

**MINISTRY
OF INTERNAL AFFAIRS
OF THE RUSSIAN FEDERATION**
117049 Moscow, Zhitina St. 16

of the Russian Federation

26.07.02 №1/4486

A.Yu. Voronin

[Re: Following the Government's orders
(line illegible)
Yugra-Neft Corporation]

Dear Alexander Yurievich;

On July 9, 2002 the Ministry of Internal Affairs of the Russian Federation (RF) considered the application of the Canadian Ambassador in Russia to the Government of the Russian Federation regarding the situation in CJSC Yugra-Neft Corporation and the Canadian company NoreX Petroleum Limited.

Previously, the Ministry of Internal Affairs of the RF conducted an investigation related to the application of the Chairman of the Board of Directors of NoreX Petroleum Limited, Mr. A. Rotzang, regarding the illegal actions of the managers of OJSC TNK-Nizhnevartovsk against CJSC Yugra-Neft Corporation with NoreX Petroleum Limited being its main shareholder.

It was determined that on June 29, 2001 the management of OJSC TNK-Nizhnevartovsk fabricated the Protocol of the shareholders' meeting of CJSC Yugra-Neft Corporation. Using this fabricated Protocol the company invaded the head office and the production facilities that belonged to CJSC Yugra-Neft Corporation.

OJSC TNK-Nizhnevartovsk made a duplicate corporate seal that was actively used by the appointed representative in control of financial and other assets of CJSC Yugra-Neft Corporation (to be identified), resulting in significant financial losses by the Corporation and its main shareholder in the amount of more than US \$20,000.00.

On December 10, 2001 the investigating department of the Department of Internal Affairs of the Presninsky district of the Department of Internal Affairs of the Central (to be identified) initiated the criminal case № 156081, in relation to the above stated activities conducted by OJSC TNK-Nizhnevartovsk based on articles stipulated in item "6", part 3, article 159 of the Criminal Code of the RF (fraud).

However, on December 20, 2001 the Prosecutor's office of the Central (to be identified) in Moscow cancelled the decision to initiate these criminal proceedings, based on article 5, item 2 of the Department of Judicial Code of RSFSR, and made a decision to deny any further requests to initiate this case.

Considering the fact that the above mentioned actions of the OJSC TNK-Nizhnevartovsk's management caused significant public response and triggered the application from the Minister of Finances of Canada to the Prime Minister of the Russian Government Mr. M.M. Kasianov, the

Ministry of Internal Affairs of the RF requested that the General Prosecutor's office of Russia inspect the validity of the decision by the Prosecutor's office of the Central (to be identified) in Moscow.

On April 30, 2002, after the application of the Ministry of Internal Affairs of the RF was considered, the General Prosecutor's office of Russia left the decision unchanged.

In regards to the search conducted in NoreX Petroleum Limited's Moscow branch office on June 6, 2002, referred to in the letter of the Canadian Ambassador in Russia dated June 25, 2002:

On November 13, 2001 the investigating unit of the Investigating Department of the Department of Internal Affairs of the Central (to be identified) initiated a criminal case № 164195 as per part 3 of the article 165 of the Criminal Code of the RF (cause of property loss by means of fraud or breach of trust) against A. Rotzang, L.V. Kondrashina and N.V. Gulidov. Within the scope of this criminal investigation and based on the decision of the investigator of the investigating unit of the Investigating Department of the Department of Internal Affairs of the Central (to be identified) in Moscow, the search was conducted in NoreX Petroleum Limited's branch office authorized by the prosecutor of the Central (to be identified). During the search, documents and the corporate seal of NoreX Petroleum Limited were seized, which was recorded in the Search Protocol. The copy of this Protocol was handed over to the representative of the company N.V. Gulidov.

R.G. Nurgaliev
First Deputy Minister
Head of the Department of Criminal Militia