

“Financial and Accounting Consultants” Auditing Firm

**Auditor’s Opinion on Financial
(Accounting) Statements
of Mechel OAO
for 2005**

Moscow, 2006

FAC - Financial and Accounting Consultants

■ AUDIT ■ CONSULTING ■ LAW

To the Shareholders

of Mechel

Open Joint Stock Company

Auditor's Opinion on Financial (Accounting) Statements

Auditor

Name:

Limited Liability Company "Financial and Accounting Consultants" (OOO "FAC").

Location:

101990 Moscow, Myasnitskaya Street 44/1, Bldg 2AB

State Registration:

Registered by the Moscow Registration Chamber on November 15, 1993, Registration Certificate: Series YuZ 3 No. 484.583 RP. Entered into the Uniform State Register of Legal Entities on July 24, 2002, under the Main State Registration Number 1027700058286.

License:

License No. E 000001 for the conduct of auditor operations, issued by the Ministry of Finance of the Russian Federation on April 10, 2002, for a term of five years.

Membership in Accredited Professional Auditor Associations:

Non-Commercial Partnership "Institute of Professional Accountants of Russia".

Non-Commercial Partnership "Institute of Professional Auditors".

Audited Entity

Name:

Mechel Open Joint Stock Company (hereinafter, Mechel OAO).

Location:

123610 Moscow, Krasnopresnenskaya Naberezhnaya 12.

State Registration:

Certificate of State Registration Series 77 No. 004285413, date of registration: March 19, 2003. Entered into the Uniform State Register of Legal Entities on March 19, 2003, under Main State Registration Number 1037703012896.

We conducted an audit of the attached financial (accounting) statements of Mechel OAO for the period from January 1, 2005, up to and including December 31, 2005.

Financial (accounting) statements of Mechel OAO consist of:

- Accounting Balance Sheet;
- Profit and Loss Statement;
- Supplements to Accounting Balance Sheet and Profit and Loss Statement;
- Explanatory Note.

All responsibility for the preparation and presentation of the said financial (accounting) statements is borne by the executive body of Mechel OAO. Our responsibility is to express our opinion as to the accuracy and reliability of these statements in all material respects, and compliance of the accounting procedures with the current law of the Russian Federation based on the findings of our audit.

We conducted the audit in accordance with the following laws and regulations:

1. Federal Law “On Audit”;
2. Federal Audit Rules (Standards);
3. Audit Rules (Standards) approved by the Audit Committee under the President of the Russian Federation, to the extent they are consistent with the applicable Federal Audit Rules (Standards);
4. Internal audit standards, methodologies and regulations.

The audit was planned and conducted so as to obtain reasonable assurances that the financial (accounting) statements do not contain any material misstatements. The audit was conducted on a sample basis, and included the testing of evidence confirming the meaning and disclosure in the financial (accounting) statements of information about the financial and business operations of the audited entity, an evaluation of accounting methods and procedures for the preparation of financial (accounting) statements used by the audited entity, determination of the fundamental assumptions made by the management of the audited entity, and an assessment of the general presentation of financial (accounting) statements. We believe that our audit gives us sufficient grounds to express our opinion as to the accuracy and reliability of the financial (accounting) statements in all material respects, and compliance of accounting procedures with the current law of the Russian Federation.

In our opinion, financial (accounting) statements of Mechel OAO truly and fairly reflect in all material respects its financial situation as of December 31, 2005, and the results of its financial and business operations for the period from January 1, 2005, up to and including December 31, 2005, in accordance with the applicable requirements of the current law of the Russian Federation governing procedures for the preparation of financial (accounting) statements, and with the provisions of the accounting policy approved by Mechel OAO.

March 28, 2006

OOO "FAC" President	Signature	S.M. Shapiguzov (acting in accordance with the Charter)
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Seal

Audit Manager	Signature	S.Yu. Egorova (General Audit Commission Certificate No. K 003602 issued on May 7, 2003)
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Corporate Seal of FAC

Total of the sheets numbered and stitched: 76.

Audit Manager

Signature