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NEWS RELEASE

For Immediate Release – *July 31, 2008*

JSC Chelyabinsk Zinc Plant Announces Q1 2008 IFRS Consolidated Results

Chelyabinsk, Russia – July 31, 2008 – Chelyabinsk Zinc Plant (LSE, RTS, MICEX: CHZN), Russia's largest producer of zinc and zinc alloys, is pleased to announce its IFRS consolidated results (unaudited) for the 1st Quarter of 2008.

Consolidated financial results for the three months, ended 31 March 2008*

	Three months ended 31 March		
	2008	**2007**	**Change**
	(in millions of Russian roubles)		(%)
Revenue	2,909	3,643	(20)
Gross profit	317	970	(67)
Gross margin	*11%*	*27%*	
EBITDA(1)	400	1,018	(61)
EBITDA margin	*14%*	*28%*	
Profit before income tax	139	736	(81)
Net income	109	550	(80)
Net margin	*4%*	*15%*	

** Unaudited accounts.*

(1) EBITDA, for any relevant period, represents operating profit before depreciation and amortization. EBITDA is presented because CZP considers it an important supplemental measure of CZP's operating performance and believes it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in CZP's industry. EBITDA has limitations as an analytical tool, and it should not be considered in isolation, or as a substitute for analysis of CZP's operating results as reported under IFRS. Some of these limitations are as follows:

- EBITDA does not reflect the impact of financing costs, which are significant and could further increase if CZP incurs more debt, on CZP's operating performance.
- EBITDA does not reflect the impact of income taxes on CZP's operating performance.
- EBITDA does not reflect the impact of depreciation and amortization on CZP's operating performance. The assets of CZP's business which are being depreciated and/or amortized will have to be replaced in the future and such depreciation and amortization expense may approximate the cost to replace these assets in the future. By excluding this expense from EBITDA, EBITDA does not reflect CZP's future cash requirements for these replacements.

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- Other companies in CZP's industry may calculate EBITDA differently or may use it for different purposes than CZP does, limiting its usefulness as a comparative measure.

CZP compensates for these limitations by relying primarily on its IFRS operating results and using EBITDA only supplementally. See CZP's consolidated statements of income and consolidated statements of cash flows included in the current press release.

EBITDA is a measure of CZP's operating performance that is not required by, or presented in accordance with, IFRS. EBITDA is not a measurement of CZP's operating performance under IFRS and should not be considered as an alternative to profit for the year, operating profit or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of CZP's liquidity. In particular, EBITDA should not be considered as a measure of discretionary cash available to CZP to invest in the growth of its business.

Reconciliation of EBITDA to net income is as follows for the periods indicated:

	Three months ended 31 March	
	2008	**2007**
	(in millions of Russian roubles)	
Profit for the period	109	550
Add:		
Depreciation and amortization	249	233
Finance income and costs, net	12	49
Income tax expense	30	186
EBITDA	400	1,018

Production and Sales

January through March 2008, Chelyabinsk Zinc Plant (CZP) produced 42,270 tonnes of SHG zinc and zinc based alloys, an increase of 5.3% as compared to the same period of 2007 (40,146 tonnes). CZP sales for the period reached 37.1 thou tonnes, which is 10% more than a year ago (33.7 thou tonnes). 48% (17.8 thou tonnes) of salable metal was supplied to the domestic market. Export totaled 19.3 thou tonnes or 52% of CZP sales in Q1 2008 (Q1 2007: domestic market - 17.1 thou tonnes, export 16.6 thou tonnes of SHG zinc and zinc based alloys, accordingly).

All zinc concentrate produced by CZP's subsidiary, Nova Zinc, operator of Akzhal mine in Kazakhstan, has been supplied to the Chelyabinsk Zinc Plant. January through March 2008, Nova Zinc supplied 6.4 thou tonnes of zinc in zinc concentrate to CZP (January through March 2007: 6.9 thou tonnes). Lead in lead concentrate production for the period totaled 931 tonnes.

CZP's subsidiary, The Brock Metal Company Limited (the leading UK supplier of zinc and aluminum die-casting alloys) sold 7,388 tonnes of products January through March 2008.

Revenues

CZP's revenue decreased 20% to RUB 2,909 mln for the 3 months ended 31 March 2008 as compared to the same period of last year (Q1 2007: RUB 3,643 mln). Decrease of revenues mainly resulted from decrease of LME zinc prices. January through March 2008, the average zinc prices on the LME decreased by 30% to US$2,425.8/tonne as compared to the Q1 2007 average LME zinc price of US$3,460.4/tonne. This factor was partly compensated by 10 percent sales volumes growth, as well as by consolidation of Brock Metal company from June 29 2007.

Revenue Structure

	Three months ended 31 March		
	2008	2007	Change
	(in millions of Russian roubles)		(%)
Zinc and zinc alloys	2,607	3,427	(24)
Lead concentrate	0	107	(100)
Other products	302	109	177
Total revenue	2,909	3,643	(20)

Revenues from sale of zinc and zinc alloys decreased by 24% to RUB 2,607 mln (versus RUB 3,427 mln in the first three months of 2007) while volumes of zinc sales grew by 10%.

CZP did not sale any lead concentrate in the first three months of 2008 due to dissolution of the agreement with the only customer, Kazzinc. CZP signed a new sales contract for lead concentrate with Euromin S. A. in June 2008.

Revenue from CZP's other products almost tripled to RUB 302 mln in Q1 of 2008 (Q1 2007: RUB 109 mln) as a results of production volumes growth and structure of feedstock processed.

Cost of Sales

	Three months ended 31 March	
	2008	2007
	(in millions of Russian roubles)	
Materials and consumables used	1,541	2,016
Utilities and fuel	365	288
Production overheads	58	34
Repairs and maintenance	115	102
Depreciation	249	224
Staff costs	139	92
Changes in work-in-progress inventory	31	(6)
Changes in finished goods stock	(3)	(104)
Obsolete inventory provision, net	19	0
Precious metals revaluation	(26)	(23)
Cost of goods and materials for resale	106	51
Total cost of sales	**2,593**	**2,673**

For the first three months, ended 31 March 2008, cost of sales decreased by 3% to RUB 2,593 mln from RUB 2,673 mln for the same period of 2007.

Cost of material and consumables used primarily comprises the cost of purchases of zinc concentrate, secondary raw materials and auxiliary materials used in the zinc production process. Despite the production volumes growth that required more raw materials, and consolidation of Brock Metal, cost of material and consumables used decreased by 24% to RUB 1,541 mln (Q1 2007: RUB 2,016 mln) which is equal to 59% of the total cost of sales (Q1 2007: 75%), and was caused by decrease of LME zinc prices and prices for zinc raw materials.

Costs of utilities and fuel increased by 27% up to RUB 365 mln in January-March of 2008 (January-March, 2007: RUB 288 mln). This increase was primarily due to an increase in tariffs for CZP to RUB 1.47 per kWh in Q1 2008 as compared to the CZP tariff of RUB 1.24 per kWh in Q1 2007. The increase was also attributed to an increase in overall production levels (zinc by 5.3%).

Staff costs increased to RUB 139 mln for the first three months ended 31 March 2008, which is 51% more than for the first three months ended 31 March 2007 (RUB 92 mln), reflecting mainly the trend of average salary growth in Russia and Kazakhstan.

Cost of sales as a percentage of revenue was 89% in Q1 2008 (vs. 73% in Q1 2007), thus gross profit margin decreased to 11% from 27%.

Distribution Costs

Distribution costs include primarily transportation costs and customs duties. For the first three months of 2008 these costs increased by 3% up to RUB 78 mln (vs. RUB 75 mln for the first three months of 2007). Such growth was caused by increase of export sales by 16% (Q1 2008: 19.3 thou tonnes, Q1 2007: 16.6 thou tonnes of SHG zinc and zinc based alloys).

General and Administrative Expenses

The increase of general and administrative expenses in the first quarter of 2008 by 9% up to RUB 164 mln (versus RUB 149 mln in the same period a year ago) resulted from the consolidation of Brock Metal results in Q1 2008.

Profit

Net profit for the three months ended March 31, 2008 was RUB 109 mln or RUB 2.01 per share compared to RUB 550 mln or RUB 10.21 per share for the same period a year ago.

CZP will host an Investor Conference Call to discuss its IFRS financial statements and comment on current operations, today, July 31, 2008 at 6pm Moscow time (3pm London time, 10am New York time). Media are invited to attend on a listen-only basis.

To participate in the conference call dial one of the dial-in numbers as follows:

- **If dialing from Russia: (495) 981-0871**
- **If dialing from UK: 0800 783 4080 (toll free)**
- **If dialing from the USA: 1 866 297 7327 (toll free)**

If dialing from countries other than specified please refer to http://www.conferencing.bt.com/bt/50/eng/automated/bridge.jsp.

Once connected, the participant should enter the passcode: 431 253#

To join the web conference, paste the following link into the address bar of your web browser: https://www.livemeeting.com/cc/btconferencing_eventsssl3, then enter your Meeting ID/Meeting number: K8400164 and Password: 431253.

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The recording of the conference call and the presentation will be available on CZP's website (www.zinc.ru) in the Investor Relations section.

About Chelyabinsk Zinc Plant

Chelyabinsk Zinc Plant OJSC is a leading Russian zinc producer. It is responsible for 64% of Russian zinc production volume. In 2007 the plant produced 165,007 tonnes of SHG zinc.

According to consolidated IFRS accounts, revenues in 2007 were RUB 15.527 billion, and net profit was RUB 1.914 billion.

NF Holdings B.V. (The Netherlands) controls 54.7% of shares of CZP. 50% shares of NF Holdings B.V. belong to Arkley Capital S.à r.l., Luxembourg.

Ordinary shares of CZP are traded on the RTS and MICEX exchanges under ticker CHZN, and Global Depository Receipts (GDR) are traded on the London Stock Exchange under ticker CHZN.

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Joint Stock Company Chelyabinsk Zinc Plant
Consolidated Balance Sheet as of 31 March 2008

In thousands of Russian Roubles	31 March 2008	31 December 2007
ASSETS		
Non-current assets		
Property, plant and equipment	7 038 377	7 260 927
Advances for capital construction	107 174	71 351
Goodwill	780 815	815 488
Other intangible assets	339 341	292 489
Other non-current assets	588 657	609 449
Total non-current assets	**8 854 364**	**9 049 704**
Current assets		
Inventories	2 437 700	2 574 432
Trade and other receivables	1 610 262	1 943 250
Current income tax prepayments	271 713	152 388
Loans receivable and promissory notes	365	562
Bank deposits	200 000	400 000
Cash and cash equivalents	1 000 999	501 098
Restricted cash	17 482	36 558
Total current assets	**5 538 521**	**5 608 288**
TOTAL ASSETS	**14 392 886**	**14 657 992**
Equity		
Share capital	127 635	127 635
Share premium	1 375 231	1 375 231
Legal reserve	3 011	3 011
Cumulative currency translation differences	(473 583)	(297 603)
Retained earnings	9 073 897	8 964 980
TOTAL EQUITY	**10 106 192**	**10 173 254**
LIABILITIES		
Non-current liabilities		
Borrowings	1 530 115	1 798 775
Provision for asset retirement obligations	56 814	58 144
Deferred income tax liability	1 053 378	1 141 062
Other non-current liabilities	4 977	5 198
Total non-current liabilities	**2 645 284**	**3 003 179**
Current liabilities		
Borrowings	772 461	803 614
Accounts payable, accrued expenses and advances from customers	746 557	553 452
Current income tax payable	11 655	7 306
Other taxes payables	110 736	117 187
TOTAL CURRENT LIABILITIES	**1 641 409**	**1 481 559**
TOTAL LIABILITIES	**4 286 694**	**4 484 738**
TOTAL LIABILITIES AND EQUITY	**14 392 886**	**14 657 992**

Joint Stock Company Chelyabinsk Zinc Plant
Consolidated Statement of Income for the three months ended 31 March 2008

In thousands of Russian Roubles	**Three months ended 31 March 2008**	**Three months ended 31 March 2007**
Revenue	2 909 101	3 642 826
Cost of sales	(2 592 551)	(2 672 695)
Gross profit	**316 550**	**970 131**
Distribution costs	(78 027)	(75 175)
General and administrative expenses	(164 011)	(149 436)
Operating profit	**74 511**	**745 519**
Finance income	33 080	32 956
Finance costs	(44 907)	(81 906)
Net foreign exchange gain/loss	76 372	39 498
Profit before income tax	**139 055**	**736 068**
Income tax charge	(30 137)	(186 085)
Profit for the period	**108 918**	**549 983**
Profit attributable to:		
Shareholders of the Company	108 918	549 983
Net profit for the period	**108 918**	**549 983**
Earning per share - basic and diluted (in RUB)	**2,01**	**10,21**

Joint Stock Company Chelyabinsk Zinc Plant
Consolidated Statement of Cash Flows for the three months ended 31 March 2008

In thousands of Russian Roubles	**Three months ended 31 March 2008**	**Three months ended 31 March 2007**
Cash flows from operating activities		
Profit before income tax	139 055	736 068
Adjustments for:		
Depreciation and amortization	248 647	232 860
Net loss on disposal of property, plant and equipment	848	8 493
(Reversal of impairment)/Impairment of trade and other receivables	(60)	(1 705)
Inventory write-down/(Reversal of inventory write down) to net realisable value	18 901	237
Finance costs, net	11 827	48 950
Precious metals revaluation	(26 346)	(22 631)
Foreign exchange gains	(97 141)	(30 283)
Other non-monetary items	49 812	(536)
Operating cash flows before changes in working capital	**345 542**	**971 452**
(Decrease)/Increase in trade and other receivables	280 715	(90 570)
Increase in inventory	150 107	121 440
Increase in trade and other payables	111 290	(229 774)
Increase/(decrease) in taxes payable	(6 451)	(28 040)
Decrease/(increase) in bank deposits	200 000	(603 972)
Decrease/(increase) in restricted cash balance	19 075	222 848
Cash generated from operations	**1 100 278**	**363 384**
Interest paid	8 550	(85 577)
Income taxes paid	(61 191)	(271 325)
Net cash generated from operating activities	**1 047 638**	**6 482**
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets.	(161 344)	(264 410)
Purchase of exploration and evaluation assets	(53 655)	-
Proceeds from sale of property, plant and equipment	380	961
Loans issued and promissory notes purchased	(4 701)	-
Proceeds from repayment of loans and redemption of promissory notes	786	7 370
Interest income received	31 957	32 956
Increase in long-term bank deposits	17 513	402 500
Net cash used in investing activities	**(169 064)**	**179 376**
Cash flows from financing activities		
Repayment of borrowings	(191 736)	(66 781)
Finance lease payments	(3 546)	(2 649)
Net cash provided from /(used in) financing activities	**(195 282)**	**(69 431)**
Effect of currency translation and exchange rate fluctuations on cash and cash equivalents	(183 391)	(15 043)
Net increase in cash and cash equivalents	**499 901**	**101 385**
Cash and cash equivalents at the beginning of the period	**501 098**	**443 553**
Cash and cash equivalents at the end of the period	**1 000 999**	**544 937**

Joint Stock Company Chelyabinsk Zinc Plant
Consolidated Statement of Changes in Equity for the three months ended 31 March 2008

In thousands of Russian Roubles	**Share capital**	**Treasury shares**	**Share premium**	**Legal reserve**	**Cumulative currency translation differences**	**Retained earnings**	**Total equity**
Balance at 1 January 2007	**78 860**	—	**1 375 231**	**572**	**(189 515)**	**7 102 628**	**8 367 776**
Currency translation differences	—	—	—	—	28 662	—	28 662
Profit recognised directly in equity	—	—	—	—	28 662	—	28 662
Net profit for the period	—	—	—	—	—	549 983	549 983
Total recognized profit for the period	—	—	—	—	—	549 983	578 645
Balance at 31 March 2007	**78 860**	**-**	**1 375 231**	**572**	**(160 853)**	**7 652 611**	**8 946 421**
Balance at 1 January 2008	**127 635**	—	**1 375 231**	**3 011**	**(297 603)**	**8 964 978**	**10 173 252**
Currency translation differences	—	—	—	—	(175 980)	—	(175 980)
Profit recognized directly in equity	—	—	—	—	(175 980)	—	(175 980)
Net profit for the period	—	—	—	—	-	108 918	108 918
Total recognized profit for the period	— —	—	—	—	—	108 918	(67 061)
Issue of shares through profit capitalization	—	—	—	—	—	—	—
Legal reserve	—	—	—	—	—	—	—
Balance at 31 March 2008	**127 635**	**-**	**1 375 231**	**3 011**	**(473 583)**	**9 073 896**	**10 106 192**