



**APPROVED**  
by the General Shareholders' Meeting  
of Open Joint Stock Company Polyus Gold  
(Minutes dated September 25, 2006)

**REGULATIONS ON  
AUDIT COMMISSION OF  
OPEN JOINT STOCK COMPANY  
POLYUS GOLD**

## 1. GENERAL

- 1.1. These Regulations determine the operating procedures of the Audit Commission of Open Joint Stock Company Polyus Gold (hereinafter referred to as the "**Audit Commission**") and the procedure for its interaction with other bodies of Open Joint Stock Company Polyus Gold (hereinafter, the "**Company**").
- 1.2. The Audit Commission is the Company's body that controls the Company's financial and business operations.
- 1.3. The operations of the Audit Commission are governed by laws and other normative acts of the Russian Federation, the Federal Law On Joint Stock Companies (hereinafter referred to as the "**Federal Law**"), the Company's Charter, these Regulations and resolutions of the Company's General Shareholders' Meetings and the Board of Directors.
- 1.4. The number of members of the Audit Commission, restrictions on election of particular persons to the Audit Commission and the procedure for election of the Audit Commission's members are set forth in the Federal Law and the Company's Charter.
- 1.5. The Audit Commission shall be elected by the Company's General Shareholders' Meeting for the term until the next annual General Shareholders' Meeting.
- 1.6. The Chairman of the Audit Commission (hereinafter referred to as the "**Chairman**") is elected by members of the Audit Commission from among themselves by majority vote of all elected members of the Audit Commission and may be re-elected at any time. The Chairman organizes the work of the Audit Commission, convenes the meetings of the Audit Commission and presides at its meetings, arranges for keeping minutes at the Audit Commission's meetings.

## 2. FUNCTIONS OF THE COMPANY'S AUDIT COMMISSION

- 2.1. Audit of the Company's financial and business operations (hereinafter referred to as the "**audit**") is carried out by the Audit Commission on the annual results of the Company's operations and at any time at the initiative of the Audit Commission, by resolution of the Company's General Shareholders' Meeting, the Company's Board of Directors or at the request of the Company's shareholder (shareholders) who owns (own) in the aggregate at least 10 percent of the Company's voting shares.
- 2.2. When conducting the audit, the Audit Commission performs the following functions:
  - verification of accuracy of data contained in the Company's annual report, balance sheet and profit and loss statement;
  - analysis of compliance of the Company's books and records with the normative acts;
  - examination of compliance of the Company's financial and business operations with statutory standards and rules;
  - analysis of the Company's financial standing, solvency, assets liquidity and financial leverage, identification of potential for improvement of the Company's economic standing and elaboration on recommendations for the Company's management bodies;
  - check timing and accuracy of payments to suppliers of goods and services, the budget, accrual and payment of dividends, interests on bonds and performance of other Company's obligations;
  - check the Company's use of its profits;
  - informing the Company's Board of Directors of any discovered violation of accounting and reporting rules established by legal acts of the Russian Federation and rules for carrying out financial and business operations.
- 2.3. The Audit Commission prepares opinions on the results of the Company's financial and business operations.

### **3. RIGHTS OF THE AUDIT COMMISSION**

- 3.1. For the purpose of proper performance of its functions the Audit Commission is entitled to:
- request from the Company's management bodies and heads of its subdivisions the documents relating to the Company's financial and business operations; the Company officers shall provide such documents within five days of receipt of a written request to do so;
  - demand the convocation of the Company's Board of Directors meeting or the Company's extraordinary General Shareholders' Meeting. The Audit Commission passes a resolution to convene any of the above by simple majority vote of the members of the Audit Commission attending the meeting and such resolution is signed by the Audit Commission's members who voted in favor of such resolution. The demand should contain the wording of items to be included into the agenda indicating the motivation for inclusion thereof;
  - demand personal explanations from the Company's employees, including the Company's officers, regarding questions falling within the competence of the Audit Commission;
  - engage specialists having no permanent positions in the Company on the basis of civil law contracts;
  - propose in the established procedure that the Company's employees, including officers, incur disciplinary or financial liability.

### **4. RESPONSIBILITIES OF THE AUDIT COMMISSION AND ITS MEMBERS**

- 4.1. The Audit Commission shall:
- demand convocation of a meeting of the Company's Board of Directors or extraordinary General Shareholders' Meeting where any discovered violations in the Company's financial and business operations or threat to the Company's interests require a resolution regarding the matters falling within the competence of the mentioned above Company's management bodies;
  - submit to the Company's Board of Directors opinion(s) on the results of audit of the Company's financial and business operations no later than 45 days before the date of the Company's annual General Shareholders' Meeting;
  - verify the accuracy of data contained in the Company's reports and other financial documents;
  - notify the party that initiated an audit of any discovered violations of accounting and reporting rules set forth by legal acts of the Russian Federation and violation of rules for carrying out the Company's financial and business operations.
- 4.2. Members of the Audit Commission shall act in the best interest of the Company reasonably and in good faith when exercising their rights and performing their obligations.
- When conducting audit, the members of the Audit Commission shall duly examine all documents relating to the subject matter of the audit.
- 4.3. The powers of a member of the Audit Commission may be prematurely terminated by a resolution of the Company General Shareholders' Meeting in any of the following cases:
- if such member resigns at his own will;
  - if such member does not exercise his rights or does not perform his obligations in good faith;
  - in cases envisaged by law.
- 4.4. A member of the Audit Commission is obliged to:

- notify in writing the Chairman of the Audit Commission and the Company's Board of Directors of his/her intention to resign from the Audit Commission (early termination of powers);
- keep the Company's commercial secrets in the procedure established by the Company with respect to documents (information) that he/she becomes familiar with due to the performance of his/her functions.

## **5. PROCEDURE FOR CONDUCTING AUDIT**

5.1. A scheduled audit is carried out on the results of the Company's annual operation.

5.2. Any other audit is considered as unscheduled.

5.3. An unscheduled audit is carried out:

- at the request of the Company's shareholder (shareholders) who owns (own) in the aggregate at least 10 percent of the Company's voting shares;
- by a resolution of the Company's General Shareholders' Meeting;
- by a resolution of the Company's Board of Directors;
- at the initiative of the Audit Commission.

5.4. A request that an unscheduled audit be made is made in writing, addressed to the Chairman and sent to the Company by registered mail or by fax or is delivered to the Company's office.

The date of submission of the request shall be the date of receipt of the registered mail or the fax message by the Company or the date of delivery of such request to the Company's office.

5.5. A request that an unscheduled audit be made shall contain:

- the name of the person requesting such unscheduled audit;
- substantiation of the necessity of making an unscheduled audit.

The following should be attached to the request of the person calling for an unscheduled audit:

- power of attorney drawn up in accordance with the legislation of the Russian Federation if the request is signed by the authorized representative of a shareholder (shareholders) being a natural person;
- charter of a legal entity, confirmation of appointment as representative of a legal entity or power of attorney drawn up in accordance with the legislation of the Russian Federation (or notarized copies of the said documents) if the request is made by a shareholder (shareholders) who is a legal person;
- duly drawn up copies of (excerpts from) minutes of a General Shareholders' Meeting or a meeting of the Company's Board of Directors if an unscheduled audit is requested by a resolution of the Company's General Shareholders' Meeting or its Board of Directors.

5.6. The Audit Commission shall decide to carry out an unscheduled audit or to refuse to carry it out within 10 business days from the receipt of the duly drawn up request.

The Chairman of the Audit Commission shall notify in writing the person that requested an unscheduled audit of the decision of the Audit Commission within 5 business days from the date of the respective decision of the Audit Commission.

5.7. A decision to refuse to carry out an unscheduled audit may only be taken if:

- in accordance with the Federal Law the person that requests an unscheduled audit is not a entitled to do so;
- the request is signed by a person whose powers have not been duly confirmed;

- the content of the request does not comply with clause 5.5 hereof.
- 5.8. The person that requests an unscheduled audit may recall its request at any time before the Audit Commission adopts a resolution on the matter by notifying the Audit Commission of such recall in writing in the procedure set forth in clause 5.4 hereof.
- 5.9. The duration of an unscheduled audit may not be longer than 90 (ninety) days.
- 5.10. The opinion on the results of an unscheduled audit shall be reported to the person that demanded such unscheduled audit by letter or by fax or is delivered against receipt within 5 business days from the date of signing the minutes of the meeting of the Audit Commission where resolutions regarding the results of the audit have been adopted.

## **6. REMUNERATION AND COMPENSATION OF MEMBERS OF THE AUDIT COMMISSION**

- 6.1. The remunerations and compensations for the members of the Audit Commission shall be set by the Company's General Shareholders' Meeting subject to each member's contribution to the operations of the Audit Commission and on the basis of recommendations of the Company's Board of Directors.
- 6.2. The Chairman of the Audit Commission shall make proposals regarding the amount of remunerations to the Audit Commission's members to the Company's Board of Directors.

## **7. MEETINGS OF THE AUDIT COMMISSION**

- 7.1. The Audit Commission passes resolutions on any questions at the meetings.
  - 7.1.1. The Audit Commission's meetings shall be convened by the Chairman as and when needed subject to the requirements of the legislation of the Russian Federation currently in force, the Company's Charter and these Regulations.
  - 7.1.2. The Audit Commission meetings shall be held in accordance with the schedule approved by the Audit Commission and also before the beginning and after the end of an audit.
  - 7.1.3. A member of the Audit Commission may request convocation of an unscheduled meeting if he discovers violations of the Company's financial and business operations that require the Audit Commission to take its decision immediately.
  - 7.1.4. All meetings of the Audit Commission shall be held in the form of a meeting.
  - 7.1.5. A meeting of the Audit Commission has a quorum if at least half of the elected members of the Audit Commission attend.
  - 7.1.6. In taking the resolutions of the Audit Commission each member has one vote.

A member of the Audit Commission is prohibited from transferring his vote to another member of the Audit Commission or to any other person.
- 7.2. The resolutions of the Audit Commission are taken by a simple majority vote of the members of the Audit Commission attending the meeting.
- 7.3. At each meeting of the Audit Commission minutes of such meeting shall be kept.

The following is put on record in such minutes:

  - place and date/time of meeting of the Audit Commission;
  - matters discussed at the meeting of the Audit Commission;
  - names of the members of the Audit Commission attending the meeting;
  - key points of speeches of those attending the meeting of the Audit Commission;
  - questions put to vote and results of voting thereon;
  - resolutions passed by the Audit Commission.

- 7.4. Minutes of a meeting of the Audit Commission are drawn up within three (3) days of the date of the meeting and are signed by the Chairman of the Audit Commission and if the Chairman is not present - by one of the members of the Audit Commission that is elected to preside over the meeting. The person signing the minutes is liable for its accuracy.

A dissenting member of the Audit Commission may express his dissenting opinion that is entered into the minutes of the meeting. If a dissenting opinion is expressed in writing, it is attached to the minutes of the meeting.

- 7.5. Minutes of the meetings of the Audit Commission are submitted to the Company's Board of Directors. Minutes of the meetings of the Audit Commission are kept at the location of the Company's executive body.
- 7.6. Reports, opinions, records and requests of the Audit Commission for convening an extraordinary General Shareholders' Meeting and the meeting of the Company's Board of Directors shall be signed by the members of the Audit Commission that voted in favor thereof.