

OPERATING RULES

OF THE AUDIT COMMITTEE OF STARA PLANINA HOLD PLC

GENERAL

Art. 1. The Audit Committee shall be elected by the General Meeting of Shareholders which shall determine the number of members and their term of office.

Art. 2. (1) For members of the Audit Committee may be elected persons who fulfill the legal requirements.

(2) Members of the Audit Committee may be reelected unlimited number of times.

Art. 3. The Audit Committee shall perform the following functions:

1. monitors the processes of financial reporting in the enterprise;
2. monitors the efficiency of the internal control systems in the enterprise;
3. monitors the efficiency of the risk management systems in the enterprise;
4. monitors the independent financial audit in the enterprise;
5. reviews the independence of the registered auditor of the enterprise in compliance with the legal requirements and the Code of Ethics of Professional Accountants, and monitors the provision of additional services by the registered auditor to the audited entity.

POWERS

Art. 4. (1) The Audit Committee shall be entitled to:

1. request and be granted access to any information and documents necessary to fulfill its functions and obligations;
2. receive notifications from employees and company shareholders of committed errors, wrongful or illegal actions with regard to the processes of financial reporting in the enterprise;
3. investigate all notifications of irregularities pertaining to the fulfillment of its functions and obligations as well as to receive assistance from the management of the enterprise;
4. maintain confidentiality with regard to notifications of reported or established irregularities pertaining to the fulfillment of its functions and obligations.

(2) The enterprise shall cover the expenses accrued by the members of its Audit Committee related to the fulfillment of their obligations.

(3) The enterprise shall provide the necessary funds for the training of the members of the Audit Committee related to the fulfillment of its functions.

Art. 5. The members of the Audit Committee shall have the following powers:

1. to participate in the meetings of the committee in person or by authorizing in writing other member of the committee;
2. to request meeting of the committee;
3. to propose items on the agenda and table proposals for resolutions;
4. to vote "in favor" or "against" tabled resolutions.

OBLIGATIONS

Art. 6. The Audit Committee shall have the following obligations:

1. to conduct periodic reviews of the financial processes in the enterprise, the systems for internal control and risk management;
2. to conduct a review of the independence of the internal and external auditors of the enterprise in compliance with the legal regulations and codes of ethics of the professional organizations and associations;
3. to establish whether the independent auditor performs his/her obligation to publish on his/her webpage transparency report which includes the legally required information;
4. to render decision on the contract for the performance of independent financial audit prior to its conclusion;
5. to produce a recommendation for the election of a registered auditor who is to perform an independent financial audit of the enterprise;

6. to report its activity before the General Meeting of Shareholders once a year together with the approval of the annual financial statement.

Art. 7. (1) The members of the Audit Committee shall have the following obligations:

1. to monitor the processes of financial reporting;
2. to monitor the efficiency of the internal control systems;
3. to monitor the efficiency of the risk management systems;
4. to monitor the independent financial audit in the enterprise;
5. to attend the meetings of the committee;
6. to inform immediately the Audit Committee and the Board of Directors about any circumstances of material significance to the enterprise and circumstances which would contribute to the prevention of errors, abuse or fraud, and which have become known to them in the course of performance of their duties;
7. to preserve company and trade secret of the company and not to disclose information and facts which have become known to them in the course of fulfillment of their functions as well as not to use them for their own or other parties' benefit. This obligation remains in force after they cease to be members of the Audit Committee;
8. not to disclose information about the financial standing of the company to its connected persons as well as to its counterparties prior to the disclosure thereof in compliance with the legal requirements.

(2) Each member of the Audit Committee shall comply with the obligation until the end of the defined term of office. A member may request to be replaced by submitting reasoned written statement to the Board of Directors no later than the resolution to convene the General Meeting of Shareholders.

MEETINGS

Art. 8. (1) The meetings and work of the Audit Committee shall be presided over by a chairperson who shall be elected at the first meeting.

(2) Meetings of the committee shall be convened by the chairperson – on his/her initiative or upon proposal by any board member. The chairperson of the Audit Committee may not refuse to convene a meeting.

Art. 9. (1) A meeting is considered regular if it is attended in person by more than half of the committee members. No member present may represent more than one absent member.

(2) If invited, meetings may be attended by competent employees of the enterprise, external auditors or consultants.

Art. 10. (1) Resolutions shall be adopted by simple majority.

(2) The Audit Committee may adopt resolutions also in absentia if all members have declared in writing their approval of the resolution and have signed the minutes.

(3) Minutes shall be kept for each meeting and it shall include the agenda, resolutions adopted and the way members voted. Minutes shall be signed by all attending members.

(4) Minutes shall be kept on file for a period of five years.

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These Rules were adopted at a meeting of the Audit Committee on 29.10.2009 and were approved by the Board of Directors of Stara Planina Hold Plc on 29.10.2009.