



29 November 2010

The Manager
ASX Company Announcements Office
PO Box H224, Australia Square
SYDNEY NSW 2001

Dear Sir

Brazilian Metals Group Ltd (ASX:BZM): Corporate Governance Statement

The Company's Corporate Governance Statement is set out in the attached schedule.

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[z/ast/BMG/announcements/corporate_governance_statement](#)

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BRAZILIAN METALS GROUP LIMITED

SCHEDULE

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Recommendations**). The Recommendations are not mandatory. However, the Company will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the Recommendations.

The Board of the Company currently has in place a corporate governance policy and are in the process of adopting a more comprehensive Corporate Governance Plan.

	RECOMMENDATION	COMMENT
1.	<i>Lay solid foundations for management and oversight</i>	
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	The Company's Corporate Governance Policy includes a Board Charter, which discloses the specific responsibilities of the board.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The board will monitor the performance of senior management, including measuring actual performance of senior management against planned performance. The board has adopted a policy to assist in evaluating Board performance under section 9 of its Corporate Governance Policies (Performance Evaluation Practices).
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1.	The Company will explain any departures (if any) from Recommendations 1.1 and 1.2 in its future annual reports.
2.	<i>Structure the board to add value</i>	
2.1	A majority of the board should be independent directors.	The Board has assessed the independence of the non-executive directors and the chairman using defined criteria of independence and materiality consistent with the guidance and commentary for Recommendation 2.1. The Company is at variance with Recommendations 2.1 and 2.2 in that the majority of directors are not independent. The Board has determined that the composition of the current Board represents the best mix of directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management. Furthermore, each individual member of the Board is

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		satisfied that whilst the Company may not comply with Recommendations 2.1 and 2.2, all directors being an independent judgement to bear on Board decisions.
2.2	The chairperson should be an independent director.	The Company has not yet appointed a Chairman.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	The Company's proposed Managing Director is Mr. Malcolm Castle.
2.4	The board should establish a nomination committee.	<p>The Board has established a Nomination and Remuneration Committee. The Nomination and Remuneration Committee is comprised of:</p> <ul style="list-style-type: none"> • Mr. Thomas Kelly (Chair); • Mr. Craig Bromley; and • Mr. Robert Pett. <p>The Company is at variance with Recommendation 2.4, in that, the Nomination and Remuneration Committee does not consist of a majority of independent directors. The Board considers that this composition is appropriate given the current size of the Company.</p>
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	<p>The performance of the Board, its committees and individual directors will be evaluated in accordance with a performance evaluation process.</p> <p>When appointed to the Board, a new director will receive an induction appropriate to their experience. Directors may participate in continuing education to update and enhance their skills and knowledge from time to time, as considered appropriate.</p>
2.6	Provide the information indicated in Guide to Reporting on Principle 2.	Directors are entitled to request and receive such additional information as they consider necessary to support informed decision-making. The Board also has a policy under which individual directors and Board committees may obtain independent professional advice at the Company's expense in relation to the execution of their duties, after consultation with the Managing Director.
3.	Promote ethical and responsible decision-making	
3.1	Establish a code of conduct and disclose the code or	The Board has adopted a Code of Conduct which applies to all directors and officers of the Company. It sets out BMG's commitment to successfully conducting the

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	<p>a summary as to the code as to:</p> <ul style="list-style-type: none"> (a) the practices necessary to maintain confidence in the company's integrity; (b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and (c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. 	<p>business in accordance with all applicable laws and regulations while demonstrating and promoting the highest ethical standards. The Code of Conduct reflects the matters set out in the commentary and guidance for Recommendation 3.1.</p>
3.2	<p>Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them</p>	<p>The Board will consider adopting a diversity policy after readmission.</p>
3.3	<p>Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.</p>	<p>The Company will disclose this information in its future annual reports.</p>
3.4	<p>Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.</p>	<p>The Company will disclose this information in its future annual reports.</p>
3.5	<p>Provide the information indicated in Guide to Reporting on Principle 3.</p>	<p>When the Company adopts a diversity policy, it will be publicly available in the Corporate Governance Policies posted on the company's website.</p>

	RECOMMENDATION	COMMENT
4.	Safeguard integrity in financial reporting	
4.1	The board should establish an audit committee.	<p>The Board has established an Audit and Risk Committee. The Audit Committee consists of three members being:</p> <ul style="list-style-type: none"> • Mr. Thomas Kelly; • Mr. Craig Bromley; and • Mr. Robert Pett (Chair).
4.2	<p>Structure the audit committee so that it consists of:</p> <ul style="list-style-type: none"> (a) only non-executive directors; (b) a majority of independent directors; (c) an independent chairperson, who is not chairperson of the board; and (d) at least three members. 	<p>The Company is at variance with Recommendation 4.2, in that, the Audit and Risk Committee does not consist of a majority of independent directors. The Board considers that this composition is appropriate given the current size of the Company. Further, the Board considers that the Audit and Risk Committee is of a sufficient size and possesses sufficient technical expertise to discharge its mandate effectively.</p>
4.3	The audit committee should have a formal charter.	<p>The Audit and Risk Committee Charter is publicly available in the Corporate Governance Policies posted on the company's website.</p>
4.4	Provide the information indicated in Guide to Reporting on Principle 4.	<p>The following material will be included in the corporate governance statement in the Company's annual reports:</p> <ul style="list-style-type: none"> • the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or, where the Company does not have an audit committee, how the functions of an audit committee are carried out • the number of meetings of the audit committee • explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4. <p>The following material is publicly available in the Corporate Governance Policies posted on the company's website:</p>

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5.	Make timely and balanced disclosure	<ul style="list-style-type: none"> the Audit and Risk Committee Charter, which includes information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	The Company has adopted a Continuous Disclosure Policy applicable to all Directors of the Company and senior management.
5.2	Provide the information indicated in Guide to Reporting on Principle 5.	<p>The Company will explain any departures from Recommendation 5.1 in its future annual reports.</p> <p>The Company's Continuous Disclosure Policy is publicly available in the Corporate Governance Policies posted on the company's website.</p>
6.	Respect the rights of shareholders	
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	<p>The Company places a high priority on communication with Shareholders and is aware of the obligations it has under the Corporations Act and the Listing Rules to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities.</p> <p>The Company has adopted a Shareholders Communication Policy which is publicly available in the Corporate Governance Policies posted on the company's website, which states that information is communicated to shareholders through:</p> <ul style="list-style-type: none"> continuous disclosure to ASX of all material information; periodic disclosure through the annual report (or concise annual report), half year financial report and quarterly reporting of exploration, production and corporate activities (if required); notices of meetings and explanatory material; the annual general meeting; and the Company's web-site.

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6.2	Provide the information indicated in Guide to Reporting on Principle 6.	<p>The Company will explain any departures from Recommendation 6.1 in its future annual reports.</p> <p>The Company's Shareholders Communication Policy is publicly available in the Corporate Governance Policies posted on the company's website.</p>
7.	Recognise and manage risk	
7.1	The board or appropriate board committee should establish policies on risk oversight and management.	The Company has established an Audit and Risk Committee which is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal controls.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its business risks.	The Company's risk management framework is supported by the Board of Directors, management and the Audit and Risk Committee. The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Management are responsible for monitoring that appropriate processes and controls are in place to effectively and efficiently manage risk.
7.3	<p>The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:</p> <p>(a) the statement given in accordance with Recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and</p> <p>(b) the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.</p>	The Board will seek this assurance from the individuals appointed to perform the role of Chief Executive Officer and Chief Financial Officer.

	RECOMMENDATION	COMMENT
7.4	Provide the information indicated in Guide to Reporting on Principle 7.	<p>The Company will explain any departures from Recommendations 7.1, 7.2 and 7.3 in its future annual reports.</p> <p>The Company's Risk Management and Internal Compliance and Control Policy is publicly available in the Corporate Governance Policies posted on the company's website.</p>
8.	Remunerate fairly and responsibly	
8.1	The board should establish a remuneration committee.	The Board has established a Nomination and Remuneration Committee.
8.2	Structure the remuneration committee so that it consists of: <ul style="list-style-type: none"> (a) a majority of independent directors; (b) an independent chairperson; and (c) at least three members. 	<p>The Nomination and Remuneration Committee has delegated responsibilities in relation to the Company's remuneration policies which reflect the matters set out in the commentary and guidance for Recommendation 8.1. Further details of the Nomination and Remuneration Committee is set out at point 2.4.</p> <p>The Company is at variance with Recommendation 8.2, in that, the Audit and Risk Committee does not consist of a majority of independent directors. The Board considers that this composition is appropriate given the current size of the Company. Further, the Board considers that the Audit and Risk Committee is of a sufficient size and possesses sufficient technical expertise to discharge its mandate effectively.</p>
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	<p>The structure of non-executive directors' remuneration is clearly distinguished from that of executives. Remuneration for non-executive directors is fixed. Total remuneration for all non-executive directors is not to exceed \$100,000 per annum.</p> <p>Neither the non-executive directors nor the executives of the Company receive any retirement benefits, other than superannuation.</p>
8.4	Provide the information indicated in Guide to Reporting on Principle 9.	<p>The following material will be included in the corporate governance statement in the Company's annual reports:</p> <ul style="list-style-type: none"> • the names of the members of the remuneration committee and their attendance at meetings of the committee; • the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors; • an explanation of any departures from Recommendations 8.1, 8.2, 8.3 or

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	RECOMMENDATION	COMMENT
		8.4. The Company's Remuneration Committee Charter and the Company's Security's Trading Policy are publicly available in the Corporate Governance Policies posted on the company's website.