

**APPROVED**  
**By the General Shareholder's Meeting**  
**JSC "FEEC"**  
**Minutes dated 08.06.2007**  
**№ 1**



**REGULATIONS**  
for Audit Commission  
Open Joint Stock Company  
"Far Eastern Energy Company "

## **1. General provisions**

1.1. The present regulations for the Audit Commission of the Open Joint Stock Company Far Eastern Energy Company ( hereinafter - Regulations) worked out in compliance with the Federal Law "On Joint Stock Companies " and by the Charter of the Open Joint Stock Company "Far Eastern Energy Company" (hereinafter Company) determines the task and the order of activity of the Audit Commission , regulate the matters of cooperation with the management bodies of the Company and structural divisions of the Executive establishment of the Far Eastern Energy Company.

1.2. The Audit Commission is permanent body of the internal control of the Company, exercising control over financial– economic activities of the Company, separate divisions, executives of the of the executive bodies of the Company with a view of compliance with the legislation of the Russian Federation, Charter of the Company and internal documents of the Company.

1.3. Audit Commission shall act in the interests of the shareholders of the Company and its activity shall be accountable to the General shareholders' meeting.

1.4. Under implementation of its activity the Audit Commission shall be independent from the executives of the executive bodies of the Company and the heads of the structural divisions of the Executive establishment of the Company.

1.5. In its activity the Audit Commission shall be governed by the legislation of the Russian Federation, Charter of the Company, by the present Regulations and other internal documents of the Company, approved by the General shareholders' meeting of the Company.

## **2. The tasks of the Audit Commission of the Company**

2.1. The main tasks of the Audit Commission are:

- a) exercising of the control over financial-economic activity of the Company;
- b) provision of the supervision for the compliance of the Company's financial-economic activities to the legislation of the Russian Federation and to the Charter of the Company;
- c) exercising of the independent estimation of the financial position of the Company.

## **3. The Chairman and the Secretary of the Audit Commission**

3.1. The Chairman of the Audit Commission shall be elected by the members of the Audit Commission of the Company from among them by a majority of votes from the total number of the members of Audit Commission of the Company. The members of the Audit Commission of the Company are entitled at any time to reelect the Chairman of the Audit Commission by a majority of votes from the total number of the elected members of the Audit Commission of the Company.

3.2. The Secretary of the Audit Commission of the Company shall be elected by the members of the Audit Commission of the Company from among them by a majority of votes from the total number of the Audit Commission of the Company. The members of the Audit Commission of the Company are entitled at any time to reelect the Secretary of the Audit Commission by a majority of votes from the total number of the elected members of the Audit Commission of the Company.

3.3. The Chairman and the Secretary of the Audit Commission of the Company elected in new membership shall be elected not later than 15 (fifteen) working days from the moment of election the corresponding membership of the Audit Commission of the Company.

## **4. The rights and obligations of the Audit Commission**

4.1. The Audit Commission of the Company under implementation of its powers shall be governed only by the requirements of the legislation of the Russian Federation, by the Charter of the Company and by the decisions of the General shareholders' meeting.

4.2. The following matters are in the competence of the Audit Commission of the Company:

- 1) unimpaired access to all business premises of the Company;
- 2) sealing of the monetary deposits, warehouses, archives and other business premises of the Company for the period of auditing of the safekeeping of the valuables and documents;
- 3) exemption from the files the separate documents (with drawing up an act of exemption and copies of the exempted documents) if the forgeries and falsification and other improprieties are found upon conducting audits;
- 4) receiving from the executives of the Executive bodies of the Company, heads and employees of the structural divisions of the executive establishments of the Company the written explanations on the matters that arise in the course of auditing;
- 5) issue of the orders to the executives of the Company, heads of the structural divisions of the executive establishment of the Company about making the immediate actions in connection with the revealing of the violations if non taking of such measures can entail the loss of the valuables, documents or will lead to further abusive acts;
- 6) to request the convocation of the extraordinary General shareholders' meeting, meeting of the Board of Directors of the Company in the order set by the legislation of the Russian Federation, Charter of the Company and by the present Regulations;
- 7) to request from the executives of the management bodies of the Company, heads of the executive establishment of the Company, heads of the stand-alone subdivisions, structural divisions of the executive establishment of the Company the documents and materials necessary for conducting audits of the financial and economic activity by the Company by the Audit Commission ;
- 8) to propose for consideration of the executives of the Executive bodies of the Company the matter of applying material and disciplinary responsibility to the employees of the Company, including the executives of the Executive bodies of the Company, in the event of violation by them the Charter of the Company and internal documents of the Company;

#### 4.3. The Chairman of the Audit Commission of the Company:

- 1) convenes and holds the meetings of the Audit Commission of the Company
- 2) approves the agenda of the Audit Commission of the Company as also settles all necessary matters connected with preparation of the holding of the meeting of the Audit Commission ;
- 3) organizes the current work of the Audit Commission of the Company;
- 4) represents the Audit Commission at the General shareholders' meeting and meetings of the Board of Directors;
- 5) signs the minutes of the meeting of the Audit Commission and other documents outgoing from the Audit Commission of the Company.

#### 4.4. The Secretary of the Audit Commission of the Company:

- 1) organizes the taking of the minutes of the meetings of the Audit Commission ;
- 2) provides timely informing of the management bodies of the Company about the results of the conducted audits, present the copies of the findings (acts) of the Audit Commission of the Company;
- 3) draws up and signs the minutes of the Audit Commission of the Company;
- 4) organizes the document control, document circulation and keeping the documents of the Audit Commission of the Company;
- 5) organizes the notification of the members of the Audit Commission of the planned and extraordinary audits of the Company's activity;
- 6) exercises other functions stipulated by the present Regulations.

#### 4.5. The members of the Audit Commission shall:

- 1) Personally participate at the meetings of the Audit Commission, conducting the audits of the financial and economic activity of the Company;
- 2) Provides the accordance of confidential treatment to the received data and not to allow the non sanctioned disclosure of the information, that has come to their confidence in the process of holding the audits;

3) in the set by the Charter of the Company order to request the convocation of the extraordinary General shareholders' meeting in the event of the justifiable threat in the interests of the Company;

4) to report to the General shareholder's meeting about the results of the planned and extraordinary audits of the financial- economic activity of the Company, about the elicited facts of the violations of the legislation of the Russian Federation, Charter and internal documents of the Company by the members of the Board of Directors and other executives of the Executive bodies of the Company;

5) to present to the Board of the Directors not later than 45 (forty five) days prior holding the General Shareholders' meeting the findings (acts) by the results of the annual audit of the Company's activity including the estimation of the annual report of the Company.

4.6. Members of the Audit Commission may not simultaneously be the members of the Board of Directors, hold any other positions in the management bodies of the Company.

4.7. Audit Commission in compliance with the decision about holding the audits has right to attract specialists in the corresponding spheres (law, economy, finance, accounting, management, economic security), including specialized companies for conducting the audits.

## **5. Organization of work of the Audit Commission of the Company**

5.1. The holding of the Audit Commission of the Company and the audits of the company's activity shall be exercised in compliance with the approved annual plan of work of the Audit Commission work unless otherwise provided for by the present Regulations.

5.2. the plan of work of the Audit Commission of the Company shall be approved by the Audit Commission not later than in 45 (forty five) days from the moment of election at the General shareholders' meeting of the new membership of the Audit Commission . The individual accountable for presentation of the new membership for approval to the Audit Commission is the Chairman of the Audit Commission .

The plan of work of the Audit Commission of the Company shall include:

1) targets of the audits ( financial and economic activities of the Company, separate activities of the Company);

2) defining of the form of audits for each target (documentary, audits at the targets' location) (field audit);

3) time schedule of carrying out the audits of the Company's activities, approximate terms of carrying out the audits (annual, quarter);

4) time schedule of holding the meetings of the Audit Commission to decide the matters of preparation and carrying out the audits of the Company's activity;

5) the list of financial or economic documentation necessary for carrying out the audits for each of the target of audits;

6) defining the members of the audit Commission of the Company responsible for preparation of the audits, gathering of information and necessary documents and materials;

7) other matters connected with the organization of the meetings and audits of the Audit Commission of the Company.

## **6. Meetings of the Audit Commission of the Company**

6.1. Meetings of the Audit Commission of the Company shall be held to decide the organizational matters of the Audit Commission' activity as also every time prior the beginning of the auditing and subsequent to its results.

6.2. At the meeting of the Audit Commission of the Company held before the beginning of the each audit, the following matters of preparation and holding of the forthcoming audits shall be considered :

1) defining the targets of audits ( accounting and statistics report etc);

2) order, terms and the volume of conducted audits;

- 3) defining the list of information and materials necessary for holding the audits, means and sources of their receiving;
- 4) defining the list of the individuals that shall be involved in conducting audits ( for giving explanations, clarification of the separate matters);
- 5) defining of the date of holding the meeting of the Audit Commission to summarize the results of the audits;
- 6) appointment of the member of the Audit Commission responsible for preparation of the draft of the conclusion (acts) of the Audit Commission by the results of carried out audits;
- 7) decision of other matters.

The meeting of the Audit Commission to decide the matters of preparation and carrying out of the audits may be held in the form of the absentee voting.

6.3. At the meeting of the Audit Commission of the Company held by the results of each audits the following matters are considered:

- 1) the discussion of the information received in the course of carrying out the audits and information sources;
- 2) summarizing of the results of the audit;
- 3) generalizing of the conclusions and forming of the proposals based on of the audit results;
- 4) approval and signing of the findings (act) by the Audit Commission by the results of the conducted audit;
- 5) determination and analysis of the reasons of violation of the legislation of the Russian Federation and discussion of the possible variants of their elimination and prevention in the future;
- 6) decision making about the addressing the management bodies of the Company, their executives and the heads of the structural divisions of the Company about the necessity of elimination the violations, identified in the course of the audits; application to the individuals committed violations the measures of responsibilities ;
- 7) other matters connected with the summarizing the results of audit.

6.4. Extraordinary meetings of the Audit Commission shall be held within the terms set by the Plan of work of the Audit Commission .

6.5. The extraordinary meeting of the Audit Commission of the Company shall be convened by the Chairman of the Audit Commission by his own initiative or by the initiative of the member of the Audit Commission as also by the decision of the General shareholder's meeting, Board of Directors or by the request of the shareholders (owing no less than 10 per cent of the voting shares on the Company) about conducting the audit of the financial economic activity of the Company.

6.6. The Chairman of the Audit Commission of the Company under preparation of the meeting of the Audit Commission shall:

- 1) define the date, time and location of the holding of the meeting (summarizing the results of the absentee voting);
- 2) the form of the holding the meeting (the simultaneous attendance, absentee voting);
- 3) approves the agenda of the meeting;
- 4) defines the list of the materials and documents (information) necessary for consideration of the matters in agenda of the Audit Commission meeting;
- 5) defines the list of the individuals invited for participation at the meeting of the Audit Commission ( under the simultaneous attendance);
- 6) decides other matters connected with the preparation for the meeting of the Audit Commission .

6.7. Notification about holding the meeting of the Audit Commission of the Company shall be forwarded to the members of the Audit Commission by the registered letter, by fax or by the electronic-mail not later than 10 (ten) days prior the date of holding the meeting and under holding the meeting by the results of the audit the notification shall be sent not later than 2

(two) days prior the date of the meeting.

6.8. Under holding the absentee voting in the cases stipulated by the present Regulations the notification about holding the absentee voting shall be forwarded along with the materials for the matters in agenda and with the ballot (drawn up in accordance with the Appendix), by the registered letter or by fax or electronic mail not later than 15 (fifteen) days prior the date of summarizing the results of voting

Under filling in the ballot for the absentee voting by the member of the Audit Commission only one of the possible variants of the voting ("for", "against", "abstain") for each matter in agenda shall be left non crossed out.

Filled in ballot shall be signed by the member of the Audit Commission with indication of his surname and initials.

6.9. Filled in and signed ballot shall be presented by the member of the Audit Commission within the term said in the ballot to the Secretary of the Audit Commission in the original or by means of fax with the following forwarding of the original of the ballot at the address indicated in the ballot.

6.10. The members of the Audit Commission shall be considered to have participated at the absentee voting if their ballots have been received by the Secretary of the Audit Commission in the original or by fax prior the dead line of the receiving the ballots.

6.11. The unsigned ballots as also ballots received upon expiration of the said term shall be held invalid and shall not participate in the defining of the quorum necessary for decision making by the absentee voting and shall not be taken into account under summarizing the results of voting.

The ballot filled in with violation of the requirements said in the first part of the paragraph 6.8. of the present Regulation shall not be taken into account under counting the votes for the corresponding matter.

6.12. The Chairman of the Audit Commission under revealing of the violations of the legislation of the Russian Federation, the Charter of the Company and other internal documents of the Company under implementation of the activity of the Company shall convene the extraordinary meeting of the Audit Commission to decide the matter of carrying out of the unplanned audit.

6.13. The member of the Audit Commission under revealing the violations said in the paragraph 6.12. of the present Regulation shall forward to the Chairman of the Audit Commission the written statement with the description of the violations and the individuals committed them, not later than in 3 (three) days upon their identification.

6.14. In the cases stipulated by the paragraphs 6.12 and 6.13. of the present Regulations the Chairman of the Audit Commission shall convene the extraordinary meeting of the Audit Commission in the form of simultaneous attendance within 10 days from the moment of receiving the information about identified violations.

6.15. The meeting of the Audit Commission held in the form of the simultaneous attendance includes the following stages:

- 1) opening of the meeting by the Chairman of the Audit Commission ;
- 2) defining of the quorum of the meeting;
- 3) announcement of the matters in agenda;
- 4) reporting by the matters in agenda, their discussion ;
- 5) formation by the Chairman of the Audit Commission the draft of the decision for the matters in agenda;
- 6) voting by the matters in agenda;
- 7) summarizing the results of voting;
- 8) announcement of the decisions of the Audit Commission by the matters in agenda;

6.16. The meeting of the Audit Commission of the Company held by absentee voting shall include the following stages:

- 1) receiving and counting of the ballots received from the members of the Audit Commission within the term said in the ballot for absentee voting;
- 2) defining the quorum of the meeting of the Audit Commission ;
- 3) counting of the votes presented by the ballots and summarizing the results of voting;
- 4) drawing up of the minutes of the meeting of the Audit Commission .

6.17. Meeting of the Audit Commission of the Company has quorum if more than half of the members of the Audit Commission participates at it. In the event of the absence of the quorum the meeting of the Audit Commission shall be postponed but no more than by 10 (ten) days.

6.18. Voting for the matters in agenda of the Audit Commission shall be accepted by the majority of votes of the members of the Audit Commission of the Company. Under decision of the matters at the meeting of the Audit Commission each member of the Audit Commission has one vote.

In the event of equality of the votes the vote of the Chairman of the Audit Commission shall be decisive.

6.19. At the meeting of the Audit Commission the Secretary of the Audit Commission shall draw up the minutes.

6.20. The minutes of the Audit Commission of the Company shall contain:

- 1) date, time and place of holding the meeting (summarizing the results of voting);
- 2) the list of the members of the Audit Commission and the individuals participating at the meeting ( participating at the absentee voting);
- 3) information about the quorum of the meeting;
- 4) the matters included in agenda of the meeting;
- 5) rendering of the reports on the matters in agenda (only for the meeting in the form of the simultaneous attendance);
- 6) results of the voting;
- 7) decisions accepted by the Audit Commission .

6.21. The minutes of the Audit Commission shall be drawn up in two copies not later than 5 days from the moment of holding the meeting (summarizing the results of the absentee voting) and shall be signed by the Chairman and by the Secretary of the Audit Commission of the Company.

The results of the voting and accepted decisions shall be brought to the information of the members of the Audit Commission by the Secretary of the Audit Commission not later than 3 (three) days upon drawing up the minutes.

6.22. The Company shall keep the minutes of the meeting of the Audit Commission and provide their submission upon request of the shareholders of the Company.

## **7. The order of conducting the audits**

7.1. The planned audit of the economic and financial activity of the Company shall be held in compliance with the approved annual plan of work of the Audit Commission .

7.2. The extraordinary audit of the financial – economic activity of the Company shall be carried out:

- 1) on the basis of the decision of the Audit Commission of the Company;
- 2) on the basis of the decision of the General shareholders' meeting of the Company;
- 3) on request of the shareholders (shareholder) of the Company, in total owing more than 10 (ten) percent of the voting shares of the Company.

7.3. Unless otherwise provided for by the decision of the General Shareholders' meeting, Board of Directors about holding the extraordinary audits, meeting of the Audit Commission of the Company subject to be held in compliance with the paragraph 6.2. of the present Regulations , shall be held not later 15 (fifteen) working days from the moment of:

- 1) decision making by the Audit Commission about extraordinary audit;

2) receiving by the Chairman of the Audit Commission of the decision of the General shareholders' meeting, Board of Directors of the Company about carrying out of the extraordinary audit;

The meeting of the Audit Commission of the Company subject to be held in compliance with paragraph 6.2. of the present Regulations on the basis of the request of the shareholders (shareholder) of the Company owing in total at least 10 (ten) per cent of the voting shares on the Company about holding the extraordinary audit shall be held not later than 20 (twenty) working days from the moment of receiving the said request of the shareholders (shareholder) of the Company.

7.3. The audit of the financial-economic activity of the Company shall include:

- 1) defining of the regulatory basis regulating the audited activity of the Company;
- 2) collection and analysis of the financial and economic documents of the Company, indexes of the accounting and statistical reports and other documents of the Company, receiving of the written and oral explanations relating to the audited site;
- 3) inspection of the warehouses, archives and other business premises of the Company;
- 4) revealing of the facts of non compliance with the legislation of the Russian Federation of the financial, economic activity of the Company, unreliability and falsification in representing the activity of the Company in the accounting, statistical and other reports and documentation of the Company;
- 5) Exercising of other activities that provide complex and objective audit of the financial-economic activity of the Company within the powers of the Audit Commission assigned by the present Regulations.

7.4. Under carrying out the audits the members of the Audit Commission shall request all necessary documents and materials from the management bodies of the Company, heads of the stand-alone divisions, structural divisions and other individuals the necessary documents and materials are at disposal of whom.

Requested documents and materials shall be presented to the members of the Audit Commission of the Company during 2 (two) working days from the moment of receiving the request.

7.5. The member of the Audit Commission of the Company shall have the access to the books, accounting records, business correspondence and other information relating to the corresponding site of the audit.

7.6. Under carrying out the audits the members of the Audit Commission of the Company shall in the proper way to study all the received documents and materials relating to the site of the audit.

The executives of the management bodies of the Company, heads of the stand-alone divisions and structural divisions of the Company shall:

- 1) provide conditions for the effective audit, present to the members of the Audit Commission all necessary information and documentation, as also to submit by their request (oral or written) explanations and clarification in the written form;
- 2) promptly rectify all identified by the Audit Commission violations, including in the keeping of the accounts and financial and accounting statements;
- 3) prevent any activities directed at the limitation of the circle of questions subject to identification in the course of conducting the audit.

## **8. Findings (acts) of the Audit Commission of the Company**

8.1. By the results of the audit of the financial- economic activities of the Company the Audit Commission shall draw up findings (acts) that are the document of the internal control of the Company.

8.2. Findings (act) of the Audit Commission shall consist of three clauses: introductory, analytical and summary.



8.3. The introductory clause of the findings (act) of the Audit Commission shall include:

- 1) full title of the document "Findings (act) of the Audit Commission of the Open Joint Stock Company "Far Eastern Energy Company".
- 2) date and place of drawing up the findings (act);
- 3) date (period) and place of the audit;
- 4) cause of audit (decision of the Audit Commission, General shareholder's meeting, Board of Directors, shareholders (shareholder) of the Company);
- 4) target of audit (determination of the legitimacy of the Company, determination of truthfulness of accounting and other documentation, its compliance with the legislation of the Russian Federation etc.);
- 5) site of the audit (definite activity of the Company, financial and economic documentation including accounting and statistical statements etc.);
- 6) the list of the regulatory and other documents regulating the activity of the Company that have been used in the course of conducting the audit.

8.4. The analytical clause shall contain the objective estimation of the condition of the audited site and shall include :

- 1) the total results of the audit of the documentation of the accounting statement and other documentation of the economic- financial activity of the Company;
- 2) the general results of the audit of the conformity with the provisions of the legislation of the Russian Federation under execution of financial-economic transactions;

The summary clause (act) of the Audit Commission of the Company shall constitute the reasoned conclusions of the Audit Commission and shall contain:

- 1) confirmation of the truthfulness of the data in the statements and other financial documents of the Company;
- 2) information about the facts of violation of the established by the legislation of the Russian Federation order of keeping the accounting and presentation of the financial statements as also regulatory acts of the Russian Federation under implementation of the financial-economic activity;
- 3) recommendations and proposals of the elimination of the reasons and consequences of the violations legislation of the Russian Federation, Charter and internal documents of the Company.

8.5. Finding (acts) of the Audit Commission shall be drawn up in three copies not later than 2(two) days from the moment of the closing the audit and shall be signed at the meeting of the Audit Commission, held by the results of the audit, by all members of the Audit Commission and by the engaged specialists-experts. The findings (act) shall have a remark that the Director General and Chief Accountant of the Company are familiarized with it.

In the event of outbreak of disputes between the members of the Audit Commission in one or another matter the findings (act) of the Audit Commission shall be signed with the difference of opinion (remarks) that can be expressed in the special opinion of the member of the Audit Commission and specialist- expert.

One copy of the findings (act) shall be kept by the Secretary of the Audit Commission, one shall be forwarded to the Chairman of the Board of Directors, one to the Director General of the Company.

8.6. The Company shall keep the findings (acts) of the Audit Commission and provide the access to them by the request of the Company.

**AUDIT COMMISSION**  
**Open Joint Stock Company**  
**«Far Eastern Energy Company»**

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**B A L L O T**

**For absentee voting for the matters in agenda of the Audit Commission of JSC FEEC**

**Matter 1:**

\_\_\_\_\_

**Decision:**

\_\_\_\_\_

\_\_\_\_\_

FOR

**AGAINST**

**ABSTAIN**

*(leave uncrossed your variant of answer)*

**Matter 2:**

\_\_\_\_\_

**Decision:**

\_\_\_\_\_

\_\_\_\_\_

FOR

**AGAINST**

**ABSTAIN**

*(leave uncrossed your variant of answer)*

Filled in and signed ballot shall be sent by fax \_\_\_\_\_ or in original in the term not later \_\_\_\_\_  
/date, time/

A ballot entered the Company upon expiration of the above mentioned term, shall not be taken into account under calculation of votes and summarizing the results of on-site- off-site voting.

Please send the original of the ballot at the address: \_\_\_\_\_

Member of the Audit Commission  
JSC "FEEC"

\_\_\_\_\_/\_\_\_\_\_  
(signature) (Last, first and middle names)

**INVALID WITHOUT SIGNATUTRE OF THE MEMBER OF THE AUDIT COMMISSION**