

CONSOLIDATED TIN MINES LIMITED

ABN 57 126 634 606

RISK MANAGEMENT POLICY

The Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's process of risk management and internal compliance and control includes:

- (a) establishing the Company's goals and objectives, and implementing and monitoring strategies and policies to achieve these goals and objectives;
- (b) continuously identifying and reacting to risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- (c) formulating risk management strategies to manage identified risks and designing and implementing appropriate risk management policies and internal controls; and
- (d) monitoring the performance of, and continuously improving the effectiveness of, risk management systems and internal compliance and controls, including an ongoing assessment of the effectiveness of risk management and internal compliance and control.

Within the identified risk profile of the Company, comprehensive practices are in place that are directed towards achieving the following objectives:

- (a) effectiveness and efficiency in the use of the Company's resources;
- (b) compliance with applicable laws and regulations; and
- (c) preparation of reliable published financial information.

The Board oversees an ongoing assessment of the effectiveness of risk management and internal compliance and control.

The Board has as one of its main objectives, the monitoring and managing of areas where risk to the Company is perceived to be significant. The Company conducts its operations in a manner that allows risks to be identified, assessed and appropriately managed.

The Company's risk management policies and procedures cover the environment, occupational health and safety, tenement management, financial reporting and internal control. Each business unit is responsible and accountable for implementing and managing the standards required.

The Board regularly monitors the operational and financial performance of the Company against budget and other key performance measures. The Board in conjunction with management and appropriate consultants also reviews and receives advice on areas of operational and financial risks.

INTERNAL CONTROL FRAMEWORK

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities. To assist in discharging this responsibility, the Board has instigated an internal control framework that can be described as follows:

- i) *Financial Reporting* – there is a budgeting system with an annual budget approved by the Directors. Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly.
- ii) *Continuous Disclosure* – the Company has a policy that all shareholders and investors have equal access to the Company’s information and has procedures to ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules. The Company reports to the ASX quarterly, half-yearly and yearly. All information provided to the ASX is posted on the Company’s website.
- iii) *Operations* – Members of the Board visit key exploration sites to enable Directors to inspect the operations and meet a wide range of employees.

This Policy was adopted by the Consolidated Tin Mines Limited Board on 10th February 2009