BLUESTONE TIN LIMITED

ACN 110 150 055

Quarterly Activities Report
Period Ending – March 31, 2006

Highlights

- Bluestone Tin Limited is a rapidly growing mining company with Tin mining projects in Far North Queensland (Collingwood) and Tasmania (Renison, Mt Bischoff and Rentails) and is committed to bringing Australia's Tin industry from a zero base to a significant position in the world Tin industry.
- During the quarter Bluestone completed construction and commissioning of its Collingwood Tin Project and late in the quarter received its first revenue from concentrate sales. Operational performance from the project which includes the commissioning and start up period is summarised:

Production Statistics	March 2006 Quarter
Mining	
Ore to Mined (t)	15,173
Grade (% Sn)	1.14%
Contained Sn (t)	172.5
Tin Concentrator	
Ore Processed (t)	14,620
Head Grade (% Sn)	0.88%
Concentrate Produced (t)	102
Concentrate Grade (% Sn)	67.3%
Recovered Metal (t Sn)	69

The commissioning and project start up was adversely affected by a heavy tropical wet season including the effects of Cyclone Larry. Mine production was constrained by delays in establishing primary mine ventilation and emergency egress.

The fundamental plant recovery process was proven during the quarter, and activities in the next phase are centred on optimisation and establishing steady operations.

- Tin price recovery continued with spot tin prices rising over 20% during the quarter to US$8,900/tonne (A$11,600). Subsequent to quarters end it has risen to US$9400/tonne (A$12,500).
- Bluestone continued with the assessment of the re-start its Tasmanian Tin Strategy, incorporating the Renison and Mt Bischoff Tin Mines in Tasmania.
- The Rentails Project continued to advance with excellent results received from gravity test work and in particular ultra-fine high gravity ("UF") separation technology. Samples tested suggested very positive recoveries and grades which in most instances were superior to the current Cassiterite floatation process route. This creates significantly more process flexibility and processing options available for the treatment of the historical tailings at Renison.
- The UF technology also has the potential to modernise the fines recovery section of the current Renison Tin Concentrator, potentially increasing overall recoveries at Renison by approximately 5% and up to 15% with the introduction of tin fuming.

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Corporate

Bluestone Tin Limited is a rapidly growing mining company with Tin mining projects in Far North Queensland (Collingwood) and Tasmania (Renison, Mt Bischoff and Rentails). The company is committed to bringing Australia's Tin industry from a zero base to a significant position in the world Tin industry.

Bluestone was pleased to announce on February 28, 2006, the commencement of Tin production at its Collingwood operation in North Queensland.

During the quarter Bluestone completed the issue of $13.5 million of convertible notes following shareholder approval on January 30, 2006.

Collingwood Tin Project (Queensland)

The Collingwood Tin Project is located in Far North Queensland approximately 30 km south of Cooktown. The company commenced refurbishment of the underground decline and construction of the tin con concentrator plant in 2005. During the quarter, the construction of the project was completed and commercial production commenced. The first shipment of tin concentrates departing site on February 28, 2006 and revenue was received for this by the end of the quarter.

The completion of construction, commissioning and production were undertaken in trying circumstances in a heavy tropical monsoon season with significant operational disruptions caused by tropical Cylcone Larry and subsequent to the end of the quarter, tropical Cyclone Monica. Although no damage was sustained from Cyclone Larry, the operations had to be evacuated on numerous occasions due to flooding of local rivers denying access to the site.

Productivity from the operations for the quarter (late February to March 31, 2006) is summarised as follows:

Production Statistics	March 2006 Quarter
Mining	
Ore to Mined (t)	15,173
Grade (% Sn)	1.14%
Contained Sn (t)	172.5
Tin Concentrator	
Ore Processed (t)	14,620
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Recovered Metal (t Sn)	69

All production during the quarter has come from development and this will continue until stoping commences. The onset of stoping has been delayed due to difficulties establishing primary ventilation and secondary egress to the mine from its primary vent rise. This rise which commenced with alimak rising encountered poor ground at the transition zone approximately 45m beneath the land surface. As a remedial action a shaft-sink was commenced to finalise the hole and this too has experienced difficult ground conditions, exacerbated by poor weather conditions. It is anticipated the vent hole will break through in the middle of the ensuing quarter which will be the catalyst for the commencement of stoping and uplift in mine production from the project.

The processing plant, during the commissioning and start-up process, has shown excellent potential with feed rates of 40-45 tphr (design of 45 tphr) achieved in short durations and consistent tin concentrate grades above 67% Sn compared to a design 58% Sn. The fundamental recovery process is proven and activities in the ensuing quarter are centred on optimisation and establishing steady operations. Output from the operation is expected to improve significantly in the next quarter, as the vent rise breaks through and weather approaches the dry season.

TASMANIAN TIN STRATEGY

Renison & Mt. Bischoff Tin Projects

Mining and processing operations at the Renison Tin Project, Tasmania, were temporarily suspended due to falling commodity prices and productivity issues on October 3, 2005. Bluestone elected to suspend the operations in such a manner that it could re-start the Renison operations at the same capacity and productivity levels if the tin price recovers to more viable and sustainably higher levels. The spot tin price at the time was US$6,580 per tonne having traded as low as US$6,335 per tonne.

In recent months, the tin price has shown signs of recovery driven by strong consumption and in particular growth in lead free solders. The tin price had recovered to $US8,900 per tonne by the end of the quarter, and to US$9400 by the time of this report. This is a 48% increase from the lows and the price shows strong signs of further cyclical appreciation.

Bluestone has commenced an assessment study, Project New Blue, to re-start its Renison Tin Mine and the commencement of mining at the nearby Mt Bischoff Tin Mine in Tasmania. An assessment team, has been assembled to assess the requirements to re-commence the operation at or near the tin concentrator's full capacity of 55-60,000 tonne of ore feed per month with ore sourced from both mines.

The current status of the Renison underground mine and tin concentrator is an advanced state of care and maintenance in anticipation of a re-start. Project New Blue's strategy is aimed at getting the Renison Project to produce approximately 7,500 tonnes of tin metal per annum from the processing of approximately 700,000 tonnes of ore at a grade of no less than 1.5% Sn.

Project New Blue commenced during the quarter with the generation of a project roadmap. Implementation of the tasks has commenced.

Rentails Project

The Rentails Project involves the use of modern processing methods and technology to potentially recover and re-process decades of tin residue and tails from tailings dams around the Renison operation. The total reserves contained in these tailings dams amount to approximately 17.9Mt @ 0.42% containing 75,000 tonnes of tin metal. The Rentails Project aims to recover at least 55% of this tin and process this into a saleable product through the use of a Tin Fuming Plant.

The Project continues to advance with very positive results. During the quarter a review of all test work that had been completed to-date and the processing options available was carried out. An outcome of this review was to determine if gravity devices could play a more important role in the process to achieve the desired concentrate grades for Tin Fumer feed. As such Bluestone took delivery of a laboratory scale Falcon Ultra Fine (UF) Concentrator during the quarter which had been trialled in Canadian Tantalum operations and by Minsur Tin operations in Peru.

Initial test work with the UF Concentrator was conducted on various plant streams which indicated very positive recoveries and grades which in most instances were superior to the current Cassiterite floatation process route. The treatment of slime tailings (80% < 7 micron) from a single pass through the UF Concentrator resulted in concentrate grades of over 14% Sn @ 57% recovery (10%Sn grade @ 80% recovery; 8% grade @ 90% recovery). This product is currently sent directly to the tailings dam, as it is not recoverable within the current plant technology. More test work is required to ensure consistent performance of the UF concentrators as current results are from a single pass only. It would be anticipated that higher grades would be achieved with additional passes through the UF concentrator and overall recoveries would be higher.

Test work conducted on Rentail samples (historical tailings) with the UF concentrator produced grades of over 6% at recoveries of over 55%. Even much higher recoveries (80%-90%) can also be achieved at lower concentrate grade of around 4% Sn. Test work to-date has only been based on a single pass through the UF concentrator. Higher grades are expected to be achieved through multiple passes of the UF concentrator or in downstream processing of the concentrate with Tin flotation.

Additional technical analysis has been initiated to optimise variables such as the spin speed (gravitational force) and to profile the best sequence of operation based on volumes, capital and operating costs. Other test work conducted during the quarter was focused on optimising flotation recoveries and reagent regimes.

UF Concentrating & Renison Process

The UF technology also has the potential to modernise the fines recovery section of the current Renison Tin Concentrator, potentially increasing overall recoveries at Renison by approximately 5% and up to 15% with the introduction of tin fuming.

The potential for high gravity concentrators to play a critical role in improved recoveries within the concentration path in the Renison process is very high. Preliminary test work has seen excellent recoveries of the ultra fine tails normally sent to the tailings dam and which are not recoverable with the current plant technology. These ultra fines normally stay in the circuit as a re-circulating load and the UF concentrator has created the opportunity to recover them into a saleable concentrate. The UF tail could also generate a low grade concentrate capable of being processed with a tin fumer.

This is a very significant step for the Renison Tin Project and with the current Tin Price the company is enthusiastic about the future ahead for our Tasmanian Tin Strategy.

---------- **End** ----------

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Bluestone Tin Limited

ABN	Quarter ended ("current quarter")
25 110 150 055	31 March 2006

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date $A'000
1.1	Receipts from product sales and related debtors	588	11,073
1.2	Payments for (a) exploration and evaluation	(2)	(156)
	(b) development	(4,954)	(14,173)
	(c) production	(3,857)	(22,052)
	(d) administration	(773)	(1,775)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	72	252
1.5	Interest and other costs of finance paid	(214)	(366)
1.6	Income taxes paid		
1.7	Other (provide details if material)		64
	Net Operating Cash Flows	(9,140)	(27,133)
	Cash flows related to investing activities		
1.8	Payment for purchases of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets	(1,920)	(14,002)
1.9	Proceeds from sale of:		
	(a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	(1,920)	(14,002)
1.13	Total operating and investing cash flows (carried forward)	(11,060)	(41,135)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(11,060)	(41,135)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		15,475
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	12,500	16,650
1.17	Repayment of borrowings	(73)	(194)
1.18	Dividends paid		
1.19	Other – (capital raising costs)		(819)
	Net financing cash flows	12,427	31,112
	Net increase (decrease) in cash held	1,367	(10,023)
1.20	Cash at beginning of quarter/year to date	5,979	17,369
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	7,346	7,346

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	132
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

The YTD development expenditure relates to underground capital development. The majority of the plant & equipment expenditure for the quarter relates to the pre-production construction at the Collingwood Tin mine in Queensland.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available
Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	1,367	1,367
	Related Party Loan	3,150	3,150
3.2	Credit standby arrangements	0	0

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	20
4.2	Development	730
	Total	**750**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	7,346	5,979
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	7,346	5,979

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Nil			
6.2	Interests in mining tenements acquired or increased	Nil			

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference** +**securities** *(description)*	-			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+**Ordinary securities**	387,898,003	311,525,501		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,008,000	1,008,000	20 cents	20 cents
7.5	+**Convertible debt securities** (*description)*	66,500,000		20 cents	20 cents
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	67,500,000 1,000,000		20 cents 20 cents	20 cents 20 cents
7.7	**Options** *(description and conversion factor)*	110,532,000 5,332,500 10,667,500 1,350,000 2,290,000 3,200,000	110,532,000	*Exercise price* *20 cents* *25 cents* *25 cents* *30 cents* *30 cents* *28 cents*	*Expiry date* *31/12/2008* *30/06/2009* *30/06/2009* *30/06/2006* *30/06/2008* *31/01/2010*
7.8	Issued during quarter	3,200,000		28 cents	31/01/2010
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does /~~does not~~* give a true and fair view of the matters disclosed.

Sign here: **P G COOK** Date: 28 April 2006
(Director)

Print name: **Peter Gerard Cook**

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.