

Bluestone Tin Limited
ACN 110 150 055

**NOTICE OF GENERAL MEETING
AND
EXPLANATORY STATEMENT**

**Meeting to be held at Mosman Bay Room, Hyatt Regency Perth, 99 Adelaide Terrace
East Perth, Western Australia on Monday, 30 January 2006 at 2:00 pm (Perth Time)**

**This is an important document which you should read carefully. If you are in any doubt as
to how to deal with it, you should consult your financial or other professional adviser.**

LETTER TO SHAREHOLDERS

Dear Shareholder

As announced to the Australian Stock Exchange on 15 November 2005, Bluestone has agreed, subject to shareholder approval, to issue \$13,500,000 of Convertible Notes to clients of Southern Cross Equities Limited.

The purpose of this meeting is for shareholders to consider approving the issue of the Convertible Notes and, if subsequently converted, the issue of shares and options in Bluestone to the Noteholders.

The notes will have a term of 4 years and bear interest at the rate of 6% per annum payable quarterly in arrears. The notes are convertible into ordinary fully paid shares at a price of \$0.20 per share. If notes are converted within the first 2 years the Noteholder will receive 1 share for each note converted and 1 option to acquire an ordinary share at a price of \$0.20 expiring 4 years from the Issue Date of the Convertible Notes. If notes are converted in the third year the Noteholder will receive 1 share for each note converted and 1 option for every 2 notes converted. If converted in the fourth year the Noteholder will receive 1 share for every note converted and there is no option entitlement on conversion at this time.

The shares issued on conversion of the Convertible Notes and on exercise of any options by the Noteholders will be listed on the ASX but the options will not.

The issue of the notes is subject to satisfaction of a number of conditions precedent including Bluestone shareholder approval, regulatory approvals and agreement on the final terms of the Convertible Notes documentation.

The funds raised from the Convertible Note issue will be used to replace the existing security for Bluestone's \$3,500,000 of performance bonds and to strengthen the Company's working capital position.

Your directors will be voting in favour of the Convertible Note issue and I recommend all other shareholders do so.

The completion of the Rights Issue and Convertible Note Issue will put Bluestone in a strong financial position. The Company will be in a position to financially support its Tin Strategy without the requirement of potentially onerous tin hedging requirements, particularly after the significant fall in the price over the past 12 months.

Commissioning of the Collingwood Tin Project is underway and concentrate production will commence in January 2006.

The funding strategy that the Company has put in place will enable the Company when the tin price strengthens to recommence its Renison Mine and Tin Concentrator, and also gives the Company the capacity to consider additional growth or other business opportunities.

Yours sincerely

P J Newton
Chairman

NOTICE OF GENERAL MEETING

Notice is given that a general meeting of Bluestone Tin Limited (the **Company**) will be held at the **Mosman Bay Room, Hyatt Regency Perth, 99 Adelaide Terrace East Perth, Western Australia** on Monday, 30 January 2006 at 2:00 pm.

Business

Issue of Convertible Notes

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

"That, for all purposes, including for the purpose of ASX Listing Rule 7.1, approval is given for the issue to, and acquisition by, the Initial Noteholders of:

- (1) 67.5 million convertible notes by the Company;
- (2) any ordinary shares into which those convertible notes may convert;
- (3) any options into which those convertible notes may convert; and
- (4) any ordinary shares which may be issued on the exercise of options into which those convertible notes may convert,

on the terms described in the explanatory statement accompanying the notice convening this meeting".

Explanatory Statement

The resolution should be read in conjunction with the attached Explanatory Statement. The Explanatory Statement forms part of this Notice of Meeting.

Voting Entitlement

The Board has determined under Corporations Regulation 7.11.37 that, for the purposes of the General Meeting, shares will be taken to be held by the persons who are the registered holders at 10:00 am, 30 January 2006. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Voting Exclusion Statement

The Company will disregard any votes cast on the resolution by any of the Initial Noteholders and 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 a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxies

A member entitled to attend and vote at the meeting is entitled to appoint a person as the member's proxy to attend and vote at the meeting instead of the member.

The proxy does not need to be a member of the Company. A shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

To be effective, a completed proxy form must be received at the Company's registered office at Level 3, Hyatt Centre, 123 Adelaide Terrace, East Perth WA 6004 or by facsimile at +61 8 9220 5757 no later than 2:00 pm on 28 January 2006.

A proxy form accompanies this notice of meeting.

By Order of the Board

Dated: 22 December 2005

Fiona Van Maanen
Company Secretary

EXPLANATORY STATEMENT

1 Introduction

A General Meeting of the Company has been convened for Monday, 30 January 2006 at 2:00 pm (the **Meeting**).

The purpose of the Meeting is to consider a resolution that will approve the acquisition by the Initial Noteholders of 67.5 million Convertible Notes in the Company in the manner described in detail in this Explanatory Statement (the **resolution**).

This Explanatory Statement has been prepared to provide shareholders with the information necessary to enable them to assess the merits of the proposed resolution.

1.1 Background

The letter to shareholders at the beginning of this booklet sets out the background to the overall proposal behind the resolution (the **Proposal**).

Under the Convertible Note Deed:

- the Company agrees to issue the Notes to the Initial Noteholders, subject to the satisfaction of the following conditions precedent:
 - execution of the documents to secure the Convertible Notes;
 - approval (or non-objection) from the Foreign Investment Review Board;
 - no event of default under the Convertible Note Deed subsisting; and
 - the discharge of certain security interests held by Macquarie Bank Limited;
- the terms of the Convertible Notes and Options which may be issued on conversion of the Convertible Notes are set out (see sections 2.3 and 2.4 below);
- the conversion ratios for conversion of Convertible Notes are set out, including the adjustment mechanisms which will apply if the Company's capital structure is changed;
- procedures and requirements for the transfer of Convertible Notes are set out;
- procedures and requirements for the conversion of the Convertible Notes are set out;
- the Company gives undertakings and covenants in favour of the holders of Convertible Notes;
- events of default are set out;
- provisions regulating the holding of meetings of Convertible Noteholders are set out; and
- the regime by which the Convertible Note Trustee holds the rights of the Noteholders on trust is set out.

1.2 How the Proposal will be implemented

If the resolution is approved by shareholders, then two Business Days following the Meeting the Company will issue the Convertible Notes to the Initial Noteholders on the terms of the Convertible Note Deed and the Company will, as a result, receive an additional \$13.5 million.

1.3 Effect of Proposal on the Company

The implementation of the Proposal will affect the Company's capital structure. The number of Convertible Notes, Options and Shares on issue as a result (directly or indirectly) of the issue of Convertible Notes will depend on when (if at all) the Convertible Notes are converted, and when and to what extent (if any) Options issued as a result of such conversion are exercised and Shares issued as a result.

Shareholdings and Optionholdings of Initial Noteholders before issue of the Convertible Notes

	Shares		Options	
	Number	% of Total	Number	% of Total
Ospraie Portfolio Ltd	12,265,602	3.17%	3,665,602	2.81%
Robert Pittorino	13,440,000	3.47%	3,840,000	2.95%
Three Crowns Investments Pty Ltd	792,400	0.20%	Nil	0.00%
BB Capital Ltd	Nil	0.00%	Nil	0.00%
Colowell Pty Ltd	420,000	0.11%	120,000	0.09%
Clodene Pty Ltd	500,000	0.13%	646,560	0.50%
Delbant Pty Ltd	Nil	0.00%	Nil	0.00%
Rask Pty Ltd	4,605,001	1.19%	2,524,801	1.94%
MHGD Pty Ltd	300,000	0.08%	Nil	0.00%
Plane Sailing Trails Pty Ltd	716,800	0.19%	204,800	0.16%
Myall Resources Pty Ltd	630,000	0.16%	180,000	0.14%
Merrill Lynch Australia Nominees Ltd (JR 1952 Trust)	Nil	0.00%	Nil	0.00%
Other shareholders	353,220,200	91.30%	118,998,237	91.41%
Total	386,890,003	100.0%	130,180,000	100.0%

Shareholdings of the Initial Noteholders after conversion of the Convertible Notes

	Shares		Number of options*
	Number	% of Total	
Ospraie Portfolio Ltd	112,265,602	21.51%	3,665,602
Robert Pittorino	33,440,000	6.41%	3,840,000
Three Crowns Investments Pty Ltd	3,292,400	0.63%	Nil
BB Capital Ltd	2,000,000	0.38%	Nil
Colowell Pty Ltd	1,420,000	0.27%	120,000
Clodene Pty Ltd	1,500,000	0.29%	646,560
Delbant Pty Ltd	1,000,000	0.19%	Nil
Rask Pty Ltd	5,605,001	1.07%	2,524,801
MHGD Pty Ltd	800,000	0.15%	Nil
Plane Sailing Trails Pty Ltd	1,716,800	0.33%	204,800
Myall Resources Pty Ltd	3,130,000	0.60%	180,000
Merrill Lynch Australia Nominees Ltd (JR 1952 Trust)	2,500,000	0.48%	Nil
Other shareholders	353,220,200	67.69%	118,998,237
Total	521,890,003	100.0%	130,180,000

* These options are not Options into which the Convertible Notes were converted but are separate options owned by the Noteholders

None of the Initial Noteholders listed in the Table above are Related Parties of the Company.

The above table assumes that all Convertible Notes are converted as soon as possible by the Noteholders, that is, at the Conversion Ratio which provides them with the maximum number of Options on conversion. This table also assumes that these Options (that is, the Options issued on conversion of the Convertible Notes) are immediately exercised and shares are issued as a result.

While considering the potential effects of the issue of Convertible Notes on the Company's capital structure, you should be aware of the reduction in the number of Options which will be issued on conversion of the Convertible Notes during different periods. These reductions are as follows:

If a Convertible Note is converted:	Then the number of Shares issued on conversion will be...	And the number of Options issued on conversion will be...
Up to and including two years from the Issue Date	1	1
After two years from the Issue Date, up to and including three years from the Issue Date	1	0.5 (that is, 1 Option for every 2 Convertible Notes converted)
After three years from the Issue Date	1	Nil

1.4 Advantages of the Proposal for the Company

The issue of the Convertible Notes will increase the funds available to the Company by \$13.5 million which will significantly strengthen its financial position. Without the Convertible Note funding, the Company would have a working capital position of less than \$2 million which your directors consider inadequate for the Company's business.

The terms of the Convertible Notes are considered reasonable and the interest rate payable on the Convertible Notes is 6% per annum, payable quarterly in arrears.

The terms of the Convertible Notes do not require the Company to enter into tin metal hedging contracts which could be onerous at the current tin price.

1.5 Disadvantages of the Proposal for the Company

If the Convertible Notes are converted into Shares and Options, then shareholders in the Company will have their economic interest in the Company diluted. Further dilution of shareholders interests in the Company may occur in the event of future issues by the Company as the Noteholders interests may be adjusted to prevent dilution of their economic interest in the Company as summarised in section 2.3 below in the section headed 'Conversion Rights'.

The Convertible Note Deed restricts the ability of the Company to undertake certain activities without the consent of the Noteholders. For a summary of these restrictions refer to the Covenants summarised in section 2.3 below.

As the Convertible notes will be secured over the assets of the Group if the Company defaults in meeting its obligations to the Noteholders or fails to repay the Notes on maturity, the Noteholders can exercise their rights under the Securities to appoint a receiver to realise assets of the Group to repay the Noteholders.

1.6 Directors' recommendations

Each director approved the proposal to put the resolution to shareholders. Each director has indicated that he intends to vote in favour of the resolution at the Meeting.

1.7 No other information

Except as disclosed in the Notice of Meeting, and this Explanatory Statement there is no other information material to a shareholder's decision on how to vote on the resolutions known to any of the Company, the Initial Noteholders or any of their respective associates.

2 Resolution – Issue to and acquisition by the Initial Noteholders of Convertible Notes, Shares and Options

The purpose of the proposed resolution is to approve the issue to, and acquisition by, the Initial Noteholders of 67.5 million Convertible Notes, and any Shares and Options which may result from the conversion of those Convertible Notes.

2.1 Approval required under ASX Listing Rule 7.1

ASX Listing Rule 7.1 prohibits a company, without shareholder approval, from issuing securities if it would result in the number of securities issued in any 12 month period exceeding 15% of its issued capital.

Shareholder approval is being sought for the purposes of this rule, as the effect of the issue of the Convertible Notes on the Company's issued capital (as set out in section 1), may require shareholder approval because of the restrictions in ASX Listing Rule 7.1. Approval is sought for the issue of the Convertible Notes, and any securities which may result from the issue of the Convertible Notes.

2.2 Use of Funds

The intended use of the funds raised by the Convertible Note issue is to replace the existing security for Bluestone's \$3,500,000 of performance bonds and to strengthen the Company's working capital position.

2.3 Terms of the Convertible Notes

The following is a summary of the terms of the Convertible Notes. Full details of the terms of the Convertible Notes are set out in the Convertible Note Deed, a copy of which is available on the Company's website www.bluestonetin.com.au.

ISSUER	Bluestone Tin Limited ACN 110 150 055
AMOUNT TO BE RAISED BY CONVERTIBLE NOTE ISSUE	\$13.5 million
ISSUE PRICE AND FACE VALUE	20 cents per Convertible Note
NUMBER OF NOTES TO BE ISSUED	67.5 million
ISSUE DATE	Within 2 Business Days of obtaining shareholder approval.
FORM	The Convertible Notes will rank equally amongst themselves.
TERM	4 years from the Issue Date (Expiry Date) unless repaid or converted earlier. Generally there is no right for the Company to compulsorily repay or compulsorily convert the Convertible Notes before the Expiry Date except as provided in the sections below headed "Repayment Rights" and "Conversion Date".
INTEREST RATE	The Convertible Notes will bear interest at the rate of 6.0% per annum.
INTEREST PAYMENT DATES	Interest is payable on the date 3 months from the Issue Date of the Convertible Notes (ie in arrears) and each 3 months thereafter, until the Convertible Notes are converted or repaid. Accrued interest will be paid in the event of conversion or repayment. For the avoidance of doubt, payment of interest ranks in priority to the payment of dividends.

DEFAULT

If an Event of Default occurs which is not rectified within the specified time the Trustee must, if directed by an ordinary resolution (50%) of Noteholders, by notice to the Company require repayment in full of the principal amount of the Convertible Notes and any accrued interest. If those amounts are not repaid as required, interest at 8.0% per annum will accrue on the unpaid sums.

Events of Default include any breach of any financial or other covenant or undertaking given by the Company under the Convertible Note Trust Deed (including a failure to make a payment of interest or principal in respect of a Convertible Note), an insolvency/winding up event in relation to the Company and other events specified in the Convertible Note Deed.

REPAYMENT

The principal of the Convertible Notes (and any accrued unpaid interest) is repayable upon the Expiry Date if not repaid prior to that time.

REPAYMENT RIGHTS

A Convertible Note not converted by the Expiry Date must then be repaid by the Company at its Issue Price.

Where:

- the Company wishes to dispose of or acquire a material asset, undertake capital restructure or undertake a material change of business, and the permission of Noteholders is not given in relation to that activity and the Company's members approve the proposed transaction by an ordinary resolution; or
- a person acquires a relevant interest in 50% or more of the Company's shares by means of a takeover bid, a scheme of arrangement or an acquisition approved by shareholders,

the Company will be entitled to require repayment of the Noteholder's Notes in full and final satisfaction of the Company's obligations to the Noteholder. In such a case, each Noteholder has the right to convert instead of having their Notes repaid.

CONVERSION DATE

Conversion by the holders of Convertible Notes can be at any time upon 30 days' written notice to the Company.

There is no right for the Company to require conversion of the Convertible Notes into Shares except if 90% or more of the Convertible Notes are no longer on issue (in which case, the Company may require conversion but only of all outstanding Conversion Notes).

The Company will issue Shares and Options within 3 Business Days of the applicable Conversion Date for those Convertible Notes that are converted.

CONVERSION RIGHTS

Convertible Notes may be converted by Noteholders in the following ratios of Shares and Options:

- if conversion is on or before 2 years after the Issue Date, for every Note converted the Noteholder will receive 1 Share and 1 Option to acquire an ordinary share at a price of 20 cents expiring 4 years from the Issue Date, or
- if the conversion occurs between the 2nd year after the Issue Date and on or before 3 years after the Issue Date, the Noteholder will receive 1 Share for every Note converted and for every 2 Notes converted 1 Option to acquire an ordinary share at a price of 20 cents expiring 4 years from the Issue Date, or
- if the conversion occurs after the 3rd year after the Issue Date, the Noteholder will receive 1 Share for every Convertible Note.

Each Share issued on conversion of a Convertible Note will rank equally with all existing Shares then on issue, except that they will not be entitled to any dividend that has been declared but not paid as at the date of conversion. Every Share issued upon the exercise of an Option arising from conversion will rank equally with all existing Shares then on issue.

TRANSFER	Convertible Notes are only transferable with the consent of the Company (such consent not to be unreasonably withheld).
SECURITY	<p>The Convertible Notes are secured, and rank ahead of Shares and unsecured creditors, excluding those preferred by law.</p> <p>The security comprises a first ranking fixed and floating charge over all the assets of the Company and each of its subsidiaries.</p> <p>The security will be held by the Note Trustee and be exercisable only by it with authority of an Ordinary Resolution of Noteholders. To the extent registrable over any assets, the security will be registered by the Trustee.</p>
LISTING	The Convertible Notes will not be listed. The Company will apply to have any Shares issued as a result of a conversion or as a result of the exercise of Options listed on the ASX within 3 days of such issue.
CONDITIONS PRECEDENT	As set out above (see section 1.1).
COVENANTS	<p>The Company will covenant with the Note Trustee that it will not do any of the following without seeking the prior written consent of the Note Trustee (which may only be given with the authority of an Ordinary Resolution of Noteholders):</p> <ul style="list-style-type: none"> (a) dispose of a material asset, (b) acquire a material business, (c) undertake a share buy-back, (d) undertake any capital restructure, return or reduction or other material corporate action; (e) announce an intention to or undertake a change of business; (f) issue any additional Convertible Notes or like security; (g) declare or pay any dividend while any amount of interest on any Convertible Note is overdue or unpaid or while any amount payable in respect of the repayment or maturity of a Convertible Note is overdue or unpaid; (h) offer or issue any securities (other than in prescribed circumstances) except where: <ul style="list-style-type: none"> (i) the Company offers the Convertible Note holders an opportunity to subscribe for such number of the same securities on the same terms so that the Convertible Note holders' voting power (were they to accept the offer and determined on a fully diluted basis, assuming that all Equity Securities had been converted or exercised at that time) would be equivalent to their voting power immediately before the issue of securities to third persons (determined on a fully diluted basis, assuming that all Equity Securities had been converted or exercised at that time)); or (ii) the Conversion Ratio of the Convertible Notes is (and, in some circumstances, the terms of the Options are) adjusted to take account of the dilutionary effect of any discount; (i) offer or issue of any securities which in any way rank equally or in preference to the Convertible Notes; (j) any other matter that constitutes a variation or alteration of the rights attaching to the Convertible Notes; and (k) transfer, sell or otherwise dispose of any assets to any subsidiary of the Company which is not a member of the Security Group.
ARRANGER	Southern Cross Equities Limited.
TRUSTEE	Australian Executor Trustees Limited. The Note Trustee will act on the direction of an Ordinary Resolution of Noteholders.

2.4 Terms of the Options

The terms of the Options may be summarised as follows.

- Each Option entitles the holder to subscribe for and be allotted one fully paid ordinary share in the Company at an issue price of 20 cents.
- The Options will expire on the 4th anniversary of the Issue Date (the **Expiry Date**).
- The Options are exercisable at any time on or prior to the Expiry Date by notice in writing to the directors of the Company accompanied by payment of the Exercise Price.
- Application will not be made to the ASX for official quotation of the Options.
- All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing fully paid ordinary shares. The Company will apply for official quotation by the ASX of all Shares issued upon exercise of the Options.
- There are no participating rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will send a notice to each holder of Options at least nine Business Days before the record date. This will give Option holders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- In accordance with Listing Rule 6.22 if from time to time on or prior to the Expiry Date the Company makes an issue of Shares to the holders of Shares in the Company by way of capitalisation of profits or reserves (a bonus issue), then upon exercise of his Options an Option holder will be entitled to have issued to him (in addition to the Shares which would otherwise be issued to him upon such exercise) the number of Shares of the class which would have been issued to him under that bonus issue (bonus Shares) if on the record date for the bonus issue he had been registered as the holder of the number of Shares of which he would have been registered as holder if, immediately prior to that date, he had duly exercised his Options and the Shares the subject of such exercise had been duly allotted and issued to him. The bonus Shares will 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 allotted upon exercise of the Options.
- In accordance with Listing Rule 6.22 in the event of a pro rata rights issue of shares (other than a bonus issue) at a discount to market price during the currency of the Options, the Exercise Price of the Options will be reduced to reflect the discount.
- In the event of any reorganisation of the issued capital of the Company on or prior to the Expiry Date, the rights of an Option holder will be changed to the extent necessary to comply with the applicable ASX Listing Rules in force at the time of the reorganisation.

3 Glossary

In this explanatory statement:

ASX means Australian Stock Exchange Limited;

ASX Listing Rules means the official listing rules of the ASX, as they apply to the Company;

Business Day means a day (excluding a Saturday, Sunday or public holiday in Perth, Western Australia) on which banks are open for business there, but, where used in connection with the calculation of a VWAP, includes any "trading day" as defined under the ASX Listing Rules;

Charge means the fixed and floating charge entered into between the Company, each of the Bluestone Tin Subsidiaries and the Note Trustee before the Issue Date;

Conversion means the repayment of a Note (or part of a Note) and the application of the proceeds to subscribe for that number of Shares and/or Options as determined by clause 9 of the Convertible Note Deed;

Conversion Rate or **CR** is the rate which Convertible Notes are converted into Shares and/or Options as described in the section headed "Conversion Rights";

Corporations Act means the Corporations Act 2001 (Cth);

Event of Default means any of the events or circumstances described in the Convertible Note Deed;

Exercise Price means 20 cents;

Face Value means, in respect of a Note, 20 cents;

Group in relation to a body corporate means that body corporate and each of its related bodies corporate;

Initial Noteholders means the parties tabled in section 1.3 or their nominees;

Issue Date means, in respect of a Note, the date on which an Initial Noteholder pays the Principal Sum for a Note to the Company;

Note means a convertible note issued in accordance with the Convertible Note Deed which has not been repaid or converted in accordance with that document;

Noteholder means a holder of a Note;

Option means an option to acquire from the Company an ordinary share in the capital of the Company for the Exercise Price and otherwise is governed by the terms set out in the Convertible Note Deed;

Ordinary Resolution means a resolution passed at a meeting of Noteholders, or by circulating resolution, by the holders of Notes with aggregate Outstanding Amounts equal to more than 50% of the aggregate of Outstanding Amounts of all Noteholders at that time (disregarding any votes cast by the Company, a related body corporate of the Company (as defined in the Corporations Act) or an associate of the Company (as defined in any of sections 12 to 17 of the Corporations Act));

Original Allotment means 67,500,000 Notes;

Outstanding Amount means, in respect of a Note:

- (a) the Face Value; and
- (b) the accrued but unpaid interest from time to time payable by the Company in respect of the Note under this deed;

Related Party has the meaning given in the Corporations Act.

Relevant Interest has the meaning given in the Corporations Act;

Security Group means the Company, Bluestone Australia Pty Ltd, Bluestone Mines Tasmania Pty Ltd and Bluestone Nominees Pty Ltd;

Share means an ordinary share in the capital of the Company;

Shareholder means the holder of a Share; and

Subsidiary has the meaning given in the Corporations Act, and, in respect of the Company, includes each of Bluestone Australia Pty Ltd, Bluestone Mines Tasmania Pty Ltd and Bluestone Nominees Pty Ltd.

Bluestone Tin Limited

ACN 110 150 055

APPOINTMENT OF PROXY

Information to assist you in completing this form can be found on the reverse side of this form.

Name of shareholder (Block Letters)

Address of shareholder (Block Letters)

A Appointment of proxy

I/We appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairperson of the Meeting as my/our proxy, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held on Monday, 30 January 2006 at 2:00 pm and at any adjournment or postponement of the Meeting.

B Voting on business of the General Meeting

FOR

AGAINST

ABSTAIN

1 Issue of convertible notes, options and shares

"That, for all purposes, including for the purpose of ASX Listing Rule 7.1, approval is given for the issue to, and acquisition by, the Initial Noteholders of:

- (1) 67.5 million convertible notes by the Company;
- (2) any ordinary shares into which those convertible notes may convert;
- (3) any options into which those convertible notes may convert; and
- (4) any ordinary shares which may be issued on the exercise of options into which those convertible notes may convert;

on the terms described in the explanatory statement accompanying the notice convening this meeting".

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll, and your shares will not be counted in computing the required majority on a poll.

C If you wish to appoint two proxies:

State the proportion or number of your votes applicable to this form.

Proportion of votes

Number of votes

OR

D Sign here:

This section must be signed.

All individuals and Joint holders must sign

Companies

Signature

Director

Signature

Director/ Company Secretary

Date

Contact details (optional)

This proxy form must be received at the registered office of the Company at Level 3, Hyatt Centre, 123 Adelaide Terrace, East Perth WA 6004, or fax number +61 8 9220 5757 not less than 48 hours before the time for holding the meeting.

INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

Bluestone Tin Limited

ACN 110 150 055

Please direct your proxy how to vote. If no directions are given, your proxy will be entitled to vote or abstain as the proxy thinks fit.

A Appointment of Proxy

You need to insert the name of the person you wish to appoint as proxy. A proxy need not be a shareholder of the Company. However, shareholders cannot appoint themselves.

The Chairperson of the meeting will act as your proxy if no proxy is named or if your appointed proxy fails to attend the meeting.

B Voting on business of the meeting

If you wish to direct your proxy how to vote on the resolution particular item, place a mark in the appropriate box. If a mark is placed in a box your total shareholding will be voted in that manner. The vote will be invalid if a mark is made in more than one box for a particular item. You may choose to split your vote by marking an X in the box indicated and inserting the number of shares you wish to vote in the appropriate boxes. In this case the vote will be invalid if the total number of shares shown in the 'for', 'against' and 'abstain' boxes is more than your total shareholding on the share register.

C If you wish to appoint two proxies

You are entitled to appoint no more than two persons to attend the meeting and vote. If you wish to appoint more than one proxy you may obtain an additional proxy form by contacting the Company's share registry. Both proxy forms should be completed with the nominated proportion or number of your voting rights on each. If 2 proxies are appointed but the appointment does not specify the proportion or number of the member's voting rights which each proxy may exercise, the Corporations Act provides that each proxy may exercise half of the member's votes.

D Shareholder signature(s)

The proxy form must be signed by the shareholder(s) or, if a corporation, executed under its seal or in accordance with section 127 of the Corporations Act or under the hand of an authorised officer or attorney. If the proxy form is signed by a person who is not a registered shareholder then the relevant authority must either have been exhibited previously with the company's share registry or be enclosed with this proxy.

The proxy form on the reverse side of this page must be received at the registered office of the Company at Level 3, Hyatt Centre, 123 Adelaide Terrace, East Perth WA 6004 or fax number +61 8 9220 5757 not less than 48 hours before the time for holding the meeting.

If you have any questions relating to this proxy form, please contact Fiona Van Maanen, Company Secretary, on +61 8 9220 5700, during normal business hours.

If you are in any doubt as to how to deal with this form, please contact your financial, legal or other professional adviser without delay.
