

**APPROVED**  
by Resolution of the Board of Directors  
of OJSC Polyus Gold on \_\_\_\_\_, 2006  
(Minutes No. \_\_\_-pr/sd dated \_\_\_\_\_, 2006)

**REGULATIONS**  
**on the Board of Directors Audit Committee**  
**of OJSC Polyus Gold**

**2006**

## **1. General Provisions**

- 1.1. These Regulations on the OJSC Polyus Gold (hereinafter the “Company”) Board of Directors Audit Committee (the “Regulations”) constitute the basic document governing the activities of the Company Board of Directors Audit Committee (the “Committee”) and its terms of reference, formation and functions.
- 1.2. The Committee is an auxiliary body of the Board of Directors charged with preliminary consideration of matters relating to the financial and commercial activities of the Company. The decisions of the Committee are advisory to the Board of Directors of the Company.
- 1.3. In performing its functions the Committee shall be governed by current Russian law, the Company Charter, Regulations on the Board of Directors and these Regulations. Matters relating to the functioning of the Committee that are not dealt with in these Regulations and other normative acts that are mandatory for the Company shall be decided pursuant to the recommendations of the Code of Corporate Governance of the FCSM of Russia (the “Code of Corporate Governance”).

## **2. Aims and Competence of the Committee**

- 2.1 The primary aim of the Committee shall be to assist the Board of Directors in carrying out supervision of the financial and commercial activities of the Company by way of preliminary consideration and drawing up of recommendations for the Board of Directors on the matters set forth in Clause 2.3 hereunder.
- 2.2 The Committee shall assist in ensuring that the members of the Board of Directors play an active role in its supervisory capacity and that each member is fully aware of the Company’s activities.
- 2.3. The following matters shall fall within the competence of the Committee:
  - 2.3.1. *The Company’s relationship with auditors and review of financial statements:*
    - a) Evaluation of potential Company auditors, recommendations to the Board of Directors on selection of an independent auditor;
    - b) Recommendations on the fee for audit services;
    - c) Monitoring of the scope, results and efficiency of auditors’ services, as well as an assessment of the objectivity of auditors.
    - d) Monitoring of the implementation of auditors’ recommendations by Company management.
    - e) Review of financial statements and audit results, discussions with external auditors and Company management thereon prior to tabling at a meeting of the Company’s Board of Directors.
    - f) Review of significant accounting and audit matters, adjustments, and changes to reporting policy that could have an impact on the Company’s financial results.
    - g) Preparation of an assessment of the Company auditor’s report to be included in the materials for the Company’s annual general shareholders’ meeting.
  - 2.3.2. *Evaluation of the efficiency of the Company’s internal audit procedures, facilitation of the effectiveness of the internal audit system and interaction between external and internal audit:*
    - a) Interaction with the Company’s internal audit commission.
    - b) Monitoring of the implementation of internal audit commission recommendations by Company management.

- c) Recommendations to the Board of Directors on priority issues for the Company's auditing service at the request of the Board of Directors.
- d) Recommendations on amendments and addenda to the Company internal documents governing the activities of the auditing service.
- e) Consideration of proposals and preparation of recommendations on risk management in relation to the Company's financial and commercial activities.
- f) Monitoring of the Company's auditing service by way of review of activity reports thereof.
- g) Approval of the annual plan of activities of the Company's auditing service.

### **3. Composition of the Committee**

- 3.1. The Committee shall be comprised of three (or more) members.
- 3.2. The Committee may only consist of independent (as defined by the provisions of Clause 6.2.8 of the Company Charter) or non-executive (not being the sole executive body of the Company) members of the Board of Directors. The Committee may engage persons who are not members of the Committee and who have the required professional expertise as experts to assist it in its work.
- 3.3. A Committee Chairman shall be appointed to supervise the work of the Committee and to coordinate with the Board of Directors. The Committee Chairman's primary objective shall be to ensure that the Committee's recommendations to the Board of Directors are based on objective criteria.
- 3.4. The Committee Chairman must be an independent member of the Board of Directors. The Committee Chairman may sit on other committees of the Board of Directors, but may not be Chairman of any other committee.
- 3.5. The General Director of the Company, members of the Company's Board of Directors, members of the Company's Internal Audit Commission, the Company auditor, the head of the department responsible for in-house auditing, and other officers and employees of the Company may be invited to attend Committee meetings if required.
- 3.6. The Committee shall appoint a Committee Secretary.

### **4. Formation of the Committee**

- 4.1. The Chairman and members of the Committee shall be elected by the Board of Directors from among the independent and non-executive Board members on the nomination of any member of the Board of Directors at the first meeting following election of a new Board of Directors and shall remain in office until the appointment of a new Board of Directors of the Company. The Company's Board of Directors may make changes to the composition of the Committee at any time.
- 4.2. When electing the Chairman and members of the Committee, education, professional skills, experience in matters relating to the activities of the Committee, ability to work with financial and commercial documentation, as well as other specialized knowledge required for Committee members to exercise their authority, should be taken into account.

### **5. Committee Meetings**

- 5.1. Committee meetings shall be held in accordance with the plan of action adopted at the Committee meeting as required.
- 5.2. The agenda for the meeting shall be determined by the Committee Chairman. Agenda items may be proposed by any Committee member. Amendments and addenda may be made to the agenda by mutual agreement of Committee members.

- 5.3. Meetings shall be convened by the Committee Chairman at his/her own discretion or at the request of a Committee member. The Chairman and Committee members may request that a Committee meeting not scheduled in the Committee's plan of action be convened. Members of the Board of Directors who are not Committee members, the General Director of the Company, the head of the auditing service, members of the Company's Internal Audit Commission, the Company auditor, and experts engaged to assist the Committee in its meetings may table proposals for consideration of any matter falling within the competence of the Committee. Such item may be considered either at the next scheduled Committee meeting or, if the matter is of particular importance and requires consideration without delay, at a specially convened Committee meeting.
- 5.4. Members shall be given reasonable advance notification of the Committee meeting, in the procedure to be agreed by Committee members.
- 5.5. The necessary materials on items included in the agenda shall be provided to Committee members timely to allow them to prepare for the meeting.
- 5.6. Committee meetings shall be conducted either by way of meeting or by Committee members' written responses. A meeting may be held using communications equipment (teleconferencing, Internet, etc.). Persons invited to attend the meeting, including Committee members, may present their views on agenda items in writing.
- 5.7. A quorum for the working meeting shall be considered constituted if all Committee members are present. If there is no quorum, the Committee meeting shall be postponed. In exceptional cases when there are mitigating circumstances a meeting may be held with a reduced quorum, which in any case may not fall below one-half of the number of elected Committee members.
- 5.8. At any Committee meeting any information on a personal interest on the part of any Committee member in any matter under consideration must be disclosed and brought to the attention of the Committee.
- 5.9. The Committee may authorize a member(s) of the Committee to scrutinize any particular matter falling within the competence of the Committee in greater detail and report back on the results of such scrutiny.
- 5.10. Committee meetings shall be chaired by the Committee Chairman. At the end of the meeting the Committee shall formulate its recommendations ("Recommendations"). The Recommendations shall be presented to the Board of Directors, which shall consider the respective item or, if required, shall be tabled at the next meeting of the Board of Directors. A Recommendation shall reflect the opinion of the Committee as a whole. If the opinions of the Committee members are not identical, dissenting opinions must be included in the Recommendation. Decisions taken by the Committee shall be set forth in writing and signed by the Chairman.
- 5.11. Recommendations shall be signed by the Committee Chairman. Recommendations may include as appendices materials considered in the Committee meeting. The Committee Chairman shall be responsible for members of the Board of Directors being timely and fully apprised of the Recommendations.
- 5.12. The Committee Secretary shall ensure that minutes of Committee meetings and Recommendations issued by the Committee are archived in accordance with the Company's records policy. Minutes of Committee meetings, materials presented for consideration by the Committee, and Recommendations issued by the Committee shall be made available to Committee members and members of the Board of Directors who are not members of the Committee.

## **6. Rights and Obligations of Committee Members**

- 6.1. Committee members shall undertake to:
  - participate fully and thoroughly in the work of the Committee;

- maintain good attendance at the Committee working meetings and be active in discussion of items on the agenda;
- study any documents provided at or for the Committee meeting;
- inform the Committee promptly of any personal interest in any decisions to be taken;
- avoid any actions that might compromise the Committee in fulfilling its mandate or question its members' professional integrity.

6.2. Committee members may:

- request any information or documents relating to the matters falling within the competence of the Committee from the Board of Directors, General Director, internal audit commission and the Company auditor.

## **7. Committee Relations with Other Company Bodies**

- 7.1. The Committee Secretary shall provide for the technical and procedural aspects of the Committee's interaction with other bodies and departments of the Company.
- 7.2. The Company's executive bodies must inform the Committee of any substantive changes relating to matters falling within the competence of the Committee.

## **8. Final Provisions**

- 8.1. These Regulations are approved by resolution of the Board of Directors. Any amendments or addenda to these Regulations shall be set forth in writing and approved by resolution of the Board of Directors.
- 8.2. All information in connection with the Committee's activities and decisions shall be archived with the secretary of the Board of Directors.