



Ms Hazel O'Sullivan,
Project Director,
The Auditing Practices Board Limited,
5th Floor, Aldwych House,
71-91 Aldwych,
London WC2B 4HN

25th January, 2010

Dear Ms O'Sullivan,

RE : APB Consultation Paper on 'Audit Firms providing non-audit services'

We are the Chairman of the Audit Committee and Group Finance Director of Petropavlovsk PLC. We are writing to you in respect of the consultation paper on provision of non-audit services.

We believe that further rules in the area are unnecessary and would be damaging as they would remove the vital and necessary flexibility that companies like Petropavlovsk must have to use their Auditors, where appropriate, to perform 'non-audit' services. This is particularly the case for companies such as Petropavlovsk which has a small Head Office and which needs to seek the support of our Auditors in a number of areas.

We would make the following points in relation to Petropavlovsk:

- The existing requirements are well understood and very well managed by our Board and Audit Committee. Retaining our decision-making ability is not only appropriate but critical.
- The current governance framework is effective and gives us the flexibility and choice we need. In many cases using our Auditors for work that is classified as non-audit work, in particular in connection with acquisitions, disposals and Stock Exchange circulars, is both necessary and appropriate (indeed using another firm would be inappropriate, costly and inefficient). Further restrictions will reduce the choice available to us, increase our costs (in some cases significantly and unnecessarily) and may be detrimental to audit quality.
- We do not believe that the provision of non-audit services at sensible and appropriate levels by our auditors has any impact on the confidence of stakeholders in their independence.

- We believe that our auditors are already adequately regulated by their own policies as well as ours to ensure that Ethical Standards are complied with and they do not seek to provide services to the extent that their independence could be questioned.
- We do not support further restrictions on our ability to determine how we choose service providers, but consider that clear disclosure requirements are appropriate and will clearly demonstrate that companies such as ourselves are sensibly complying with the intent of the guidance in relation to services provided by their auditors.

Yours sincerely,



Sir Malcolm Field

Chairman of the Audit Committee



Brian Egan

Group Finance Director