

1. PREAMBLE

The role of the Audit and Governance Committee is to assist the Board on focusing on issues relevant to:

- the integrity of the Company's financial reporting and compliance;
- the implementation and operation of the Company's governance framework; and
- the oversight of material business risks, including the review and approval of the risk management and oversight policies of the Company.

2. RESPONSIBILITY FOR FINANCIAL REPORTING, GOVERNANCE AND RISK

Ultimate responsibility for the integrity of the Company's financial reporting, governance and the management and oversight of risk rests with the full Board. The Audit and Governance Committee is an effective mechanism to aid the Board in focusing on these issues.

This Charter defines the Audit and Governance Committee's function, composition, mode of operation, authority and responsibilities.

3. COMMITTEE COMPOSITION

A majority of the members of the Committee will be independent Directors in accordance with the criteria set out in Annexure 1 of the Board Charter.

The Committee will comprise at least two members, and at least one member must be a qualified accountant or other financial professional with experience in financial and accounting matters.

The Committee shall be of sufficient size, independence and technical expertise so as to effectively discharge its mandate; the ability of the Committee to exercise independent judgment is vital.

All members of the Committee must be able to read and understand financial statements.

The Board will appoint members of the Committee. The Board may remove and replace members of the Committee by resolution.

The Chairman of the Committee will not be the Chairman of the Board of Directors and will be an independent Director.

The Chairman shall have leadership experience and a strong finance, accounting or business background.

The external auditors, external risk management professionals, the other Directors, the Managing Director, Chief Financial Officer, Company Secretary and other senior Company executives, may be invited to Committee meetings at the discretion of the Committee. Invitation will be issued by the Chairman or the Secretary at least 3 business days prior to the meeting. The invitation will clearly state the purpose of attendance and any matters anticipated to be discussed with or presented by the attendee.

4. COMMITTEE PURPOSE

The primary purpose of the Committee is to assist the Board in fulfilling its statutory and fiduciary responsibilities relating to:

- the quality and integrity of the Company's financial statements, accounting policies and financial reporting and disclosure practices;

- compliance with all applicable laws, regulations and company policy;
- the effectiveness and adequacy of internal control processes;
- the performance of the Company's external auditors and their appointment and removal;
- the independence of the external auditor and the rotation of the lead engagement partner;
- governance related matters; and
- the identification and management of business risks.

A secondary function of the Committee is to perform such special reviews or investigations as the Board may consider necessary.

5. DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

The Audit and Governance Committee shall report to the full Board of Directors and the report shall address all matters relevant to the Committee's duties and responsibilities.

5.1 Review of Financial Reports

- Review the half yearly and annual financial statements.
- An assessment of whether external financial reporting is consistent with Committee members information and knowledge and is adequate for shareholder's needs.
- Receipt of assurances from the Managing Director (or equivalent) and the Chief Financial Officer (or equivalent) that they have provided a declaration in accordance with section 295A of the Corporations Act and that it is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
- An assessment of the management processes supporting external reporting.
- Review and report to the board on the impact of any proposed changes in accounting policies on the financial statements.

5.2 Risk Management and Internal Control Systems

Risk management is the culture, processes and structures that are directed towards taking advantage of potential opportunities whilst managing potential adverse effects.

The Committee is charged with the oversight of the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements.

The Committee shall, at a minimum on an annual basis report to the Board the adequacy of policies in place for the oversight and management of material business risk, included in the submission shall be:

- an assessment as to the adequacy of managements report to the Committee on its risk management oversight process, including managements effective adherence to the Company's risk management policies;
- a summary of the risk management policies;
- an assessment as to whether or not the Committee is satisfied that the policies are adequate for the risk profile of the Company and that they adequately describe all elements of risk management and internal control systems.

5.3 Appropriateness of Accounting Principles

- Review the appropriateness of the accounting principles adopted by management in the financial reports and the integrity of the Company's financial reporting.
- Oversee the financial reports and the results of the external audits of those reports.

5.4 External Auditors

- Document procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners
- Recommendations to the Board for the appointment or removal of the external auditor.
- An assessment of the performance and independence of the external auditors. Where the external auditor provided non-audit services, the report to the Board must state whether the Audit and Governance Committee is satisfied that provisions of these services has not compromised the auditor's independence.
- Meet with the external auditors as required without management being present, as the Committee considers appropriate.
- Review the adequacy of accounting and financial controls together with the implementation of any recommendations of the external auditor in relation thereto.
- Ensure that the external auditor prepares and delivers an annual statement as to their independence which includes details of all relationships with the Company.
- Receive from the external auditor their report on, among other things, critical accounting policies and alternative accounting treatment, prior to the filing of their audit report in compliance with the Corporations Act and with ASX requirements.

5.5 Internal Audit Function


- Monitor the need for a formal internal audit function and its scope.
- An assessment of the performance and objectivity of the internal audit function (if any).
- Recommendations for the appointment or, if necessary, the dismissal of the head internal auditor (if any).
- Review the Internal Control Reports (if any) at least half yearly.

5.6 Governance

- Initiating and supervising special investigations as requested by the Board.
- Reviewing any material conflicts of interest referred to the Committee by the Board.
- Reviewing the appointment of any material service provider to ensure that the requirements of the Contract Planning process are met.
- Monitoring the progress of major projects above \$500,000 (or any other project referred to it by the Board) with regard to budgets, identification of risks and other key deliverables.
- Reviewing and recommending to the board changes (if necessary) to all Corporate Governance documents on a periodic basis including the Corporate Governance Statement and all other governance documents published on the Company's website. Each of these reviews must include consideration of:
 - Kogi's compliance with the policy;
 - the effectiveness of the policy;
 - best practice recommendations in relation to the subject matter of the policy; and
 - whether the policy is expressed as simply, clearly and concisely as possible.

5.7 Other

- The Committee will oversee the Company's tax risk management
- The Committee will oversee the Company's environmental risk management.
- The Committee will oversee procedures for whistleblower protection.
- As contemplated by the Corporate Governance Guidelines of the ASX, and to the extent that such deviation or waiver does not result in any breach of the law, the Committee may approve any deviation or waiver from the Company's "Code of Conduct". Any such waiver or deviation will be promptly disclosed where required by applicable law.
- Monitor any related party transactions.

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6. MEETINGS

The Committee will meet at least each half year and additionally as circumstances may require for it to undertake its role effectively.

Meetings are called by the Secretary at the request of the Chairman of the Committee, or as directed by the Board.

Where deemed appropriate by the Chairman of the Committee, meetings and subsequent approvals and recommendations can be implemented following the unanimous receipt of a circular written resolution or conference call.

A quorum shall consist of two members of the Committee. In the absence of the Chairman of the Committee or their nominee, the members shall elect one of their members as Chairman of that meeting.

All decisions will be based on a majority of votes with the Committee Chairman having a casting vote.

The Committee Chairman, through the Secretary, will prepare a report of the actions of the Committee to be included in the Board papers for the next Board meeting.

Minutes of each meeting are included in the papers for the next full Board meeting after each Committee meeting.

7. SECRETARY

The Company Secretary or their nominee shall be the Secretary of the Committee and shall attend meetings of the Committee as required.

The Secretary will be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee members and to the other members of the Board.

The Secretary shall distribute supporting papers for each meeting of the Committee as far in advance as possible.

The Secretary is entitled to attend any meeting of the Committee and is entitled to be heard on any matter dealt with at any of the meetings of the Committee.

8. RELIANCE ON INFORMATION OR PROFESSIONAL OR EXPERT ADVICE


Each member of the Committee is entitled to rely on information, or professional or expert advice, to the extent permitted by law, given or prepared by:

- an employee of the Company whom the member believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
- a professional adviser or expert in relation to matters that the member believes on reasonable grounds to be within the person's professional or expert competence; or
- another Director or officer of the Company in relation to matters within the Director's or officer's authority.

9. ACCESS TO ADVICE

Members of the Committee have rights of access to management and to the books and records of the Company to enable them to discharge their duties as Committee members, except where the Board determines that such access would be adverse to the Company's interests.

Members of the Committee may meet with the auditors, both internal and external, without management being present.

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Members of the Committee may consult independent legal counsel or other advisers they consider necessary to assist them in carrying out their duties and responsibilities, subject to prior consultation with the Board Chairman. Any costs incurred as a result of the Committee consulting an independent expert will be borne by the Company.

10. REVIEW OF MEMBERSHIP AND CHARTER

The Board will conduct an annual review of the membership to ensure that the Committee has carried out its functions in an effective manner, and will update this Committee Charter as required, or as a result of new laws or regulations.

The Charter shall be made available to members on request, to senior management, to the external auditor and to other parties as deemed appropriate and will be posted to the Company's website.