to strengthen the Company's balance sheet ahead of the proposed merger with Metals Exploration Limited.

7 Ratification of Share Placement (Resolution 6) (continued)

That placement has substantially utilised the number of shares that can be issued by the Company without shareholder approval under Listing Rule 7.1 of the Official Listing Rules of the Australian Stock Exchange Limited and the Board is of the opinion that in the event further opportunities arise that require equity, it is necessary for the Directors to be able to issue further shares without the cost and delay of calling a shareholders meeting. For this reason the Shareholders are asked to ratify the placement of the 38,840,000 shares on 12 September 2006.

The following additional information is being provided for the purposes of compliance with Listing Rule 7.5:

(a) The Allottees of the shares issued were determined by Southern Cross Equities Limited;

(b) The shares rank equally in all respects with existing fully paid shares on issue.

Issued Share Capital

Ordinary Shares on Issue before the Placement	388,418,003
Placement shares	38,840,000
Ordinary Shares on Issue following Placement	427,258,003
Total Ordinary Shares on issue at date of this document	427,258,003

Issued Options over Share Capital

The Company also has the following unlisted options on issue:

- 16,000,000 options exercisable at 25 cents expiring 30/06/2009;
- 1,500,000 exercisable at 20 cents expiring 12/02/2010;
- 400,000 exercisable at 34 cents expiring 30/04/2010;
- 900,000 exercisable at 30 cents expiring 30/06/2008 issued under the terms of the Bluestone Employee Option Incentive Scheme;
- 1,200,000 exercisable at 28 cents expiring 31/01/2010 issued under the terms of the Bluestone Employee Option Incentive Scheme;
- 450,000 exercisable at 34 cents expiring 30/04/2010 issued under the terms of the Bluestone Employee Option Incentive Scheme;
- 2,000,000 exercisable at 25 cents expiring 12/09/2009 issued to Southern Cross Equities Limited.

8. Ratification of Option Issue to Southern Cross Equities Limited (Resolution 7)

Ratify Issue of Options

On 13 September 2006 the Company issued 2,000,000 options to Southern Cross Equities Limited (or its nominee). The options are exercisable at 25 cents each and expire on 12 September 2009.

The following additional information is being provided for the purposes of compliance with Listing Rule 7.5:

(a) The options were issued for nil consideration.

(b) The purpose of the issue of the Options was as part satisfaction of a fee for services in respect of the placement by Southern Cross Equities Limited of 38,840,000 fully paid ordinary shares of the Company at a subscription price of 17 cents per share, as described in section 7 of the Explanatory Statement. The terms and conditions of the options issued are as follows:

TERMS AND CONDITIONS OF THE 12 SEPTEMBER 2009 UNLISTED OPTIONS

The exercise price of the unlisted options is $0.25 per share and subject to ASX restrictions may be exercised any time prior to 12 September 2009.

The options are issued on the following terms:

(a) Each option will entitle the holder to subscribe for and be allotted one fully paid ordinary share in the Company;

(b) The options will be exercisable subject to ASX escrow restrictions, at any time before 5pm on 12 September 2009, by notice in writing to the Company accompanied by payment of the exercise price of $0.25 for each option;

(c) The options will be transferable;

(d) Shares allotted and issued pursuant to the exercise of the options will be allotted and issued not more than 10 business days after receipt of a properly executed notice of exercise of the options and payment of the requisite application moneys;

8. Ratification of Option Issue to Southern Cross Equities Limited (Resolution 7) (continued)

(e) Shares issued upon exercise of the options will rank pari passu in all respects with the Company's fully paid ordinary shares. Subject to ASX escrow restrictions the Company will apply for official quotation by the ASX (of all shares issued upon exercise of the options) within 3 business days after the date of allotment of those shares;

(f) There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital or bonus issues offered or made to shareholders during the currency of the options. However, the Company will send a notice to each optionholder at least 20 business days before the record date, and this will give optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue;

(g) In the event of a bonus issue to holders of ordinary shares prior to the expiry date, the number of shares over which an option is exercisable will be increased in accordance with ASX Listing Rule 6.22.3;

(h) In the event of a pro rata issue to holders of ordinary shares prior to the expiry date, the exercise price of an option will be adjusted in accordance with ASX Listing Rule 6.22.2;

(i) In the event of any reorganisation or reconstruction of the issued capital of the Company on or prior to the expiry date, the rights of an optionholder will be changed to the extent necessary to comply with the applicable ASX Listing Rules at the time of the reorganisation or reconstruction, and in all other respects the terms for the exercise of the options will remain unchanged;

(j) The Company will, at least 20 business days before the expiry date, send notices to the optionholders stating the name of the optionholder, the number of options held and the number of securities to be issued on exercise of the options, the exercise price, the due date for payment and the consequences of non-payment.

Proxy Form

BLUESTONE TIN LIMITED
ABN 25 110 150 055

MEMBER/S NAME/S AND ADDRESS ***(PLEASE COMPLETE, SIGN AND DATE)***

Name/s: ______________________________

Address/es: ______________________________

Daytime phone contact: ______________________________

I/we appoint as my/our proxy the person named below at the Annual General Meeting of the Company to be held at 10.00 am (WST) on 27 November 2006 at the Mosman Bay Room, Hyatt Regency Perth, 99 Adelaide Terrace, East Perth, Western Australia and at any adjournment thereof.

Appointment of Proxy (leave blank and refer below if 2 proxies are to be appointed) **Box A** ☐

I/we appoint ______________________________

as my/our proxy *or* failing him/her the Chairman to exercise my/our votes for me/us on my/our behalf.

OR

Appointment of Chairman **Box B** ☐

I/we appoint the Chairman to exercise all of my/our votes for me/us on my/our behalf.

DIRECTING YOUR PROXY HOW TO VOTE

I/we direct my/our proxy to vote in the following manner:

	RESOLUTION	FOR	AGAINST	ABSTAIN
1	**Approval of Remuneration Report**			
2	**Election of Peter John Newton as a Director**			
3	**Ratify Issue of 2,200,000 Employee Options on 30 January 2006**			
4	**Ratify Issue of 500,000 Employee Options on 30 April 2006**			
5	**Ratify Issue of 400,000 Options to Rygold Nominees Pty Ltd**			
6	**Ratify Share Placement of 38,840,000 Shares**			
7	**Ratify Issue of 2,000,000 Options to Southern Cross Equities Ltd**			

Box C

If the Chairman is to be your proxy and you have not directed your proxy how to vote, please place a mark in box C. ☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman intends to vote in favour of each of the resolutions with respect to all undirected proxies given to him.

APPOINTMENT OF 2 PROXIES

If you are entitled to cast 2 or more votes at the meeting, you may appoint 2 proxies instead of a single proxy

(If you wish to appoint 2 proxies then complete below and note details for Appointment of Proxy on Proxy Form)

I/we appoint ______________________________
(Insert name of first proxy)

to exercise (state number or proportion) ______________________________
of my/our votes for me/us at the general meeting of the Company **AND**

I/we appoint ______________________________
(Insert name of 2nd proxy)

to exercise (state number or proportion) ______________________________
of my/our votes for me/us at the general meeting of the Company **OR**
failing one or both of my 1st and 2nd proxies, then the Chairman to exercise my/our votes for me/us in respect of the number or proportion of my/our shares allocated to the absent proxy/s, as set out above.

Note: *If you appoint 2 proxies and do not specify the number or proportion of votes each proxy may exercise, then each will be entitled to exercise half of your votes (with fractions being disregarded).*

INDIVIDUALS TO SIGN OR EXECUTION BY ATTORNEY	**COMPANIES TO SIGN**
Executed by:	Executed in accordance with the Company's Constitution by:
______________________________ *(Attorney to sign here)*	______________________________ *Director*
______________________________ *(Attorney to print name here) as attorney for*	______________________________ Director/Secretary *(Affix company seal if required)* **OR**
______________________________ *(Insert name of individual or company)* in accordance with the Company's constitution and the Corporations Act 2001. The authority or a certified copy of the authority under which the appointment is signed must be attached.	______________________________ Sole Director OR Sole Company Secretary

DATED ______ / ______ / 2006

Notes for Completion of Proxy Form

BLUESTONE TIN LIMITED
ABN 25 110 150 055

APPOINTMENT OF PROXY (see Proxy form)

- **To appoint a single proxy** – tick **BOX A**, complete name of proxy and sign Proxy Form; OR
- **To appoint the Chairman only** – tick **BOX B** and sign Proxy Form;
- If you do not wish to instruct the proxy how to vote then you may also tick **BOX C**.

A proxy appointed to attend and vote for a member has the same rights as the member to vote (to the extent allowed by this appointment) and to join in the demand for a poll. If you mark the abstention box for a particular item, you are directing your proxy not to vote on a show of hands or on a poll and your shares will not be counted in computing the required majority on a poll.

To appoint 2 proxies to exercise a specified proportion of your votes – instead complete the box on the previous page specifying each proxy and the number or proportion of votes for each.

HOW TO SIGN PROXY FORM

- The proxy form must be signed by the member or by the member's attorney. If a joint holding then either shareholder may sign.
- If the proxy is signed by a person who is not the registered shareholder, then the relevant authority or a certified copy should either have been provided previously to the Company or be enclosed with this proxy. If sent by facsimile then the authority must be certified.
- If the member is a corporation, the proxy form must be signed in accordance with its constitution and the Corporations Act 2001, or under the hand of an authorised officer or attorney who has not received any notice of revocation. A person intending to vote shares held in the name of a corporation MUST bring a properly executed authority from the corporation in favour of the person attending.

DEADLINE FOR RECEIPT OF PROXIES

Proxies will only be valid and accepted by the Company if they are signed and lodged (not later than 48 hours before the meeting) with the Company **before 10.00 am** on **25 November 2006** by:

- mailing your proxy to the Company at its share registry, **Security Transfer Registrars Pty Ltd, PO Box 535, Applecross WA 6953; OR**
- depositing your proxy with the Company at its share registry, **Security Transfer Registrars Pty Ltd, 770 Canning Highway, Applecross WA 6953; OR**
- faxing your proxy to **08 9315 2233/08 9220 5700** (if within Australia) or **+61 8 9315 2233/+61 8 9220 5700** (if sent from overseas).

  NB. Where a proxy form is faxed, the time of receipt will be determined by the receiving fax imprint and not the time as marked from the originating fax.