

RULES OF THE AUDIT COMMITTEE

FUNCTIONS

These Rules govern the functioning of the Audit Committee, a committee reporting to the Board of Directors of MetroGAS S.A. (the “Company”) whose functions include supervision, reporting, offering advice and making proposals, as well as any other functions entrusted to it by the current legislation and regulations applicable to the Company (the “Law”), the Company’s By-laws or the Rules of the Board of Directors.

MEMBERS AND MEETINGS

The Audit Committee will be formed by at least three members of the Board of Directors. A majority of the members of the Committee shall be independent. Independent directors will be those meeting the requirements set forth by the Law for this purpose. All members must understand the financial information and contribute other knowledge and expertise relevant to the Company. At least one of the members must be a specialist in finance.

The Committee shall appoint a Chairman from its number. The Company Secretary or the person designated by him shall serve as Secretary to the Committee.

The Committee shall meet at least four times a year and at shorter intervals if required by circumstances and requested by any of its members. The external or internal auditors may request a meeting if necessary. In case of absence of a member, such member will be replaced by the corresponding alternate director, who shall also be independent if the director replaced is independent.

The remaining members of the Board of Directors and the members of the Statutory Audit Committee may attend the deliberations of the Committee with a right to speak but no voting right. The Committee, upon a substantiated resolution, may exclude them from the meetings. The executive directors of the Company that are not members of the Board of Directors, hereinafter referred to as “Management”, the internal auditors and the representatives of the external auditors shall attend the meetings when requested to do so.

The Chairman of the Committee shall attend the Annual Meetings of the Company and must be prepared to answer the shareholders’ questions regarding the Committee’s activities.

The Committee shall also meet at least twice a year with only the internal and external auditors.

The notice and conduct of the meetings shall be subject to the same requirements as for meetings of the Board, pursuant to the By-laws and to the Law.

AUTHORITY AND RESPONSIBILITIES

The Audit Committee has full authority to look into all matters within its competence as specified in these Rules or in relation to which the Law requires its intervention.

The Audit Committee reports to the Board of Directors and shall not make any further delegation of any of the powers or functions assigned to it. In exercise of its duties, the Audit Committee shall have unlimited access to Management, and to the books and records of the Company, as well as the right to receive any information it may require.

The Audit Committee shall be responsible for giving an opinion on the proposal of the Board for designation of external auditors to be appointed by the shareholders. The Audit Committee is directly responsible for supervising the external auditors.

The Board of Directors of the Company shall be responsible for adopting the financial statements in accordance with generally accepted accounting principles and the external auditors shall be responsible for auditing such statements. The Audit Committee shall be responsible for supervision and in performing its duties will not by itself offer any specialized or expert warranties with regard to the Company's financial statements.

The Committee shall have the following duties:

- To analyze, on an annual basis, the appropriateness of these Rules and to report any proposed changes to the Board of Directors for review and approval.
- To supervise the functioning of the internal control system and administrative accounting system, as well as the reliability of the latter and of all financial information or other significant events submitted to the control authorities under the applicable reporting rules.
- To give an opinion on the proposal of the Board of Directors for appointment of the external auditors to be hired by the company and to ensure that they are independent.
- To review the plans of the external auditors, assess their performance and issue an opinion in this regard on the occasion of presenting and publishing the annual financial statements.
- To give information on the fees for external auditing and other services provided by the audit firm as well as other service companies in connection with matters relating to audit, accounting, systems, internal control and advice on financial and administrative matters, as well as courses relating to these topics.
- To supervise the application of policies on information relating to the Company's risk management.

- To provide the market with complete information in relation to transactions which may involve a conflict of interest with officers of the Company or controlling shareholders.
- To give an opinion on the reasonableness of the proposed fees and stock option programs for directors and managers of the Company proposed by the Board of Directors.
- To give an opinion on compliance with legal requirements and on the reasonableness of the terms of issue of shares or securities convertible into shares, in case of a capital increase excluding or restricting preemptive rights.
- To verify compliance with the applicable rules of conduct.
- To issue a substantiated opinion on transactions with related parties in the cases specified by the Law. To give a substantiated opinion and communicate it pursuant to the Law whenever there is or may be a potential conflict of interest.
- To review the plans of the internal auditors, assess their performance and issue an opinion in this regard on the occasion of presenting and publishing the annual financial statements.
- To prepare, on an annual basis, a plan of action for the fiscal year, the progress status of which will be reported from time to time to the Board of Directors and Statutory Audit Committee.
- To consider any other matters which may be delegated to it by the Board of Directors, as well as any other function which the Law determines as falling within the competence of the Audit Committee

The Audit Committee is authorized to secure independent legal and other independent professional advice and to determine any applicable fees, as well as to secure assistance from third parties with sufficient experience and expertise, whenever it deems fit.

For its operation, the Audit Committee will have an annual budget to be approved by the Company's shareholders' meeting.

The members of the Audit Committee shall review the annual Training Plan for the members of the Audit Committee proposed by the Company's Human Resources Department, to be submitted to the Board of Directors for approval. In addition to the topics it may consider necessary for better performance of its functions, the plan will include Regulatory and Statutory issues of the Company as well as Operational, Commercial and Cultural considerations, Functions and Responsibilities of the Audit Committee, Risk Management and Internal Control, Business Continuity Plan, Current Accounting Regulations and Administrative Accounting Process.

These Rules were adopted by the Minutes of Directors' Meeting No. 246, of May 27, 2003. They were amended by the Minutes of Directors' Meeting No. 249, of August 6, 2003 and filed with the Public Registry of Commerce on June 4, 2004 under No. 6794 of Book 25 (Companies limited by shares).