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NEWS RELEASE

For Immediate Release – December 23, 2008

JSC Chelyabinsk Zinc Plant Announces IFRS Results For The Nine Months Ended September 30, 2008

Chelyabinsk, Russia – December 23, 2008 – Chelyabinsk Zinc Plant (LSE: CHZN, RTS, MICEX: CHZN), Russia's largest producer of zinc and zinc alloys, is pleased to announce its IFRS financial results for the nine months ended September 30, 2008.

9 MONTHS 2008 HIGHLIGHTS

- Revenue for the nine months of 2008 totaled RUB 8,318 million compared to RUB 11,646 for the same period last year.
- 9 months 2008 EBITDA amounted RUB 726 million and was equivalent to 9% of revenue compared to an EBITDA of RUB 3,266 million, equivalent of 28% of 9 months 2007 revenue.
- Net loss for the first nine months of 2008 was RUB 1,093 million compared to RUB 1,782 million profit for the nine months of 2007.
- 9 months 2008 net earnings have been affected by decrease of LME zinc prices, RUB 296 million exploration and evaluation assets written off based on the results of the evaluation of the reserves for the Amur deposit and non-cash accounting adjustment of RUB 779 million for goodwill.

Consolidated interim financial results for the nine months ended 30 September 2008. (Unaudited accounts)

	2008	2007	Change
	<i>(in millions of Russian Roubles)</i>		<i>(%)</i>
Revenue	8 318	11 646	(29)
Gross profit	722	3 219	(78)
<i>Gross margin</i>	9%	28%	
EBITDA	726	3 266	(78)
<i>EBITDA margin</i>	9%	28%	
Profit/(loss) before income tax	(1 163)	2 435	N/A
Net income/(loss)	(1 093)	1 782	N/A
<i>Net margin</i>	N/A	16%	

(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.
- 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:

	9 months ended September 30	
	2008	2007
	<i>(in millions of Russian Roubles)</i>	
Profit/(loss) for the period	(1 093)	1 782
Add:		
Depreciation and amortization	779	740
Finance income and costs, net	35	90
Income tax expense	(70)	653
Goodwill impairment	779	-
Exploration and evaluation costs	296	-
EBITDA	726	3 266

Production and Sales

January through September 2008, Chelyabinsk Zinc Plant (CZP) produced 130.1 thousand tonnes of SHG zinc and zinc based alloys, an increase of 6% as compared to the same period of 2007 (122.7 thousand tonnes).

CZP sales for the period reached 117.7 thousand tonnes, which is 7% more than a year ago (109.5 thousand tonnes). 55% (64.4 thousand tonnes) of salable metal was supplied to the domestic market. 9 months 2008 CZP export sales totaled 53.2 thousand tonnes or 45% (9 months 2007: domestic market – 52.5 thousand tonnes, export 57.0 thousand tonnes of SHG zinc and zinc based alloys, accordingly).

All zinc concentrate produced by CZP's subsidiary, Nova Zinc LLC, operator of Akzhal zinc and lead ore mine in Kazakhstan, has been supplied to Chelyabinsk Zinc.

January through September 2008, Nova Zinc supplied 22.6 thousand tonnes of zinc in zinc concentrate (January through September 2007: 23.6 thousand tonnes). Lead in lead concentrate production for the period totaled 4,015 tonnes.

CZP's subsidiary, The Brock Metal Company Limited (the leading UK supplier of zinc and aluminum die-casting alloys) sold 21,058 tonnes of products January through September 2008.

Revenue

CZP's revenue decreased by 29% to RUB 8,318 mln for the nine months ended 30 September 2008 as compared to the same period of last year (9 months 2007: RUB 11,646 mln). Decrease of revenue mainly resulted from decrease of LME zinc prices. January through September 2008, the average zinc price on the LME decreased by 39% to US\$2,099/tonne as compared to the 9 months 2007 average LME price of US\$3,452/tonne. This factor was partly compensated by 7% sales volume growth, as well as by consolidation of Brock Metal from June 29, 2007.

Revenue structure

	9 months ended September 30		Change (%)
	2008	2007	
	(in millions of Russian Roubles)		
Zinc and zinc alloys	7 233	10 767	(33)
Lead concentrate	46	321	(86)
Other products	1 040	558	86
Total revenue	8 318	11 646	(29)

Revenue from sale of zinc and zinc alloys decreased by 33% to RUB 7,233 mln for the nine months of 2008 (versus RUB 10,767 mln in the nine months of 2007).

CZP received RUB 46 mln revenue from sale of lead concentrate in 9 months 2008, 86% less than for the same period of 2007 due to decrease of the LME lead price and no sales of lead concentrate in 1H 2008 caused by dissolution of the agreement with Kazzinc. Shipments under new contract with Euromin for lead concentrate started in the end of June 2008.

Revenue from CZP's other products increased by 86% to RUB 1,040 mln in 9 months 2008 (9 months 2007: RUB 558 mln) as a result of consolidation of Brock Metal from June 29, 2007 and sulphuric acid price increase (sulphuric acid average price: 9 months 2008– RUB 1,334 per tonne, 1H 2007 - RUB 286 per tonne).

Cost of Sales

	9 months ended September 30	
	2008	2007
	(in millions of Russian Roubles)	
Raw materials and consumables used	4 497	5 980
Utilities and fuel	1 061	849
Production overheads	214	116
Repairs and maintenance	397	327
Depreciation and amortisation	733	704
Staff cost	472	309
Change in work-in-progress	9	52
Change in finished goods	-172	19
Inventory obsolescence provision	12	2
Precious metal revaluation	-26	-16
Cost of goods and material for resale	399	86
Total cost of sale	7 596	8 427

For the nine months ended September 30, 2008, cost of sales decreased by 10% to RUB 7,596 mln from RUB 8,427 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 25% to RUB 4,497 mln (9 months 2007: RUB 5,980 mln) which is equal to 59% of the total cost of sales (9 months 2007: 70%), and was caused by decrease of LME zinc prices and prices for zinc raw materials.

Costs of utilities and fuel increased by 25% up to RUB 1,061 mln in January-September of 2008 (January-September, 2007: RUB 849 mln). This increase was primarily due to an increase in consumption of electricity at CZP's production facilities in Chelyabinsk, as a result of an increase in overall production levels (zinc by 6%), as well as an increase in average tariffs for CZP to RUB 1.436 per kWh in 9 months 2008 as compared to the CZP tariff of RUB 1.259 per kWh in 9 months 2007. In increase in overall costs of utilities and fuel was also attributed to fuel prices increase in Kazakhstan.

Production overheads were RUB 214 mln in the nine months ended 30 September 2008 (RUB 116 mln in the nine months ended 30 September 2007). RUB 98 mln increase was caused by Brock Metal consolidation and increase in Nova Zinc production overheads caused by stripping operations growth.

Staff costs increased to RUB 472 mln for the nine months ended 30 September 2008, which is 53% more than for the nine months ended 30 September 2007 (RUB 309 mln), reflecting mainly the trend of average salary growth in Russia and Kazakhstan and consolidation of the staff costs of Brock Metal from 29 June 2007.

The cost of goods and materials for resale increased for more than four times to RUB 339 mln in 9 months 2008 (9 months 2007: RUB 86 mln) due to increased volumes of zinc purchased from RF Federal Agency for State Reserves in 2H 2007.

Cost of sales as a percentage of revenue was 91% in 9 months 2008 (vs. 72% in 9 months 2007), thus gross profit margin decreased to 9% from 28%.

Distribution Costs

Distribution costs include primarily transportation costs and customs duties. For the nine months of 2008 these costs decreased by 5% to RUB 260 mln (vs. RUB 272 mln for the nine months of 2007). Such decrease was mainly caused by changes in zinc and by-products sales structure.

General and Administrative Expenses

General and administrative expenses increased in the 9 months 2008 by 2% to RUB 495 mln from RUB 487 mln in 9 months 2007.

Exploration and Evaluation Costs

CZP commissioned SRK Exploration Services Ltd to undertake a provisional JORC compliant resource estimation on data pertaining to the Chelyabinsk Zinc Project in Russia – Amur deposit. According to the SRK report the Project as it stands today and assuming that all inferred resources can be realized into ore reserve, is not economic. Based on the received results and on the sharp decline of zinc price CZP Board of Directors decided to cease development of the mine. As a result, exploration and evaluation assets amounting to RUB 296 mln have been written off in the nine months ended 30 September 2008.

Profit (loss)

Net loss for the nine months ended September 30, 2008 was RUB 1,093 mln compared to RUB 1,782 profit for the nine months ended September 30, 2007

CZP will host an Investor Conference Call to discuss its IFRS financial statements and comment on current operations, today, December 23, 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 0284183 (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/pdf/bookedglobalaccess/automated.pdf>.

Once connected, the participant should enter the passcode: 513 238#

To join the web conference, paste the following link into the address bar of your web browser: http://www.livemeeting.com/cc/bt_uk_event1,

then enter your Meeting ID/Meeting number K9611514 and Password: 513 238.

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

About Chelyabinsk Zinc Plant

Chelyabinsk Zinc Plant JSC is the 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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This announcement may include forward-looking statements. CZP's actual results may differ materially from those made in or suggested by the forward-looking statements contained in this announcement. By their nature, forwarding-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Even if the actual results are consistent with the forward-looking statements contained in this announcement, those results may not be indicative of results or developments in future periods. CZP does not undertake any obligation to update any forward-looking statements to reflect events that occur or circumstances that arise after the date of this announcement.

JSC CHELYABINSK ZINC PLANT
Consolidated Interim Balance Sheet

<i>In thousands of Russian Roubles</i>	30 September 2008	31 December 2007
		UNAUDITED
ASSETS		
Non-current assets		
Property, plant and equipment	7 368 542	7 260 927
Advances for capital construction	216 138	71 351
Goodwill	-	815 488
Other intangible assets	86 056	292 489
Other non-current assets	23 103	609 449
Total non-current assets	7 693 840	9 049 704
Current assets		
Inventories	2 291 231	2 574 432
Trade and other receivables	1 593 425	1 943 250
Current income tax prepayments	186 674	152 388
Loans receivable and promissory notes	673	562
Short-term financial assets	128 975	-
Bank deposits	859 575	400 000
Cash and cash equivalents	408 823	501 098
Restricted cash	6 260	36 558
Total current assets	5 475 636	5 608 288
TOTAL ASSETS	13 169 476	14 657 992
Equity		
Share capital	127 635	127 635
Share premium	1 375 231	1 375 231
Legal reserve	3 011	3 011
Hedging reserve	57 805	-
Cumulative currency translation differences	(276 041)	(297 603)
Retained earnings	7 872 187	8 964 980
TOTAL EQUITY	9 159 827	10 173 254
LIABILITIES		
Non-current liabilities		
Borrowings	1 280 659	1 798 775
Provision for asset retirement obligations	72 625	58 144
Deferred income tax liability	1 000 363	1 141 062
Other non-current liabilities	29 327	5 198
Total non-current liabilities	2 382 975	3 003 179
Current liabilities		
Borrowings	834 396	803 614
Short-term financial liabilities	12 034	-
Accounts payable, accrued expenses and advances from customers	714 458	553 452
Current income tax payable	8 713	7 306
Other taxes payables	57 073	117 187
Total current liabilities	1 626 675	1 481 559
TOTAL LIABILITIES	4 009 649	4 484 738
TOTAL LIABILITIES AND EQUITY	13 169 476	14 657 992

JSC CHELYABINSK ZINC PLANT
Consolidated Interim Income Statement

<i>In thousands of Russian Roubles</i>	Nine months ended 30 September 2008	Nine months ended 30 September 2007
	UNAUDITED	
Revenue	8 318 245	11 646 011
Cost of sales	(7 596 339)	(8 427 102)
Gross profit	721 906	3 218 909
Distribution costs	(259 922)	(272 291)
General and administrative expenses	(495 201)	(486 583)
Goodwill impairment	(778 667)	-
Exploration and evaluation costs	(296 492)	-
Operating (loss)/profit	(1 108 377)	2 460 034
Finance income	88 560	148 678
Finance costs	(123 661)	(238 842)
Foreign exchange gain	284 141	353 999
Foreign exchange loss	(303 803)	(288 419)
(Loss)/profit before income tax	(1 163 141)	2 435 450
Income tax credit/(charge)	70 348	(653 072)
(Loss)/profit for the period	(1 092 793)	1 782 378
(Loss)/profit attributable to:		
Shareholders of the Company	(1 092 793)	1 782 378
Net (loss)/profit for the period	(1 092 793)	1 782 378
(Loss)/Earning per share - basic and diluted (in RUB)	(202)	329

JSC CHELYABINSK ZINC PLANT
Consolidated Interim Cash Flow Statement

<i>In thousands of Russian Roubles</i>	Nine months ended 30 September 2008	Nine months ended 30 September 2007
	UNAUDITED	
Cash flows from operating activities		
Profit before income tax	(1 163 141)	2 435 450
Adjustments for:		
Depreciation and amortization	778 669	740 081
Net loss on disposal of property, plant and equipment	7 667	9 727
(Reversal of impairment)/Impairment of trade and other receivables	1 575	(16 514)
Inventory write-down/(Reversal of inventory write down) to net realisable value	11 866	1 685
Finance costs, net	35 101	92 091
Precious metals revaluation	(25 771)	(15 565)
Foreign exchange gains	48 295	(65 580)
Goodwill impairment	778 667	-
Write-off of exploration and evaluation works	268 472	-
Other non-monetary items	54 082	(37 426)
Operating cash flows before changes in working capital	795 483	3 143 948
(Decrease)/Increase in trade and other receivables	250 075	(483 863)
Increase in broker margin account	30 136	-
Increase in inventory	307 919	(204 910)
Increase in trade and other payables	218 427	3 110
Increase/(decrease) in taxes payable	(45 945)	5 325
(Increase) in investments	-	(417 356)
Decrease/(increase) in bank deposits	155 439	98 228
Decrease/(increase) in restricted cash balance	27 650	392 417
Cash generated from operations	1 739 184	2 536 899
Interest paid	(102 069)	(220 205)
Income taxes paid	(202 441)	(927 017)
Net cash generated from operating activities	1 434 674	1 389 678
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets.	(885 370)	(950 547)
Purchase of exploration and evaluation assets	(89 362)	-
Proceeds from sale of property, plant and equipment	1 925	1 771
Loans issued and promissory notes purchased	(22 164)	-
Proceeds from repayment of loans and redemption of promissory notes	2 538	588 624
Interest income received	83 823	132 352
Futures not accounted as hedge	12 034	-
Net cash paid for acquisition of a subsidiary	-	(409 764)
Net cash used in investing activities	(896 576)	(637 564)
Cash flows from financing activities		
Repayment of borrowings	(584 775)	(483 482)
Finance lease payments	(34 653)	(13 470)
Net cash provided from /(used in) financing activities	(619 428)	(496 951)
Effect of currency translation and exchange rate fluctuations on cash and cash equivalents	(10 945)	(58 386)
Net increase in cash and cash equivalents	(92 275)	196 776
Cash and cash equivalents at the beginning of the period	501 098	443 553
Cash and cash equivalents at the end of the period	408 823	640 330

JSC CHELYABINSK ZINC PLANT
Consolidated Interim Statement of Changes in Equity

<i>In thousands of Russian Rubles</i>	Share capital	Treasury shares	Share premium	Legal reserve	Hedging 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	—	—	—	—	—	(35 007)	—	-35 007
Profit recognised directly in equity	—	—	—	—	—	(35 007)	—	(35 007)
Net profit for the period	—	—	—	—	—	—	1 782 378	1 782 378
Total recognized profit for the period	—	—	—	—	—	—	1 782 378	1 747 371
Balance at 30 September 2007	78 860	—	1 375 231	572	—	(224 522)	8 885 006	10 115 147
Balance at 1 January 2008	127 635	—	1 375 231	3 011	—	(297 603)	8 964 980	10 173 254
Currency translation differences	—	—	—	—	—	21 562	—	21 562
Profit recognised directly in equity	—	—	—	—	—	21 562	—	21 562
Net profit for the period	—	—	—	—	—	—	(1 092 793)	(1 092 793)
Total recognized profit for the period	—	—	—	—	—	—	(1 092 793)	(1 071 231)
Hedging reserve	—	—	—	—	57 805	—	—	57 805
Balance at 30 September 2008	127 635	0	1 375 231	3 011	57 805	(276 041)	7 872 187	9 159 828