

CONSOLIDATED TIN MINES LIMITED

ABN 57 126 634 606

BOARD COMPOSITION AND PERFORMANCE EVALUATION POLICY

PROCEDURES FOR SELECTION AND APPOINTMENT OF DIRECTORS

The Board shall ensure that, collectively, it has the appropriate range and expertise to properly fulfil its responsibilities, including:

- a) accounting and finance;
- b) business development and risk management;
- c) industry and public company experience; and
- d) an appropriate ratio and skills matrix for executive and non-executive directors.

In the circumstances where the Board believes there is a need to appoint another director, whether due to retirement of a director or growth or complexity of the Company, certain procedures will be followed, including the following:

- a) determine the skills and experience appropriate for the appointee having regard to those of the existing directors and any other likely changes to the Board;
- b) agree the process and timetable for seeking such a person, which may involve an external search firm;
- c) a short list of candidates will be prepared for the Board's consideration and interview. The selection process will encourage visitation to the Company's operating sites and an understanding of management information systems. Candidates will be assessed on the following basis:
 - i) competencies and qualifications;
 - ii) independence;
 - iii) other directorships;
 - iv) time availability;
 - v) contribution to the overall balance of the composition of the Board; and
 - vi) depth of understanding of the role of and legal obligations, of a director.

The Board currently comprises 4 persons and is considered to have an appropriate balance of skills and experience.

The Chairman regularly reviews the composition of the Board to ensure that the board continues to have the mix of skills and experience necessary for the conduct of the Company's activities.

If an invitation to become a director is accepted, the Board will appoint the new director during the year and that person will then stand for re-election by shareholders at the next annual general meeting. Shareholders are provided with relevant information on the candidates for re-election.

When appointed to the Board, a new director will receive an induction appropriate to their experience.

PERFORMANCE EVALUATION PRACTICES

As part of the annual review of the performance of the Board, the appropriate size, composition and terms and conditions of appointment to and retirement from the Board are considered. The level of remuneration for non-executive directors is considered with regard to practices of other public companies and the aggregate amount of fees approved by shareholders. The Board also reviews the appropriate criteria for Board membership collectively.

The Board has established formal processes to review its own performance and the performance of individual directors (including the Managing Director) and the committees of the Board, annually.

1. Board

A process has been established to review and evaluate the performance of the Board. The Board is required to meet annually with the specific purpose of reviewing the role of the Board, assessing its performance over the previous 12 months, including comparison with others, and examining ways in which the Board can better perform its duties. The review will incorporate the performance of the Board.

The annual review includes consideration of the following measures:

- a) comparison of the performance of the Board against the requirements of the Board charter;
- b) assessment of the performance of the Board over the previous twelve months having regard to the corporate strategies, operating plans and the annual budget;
- c) review the Board's interaction with management;
- d) identification of any particular goals and objectives of the Board for the next year;
- e) review the type and timing of information provided to the directors; and
- f) identification of any necessary or desirable improvements to Board or committee charters.

The method and scope of the performance evaluation will be set by the Board and which may include a Board self-assessment checklist to be completed by each director. The Board may also use an independent adviser to assist in the review.

2. Committees

Similar procedures to those for the Board review are applied to evaluate the performance of each of the Board committees.

An assessment will be made of the performance of each committee against each charter and areas identified where improvements can be made.

3. Non-Executive Directors

The Chairman will have primary responsibility for conducting performance appraisals of non-executive directors in conjunction with them, having particular regard to:

- a) contribution to Board discussion and function;
- b) degree of independence including relevance of any conflicts of interest;
- c) availability for and attendance at Board meetings and other relevant events;

- d) contribution to Company strategy;
- e) membership of and contribution to any Board committees; and
- f) suitability to Board structure and composition.

Where the Chairman, following a performance appraisal, considers that action must be taken in relation to a director's performance, the Chairman must consult with the remainder of the Board regarding whether a director should be counselled to resign, not seek re-election, or in exceptional circumstances, whether a resolution for the removal of a director be put to shareholders.

4. *Managing Director*

The Board will annually review the performance of the Managing Director. At the commencement of each financial year, the Board and the Managing Director will agree a set of generally Company specific performance measures to be used in the review of the forthcoming year.

These will include:

- a) financial measures of the Company's performance;
- b) the extent to which key operational goals and strategic objectives are achieved;
- c) development of management and staff;
- d) compliance with legal and Company policy requirements; and
- e) achievement of key performance indicators.

5. *Senior Executives*

The Managing Director is responsible for assessing the performance of the key executives within the Company. This is to be performed through a formal process involving a formal meeting with each senior executive.

The basis of evaluation of senior executives will be on agreed performance measures.

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