



CHELYABINSK ZINC PLANT

2008 Annual Results

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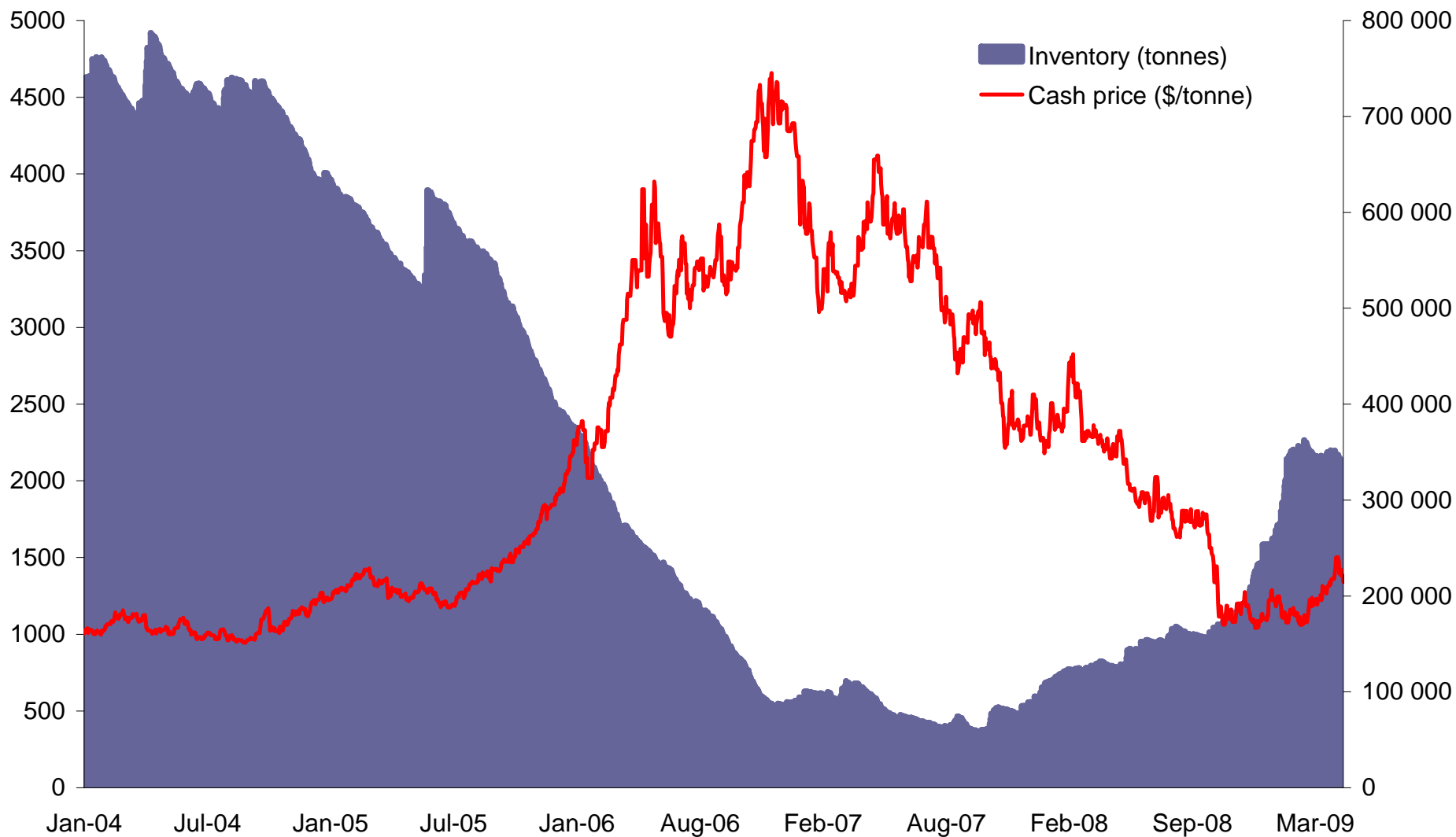
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Zinc and Lead Market Update

Zinc daily price and stock level (LME)



Source: London Metal Exchange



April 2009

www.zinc.ru

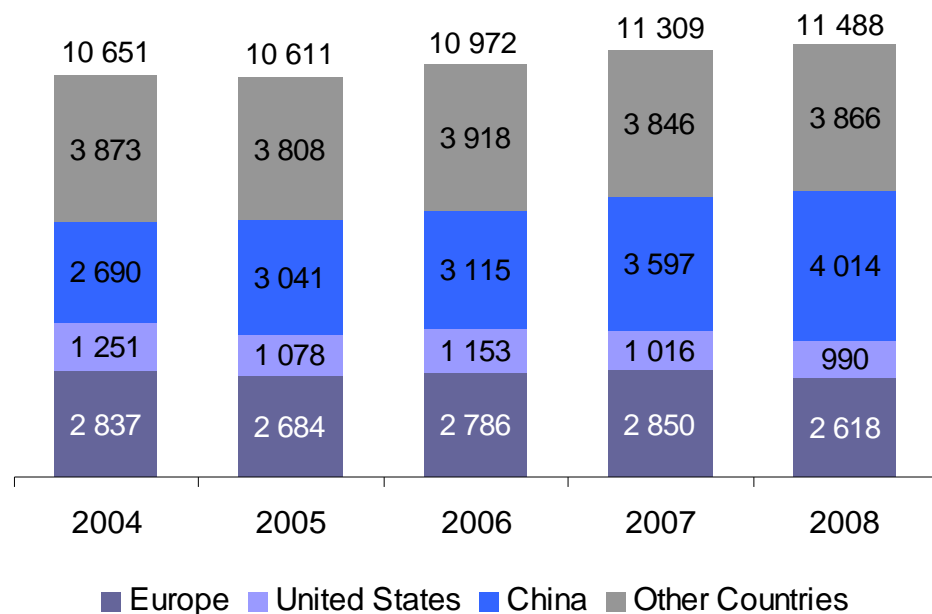
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ARKLEY CAPITAL

Zinc Metal World Balance

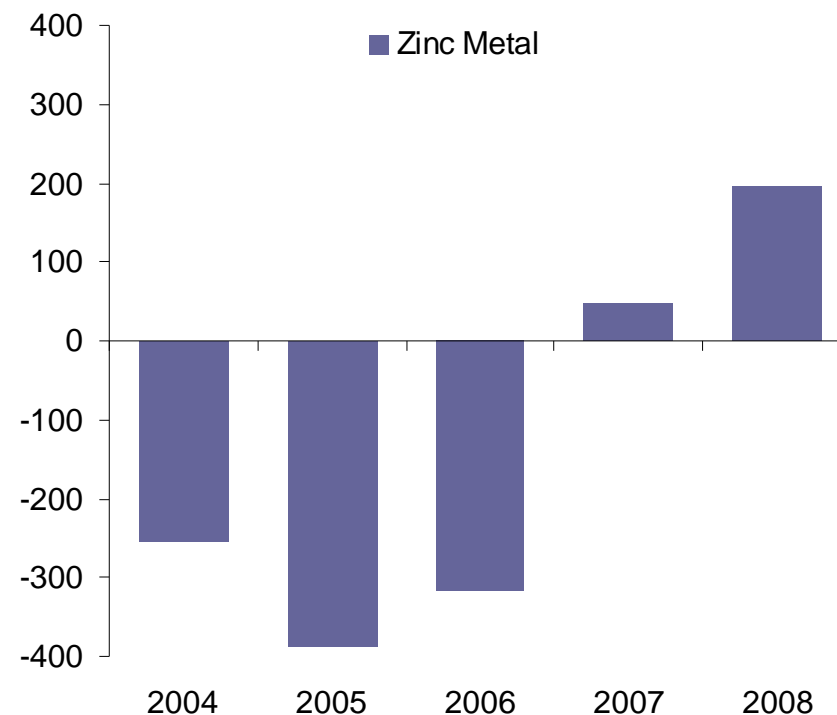
Annual Zinc Refined Consumption

(tonnes in thousands)



Zinc Metal World Balance

(tonnes in thousands)

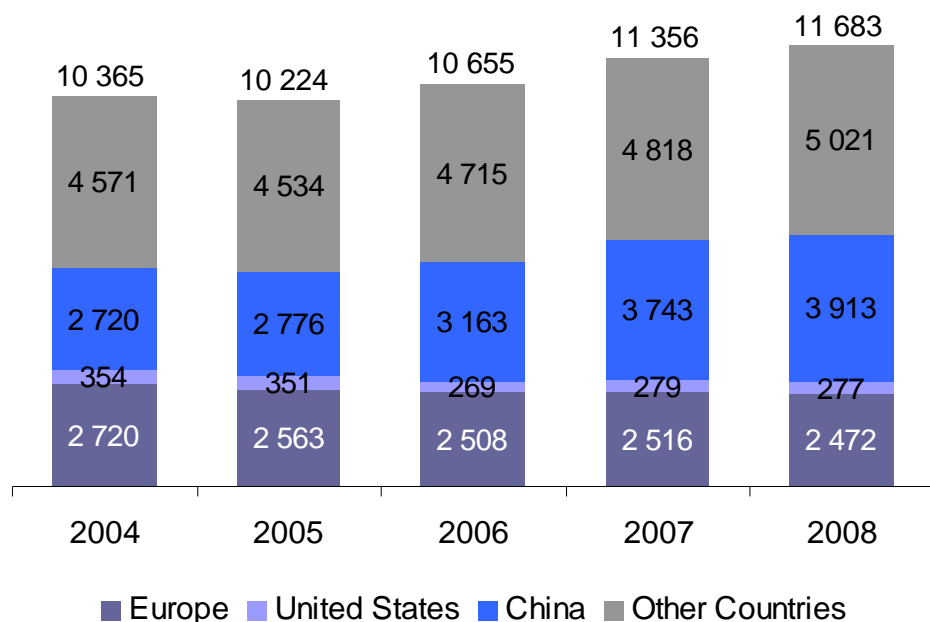


Source: International Lead and Zinc Study Group (ILSG)

Zinc Metal World Balance (cont.)

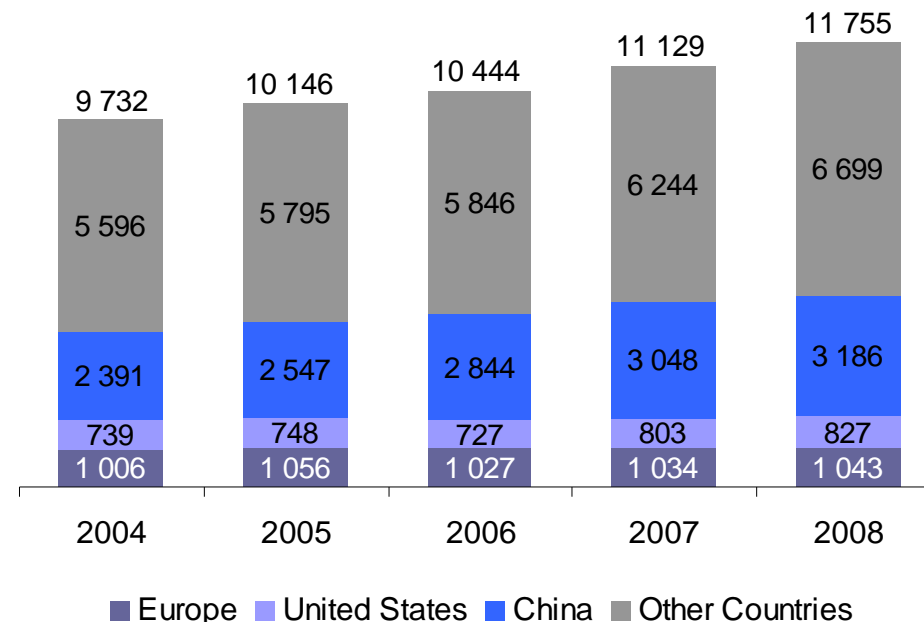
Annual Zinc Refined Production

(tonnes in thousands)



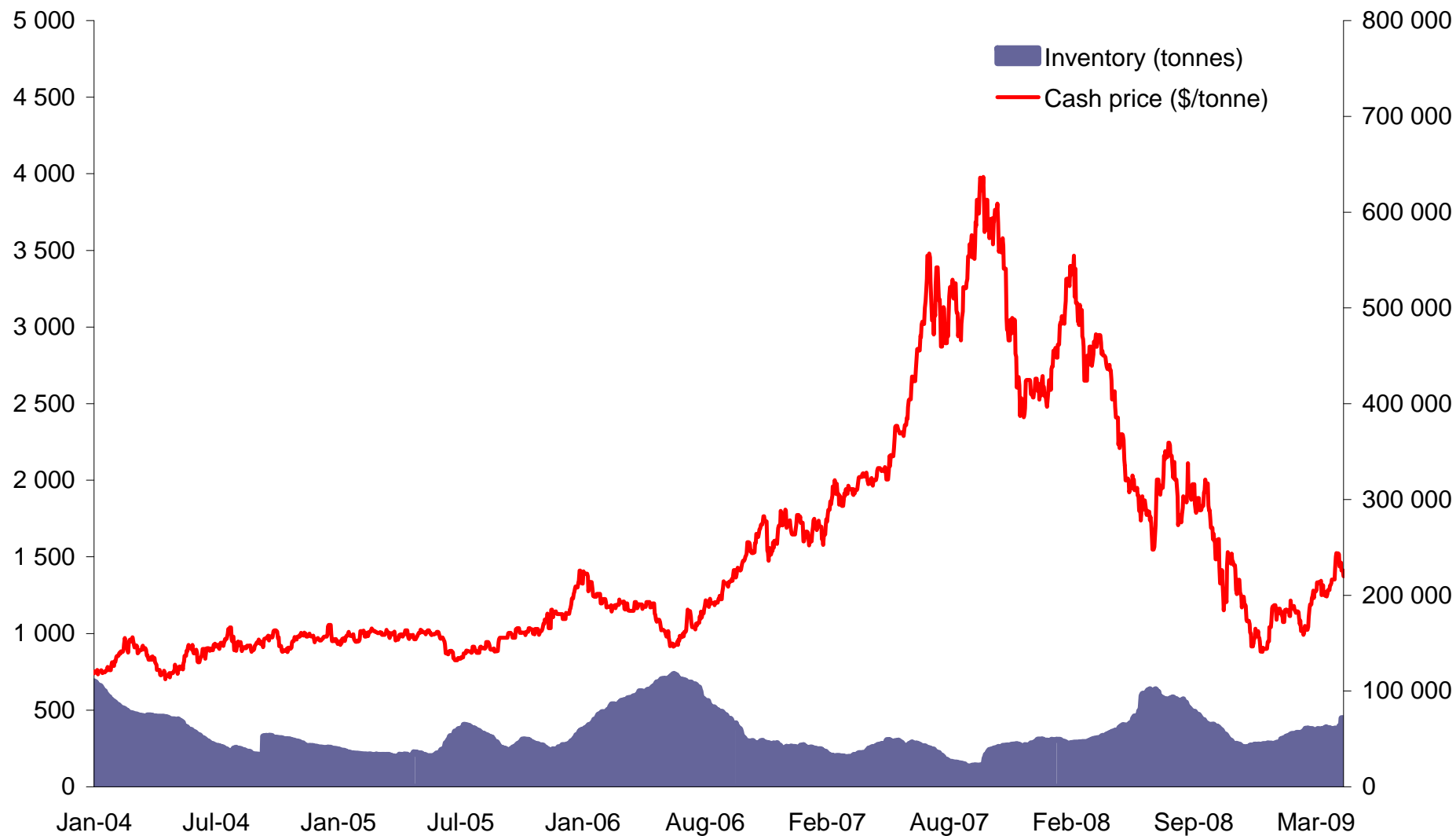
Annual Zinc Mine Production

(zinc content, tonnes in thousands)



Source: International Lead and Zinc Study Group (ILSG)

Lead daily price and stock level (LME)

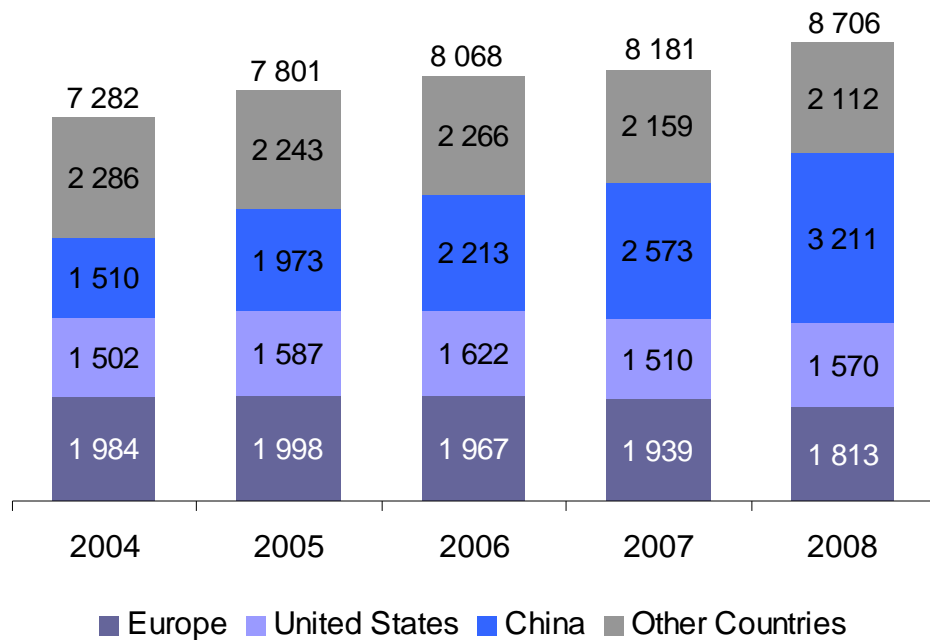


Source: London Metal Exchange

Lead Metal World Balance

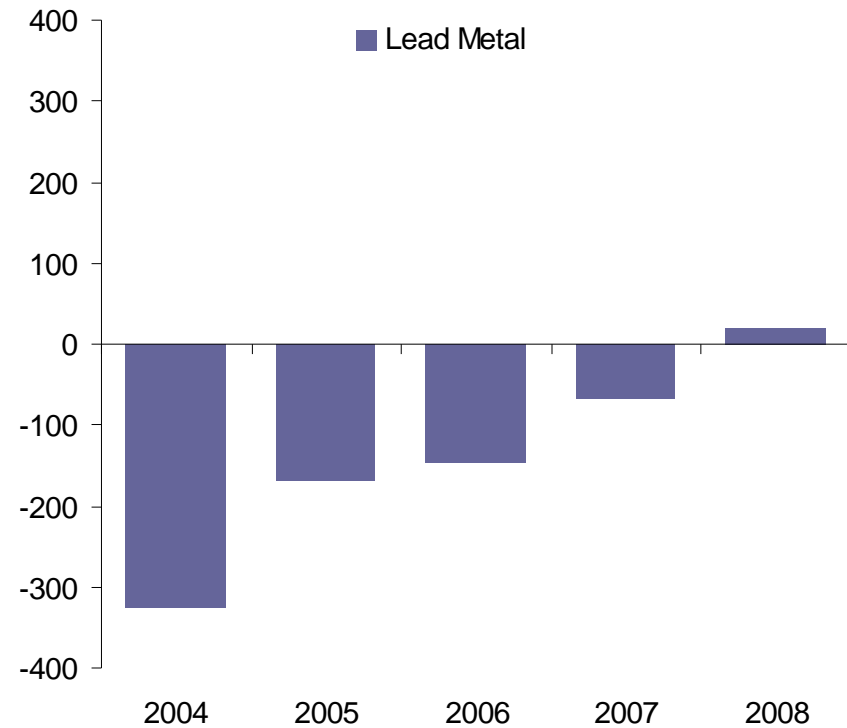
Annual Lead Refined Consumption

(tonnes in thousands)



Lead Metal World Balance

(tonnes in thousands)

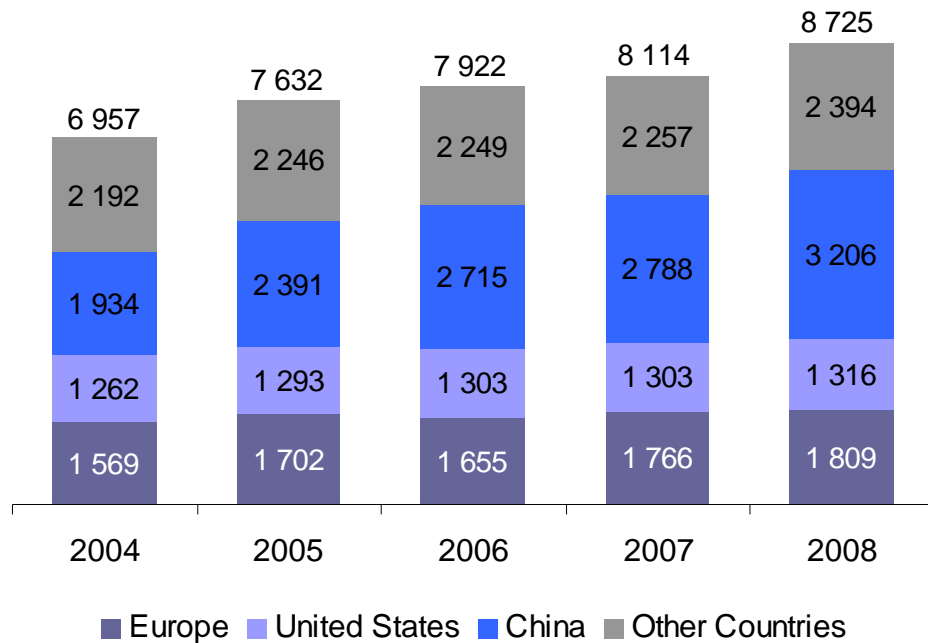


Source: International Lead and Zinc Study Group (ILSG)

Lead Metal World Balance (cont.)

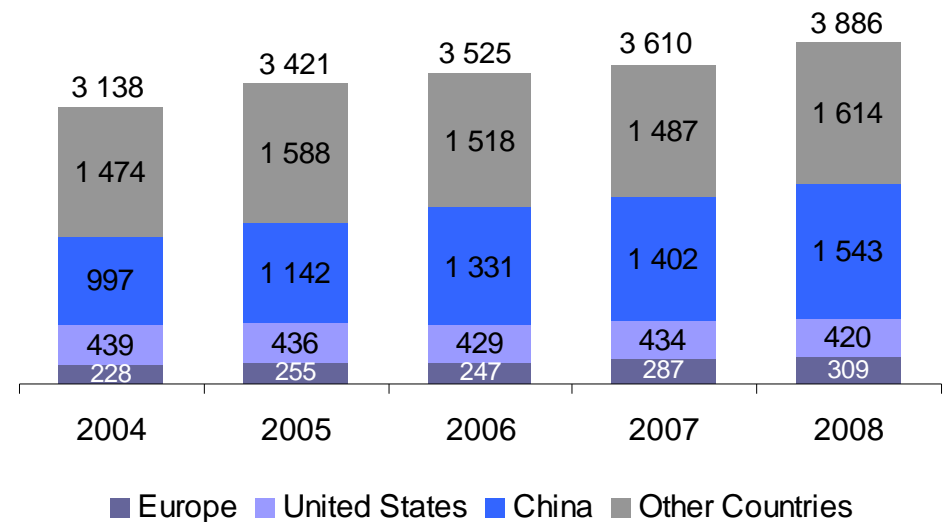
Annual Lead Refined Production

(tonnes in thousands)



Annual Lead Mine Production

(lead content, tonnes in thousands)



Source: International Lead and Zinc Study Group (ILSG)



CIS Zinc Market Overview

CIS Zinc Market Overview



Zinc Concentrate Production in CIS

(zinc content, tonnes in thousands)

Producer	Production				
	2004	2005	2006	2007	2008
Russian Copper Company (Russia)	29	24	21	15	12
Ural Mining and Metallurgical Company (Russia)	119	123	134	148	156
Dalpolimetal (Russia)	19	20	16	19	19
Akzhal Mine (Kazakhstan)	37	27	33	30	32
Kazzinc (Kazakhstan)	280	288	290	295	300
Kazakhmys (Kazakhstan)	66	95	129	133	138
Shalkiya (Kazakhstan)	4	8	9	13	7
Total	554	585	632	653	664



Zinc Metal Production in CIS

(tonnes in thousands)

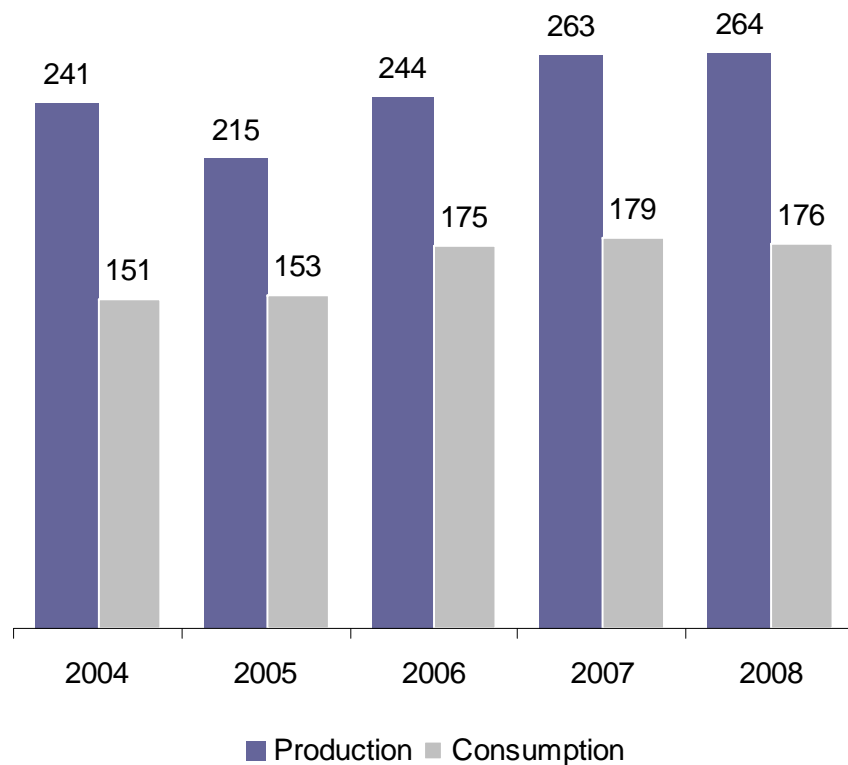
Producer	Projected capacity	Production				
		2004	2005	2006	2007	2008
Chelyabinsk Zinc Plant (Russia)	200	152	116	148	165	166
Electrozinc (UMMC) (Russia)	100	89	99	96	98	98
Kazzinc (Kazakhstan)	300	279	287	289	294	299
Kazakhmys (Kazakhstan)	100	18	51	60	45	48
Almalyk MMC (Uzbekistan)	120	60	42	47	72	61
Total	820	598	595	640	674	672



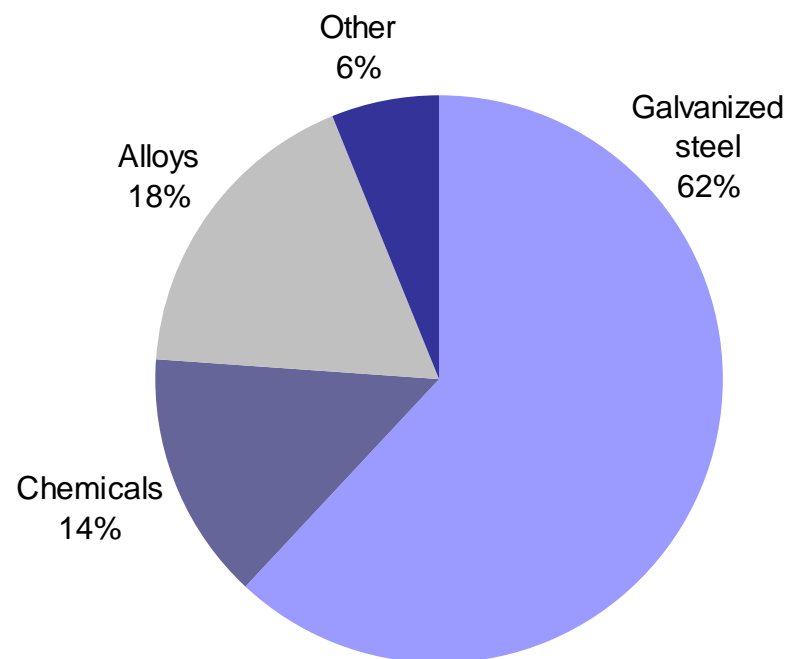
Russian Zinc Market Overview

Annual Zinc Metal Production and Consumption

(tonnes in thousands)



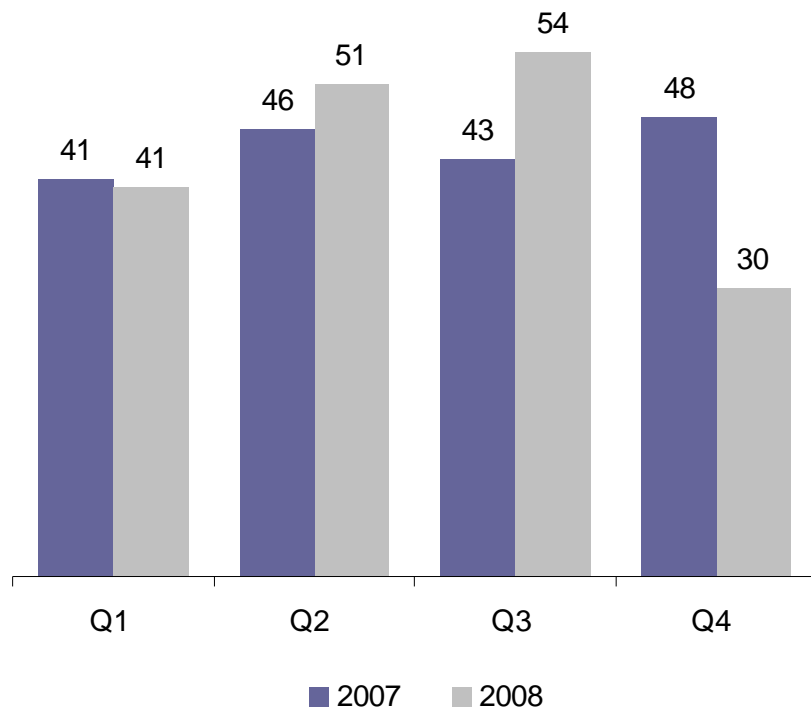
Zinc Market Structure



Russian Zinc Market Overview (cont.)

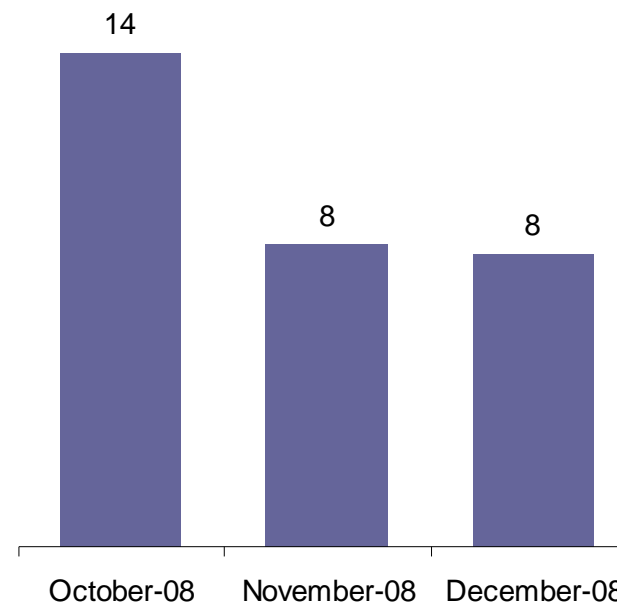
Quarterly Refined Zinc Consumption

(tonnes in thousands)



Refined Zinc Consumption in 4th Quarter of 2008

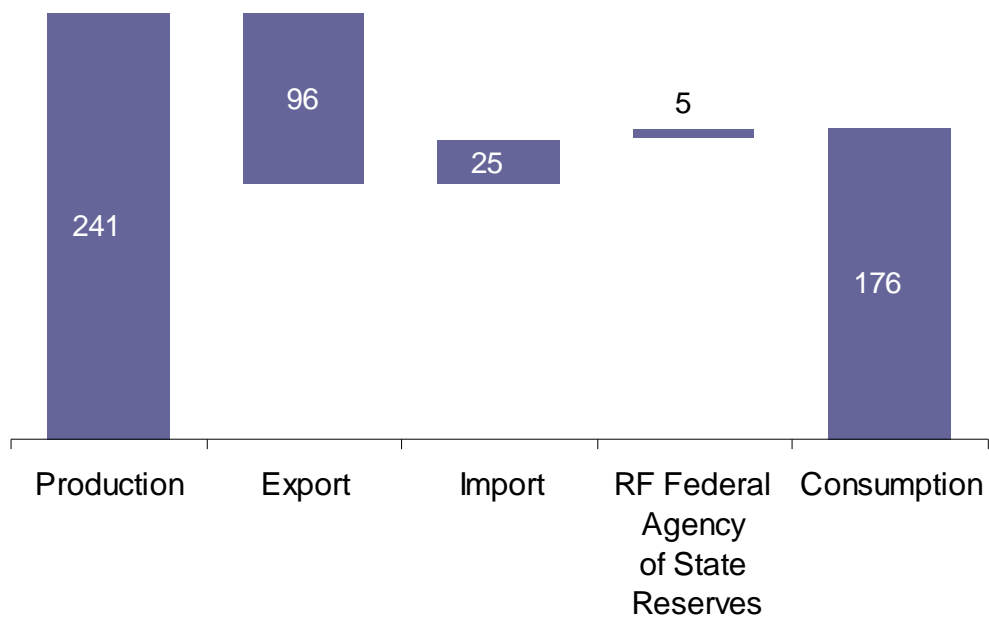
(tonnes in thousands)



2008 Russian Zinc Market Structure

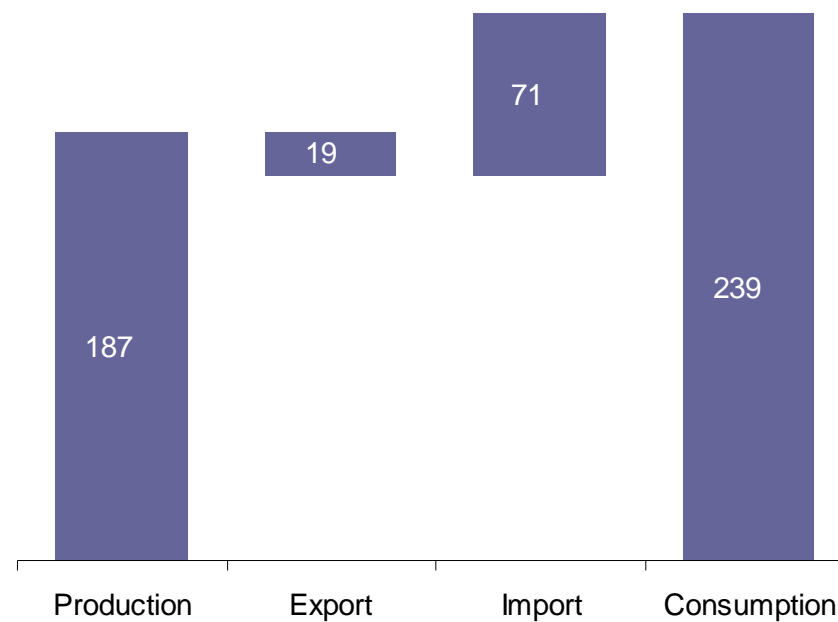
Refined Zinc Market Structure

(tonnes in thousands)



Zinc Concentrate Market Structure

(zinc content, tonnes in thousands)





Operations Overview

Mining segment – Operational performance

<i>(tonnes in thousands)</i>	2006	2007	2008
Ore mined	1,239	1,271	1,379
Ore processed	1,234	1,282	1,330
Ore grade processed			
Zinc	2.85%	2.54%	2.67%
Lead	0.68%	0.46%	0.54%
Concentrate production (metal)			
Zinc	32.5	30.0	32.3
Lead	7.0	4.8	5.7



Smelting segment – Raw materials supply

<i>(zinc content, tonnes in thousands)</i>	2006	2007	2008
Akzhal	-	29.3	32.5
UMMC	38.6	58.1	62.3
RCC	20.9	15.1	12.0
Dalpolimetal	12.3	9.5	-
Other Domestic	0.6	1.7	1.1
Imports	28.3	29.2	38.9
Secondaries	30.6	24.3	18.7
Total	131.3	167.2	165.5



Smelting segment – Zinc and by-products production

(tonnes in thousands, except otherwise noted)

	2006	2007	2008
Zinc (incl. Zinc Alloys)	148.4	165.0	166.1
Indium (kg)	3,326	2,823	4,195
Cadmium	0.5	0.6	0.6
Sulphuric Acid	240.1	236.0	220.7



Smelting segment – Zinc sales

<i>(tonnes in thousands)</i>	2006	2007	2008
Total sales	133.8	147.3	149.9
Domestic sales	77.1	72.2	77.2
Export sales	56.7	75.1	72.7
Customer			
Brock Metal	-	4%	9%
Magnitogorsk	19%	18%	17%
Novolipetsk	20%	10%	8%
Severstal	13%	16%	14%
Euromin	42%	39%	36%
Others	6%	13%	16%



Smelting segment – Quarterly production and sales

<i>(tonnes in thousands)</i>	Q1	Q2	Q3	Q4	Total
Production					
2007	40	40	42	42	165
2008	42	43	45	36	166
<i>DIFF</i>	5%	6%	7%	-15%	1%
Total sales					
2007	34	38	38	38	147
2008	37	39	41	32	150
<i>DIFF</i>	10%	3%	10%	-15%	2%
Domestic sales					
2007	17	18	17	20	72
2008	18	22	25	13	77
<i>DIFF</i>	4%	21%	43%	-35%	7%
Export sales					
2007	17	20	20	18	75
2008	19	17	17	20	73
<i>DIFF</i>	16%	-14%	-18%	8%	-3%



Smelting segment – Zinc sales to core customers

<i>(tonnes in thousands)</i>	Q1	Q2	Q3	Q4	Total
Magnitogorsk					
2007	7	6	6	7	26
2008	6	7	7	5	26
<i>DIFF</i>	-1%	7%	20%	-27%	-1%
Novolipetsk					
2007	3	4	3	3	14
2008	3	4	4	1	12
<i>DIFF</i>	-3%	-6%	28%	-82%	-16%
Severstal					
2007	6	6	6	6	23
2008	5	6	6	4	21
<i>DIFF</i>	-14%	8%	8%	-37%	-9%
Euromin					
2007	15	17	15	11	57
2008	13	13	12	16	54
<i>DIFF</i>	-13%	-23%	-20%	55%	-5%





Financial Review

Income statement highlights

<i>(RUB in millions)</i>	2008	2007	Change (Y-o-Y)
Revenue	9,973	15,527	(36%)
Gross Profit ⁽¹⁾	(1,778)	3,862	N/A
Margin, %	N/A	25%	
EBITDA ⁽²⁾	10	3,680	(100%)
Margin, %	-	24%	
Net Income	(3,523)	1,914	N/A
Margin, %	N/A	12%	



(1) Includes RUB 1,973 mln impairment loss of property, plant and equipment

(2) Adjusted for RUB 779 mln goodwill impairment, RUB 396 mln exploration and evaluation write off and impairment loss of property, plant and equipment for RUB 1,973 mln

Average prices and exchange rates

<i>(denominated in US\$)</i>	2008	2007	Change (Y-o-Y)
Zinc	1,870.1	3,250.3	(42%)
Lead	2,084.8	2,595.0	(20%)
RUR/USD	24.9	25.6	(3%)
KZT/USD	120.3	122.6	(2%)



Zinc and Lead are LME cash settlement prices

Revenue structure by products

<i>(RUB in millions)</i>	2008	2007	Change (Y-o-Y)
Zinc and zinc alloys	8,486	13,963	(39%)
Lead concentrate	146	389	(62%)
Other products	1,339	1,175	14%
Total sales	9,973	15,527	(36%)



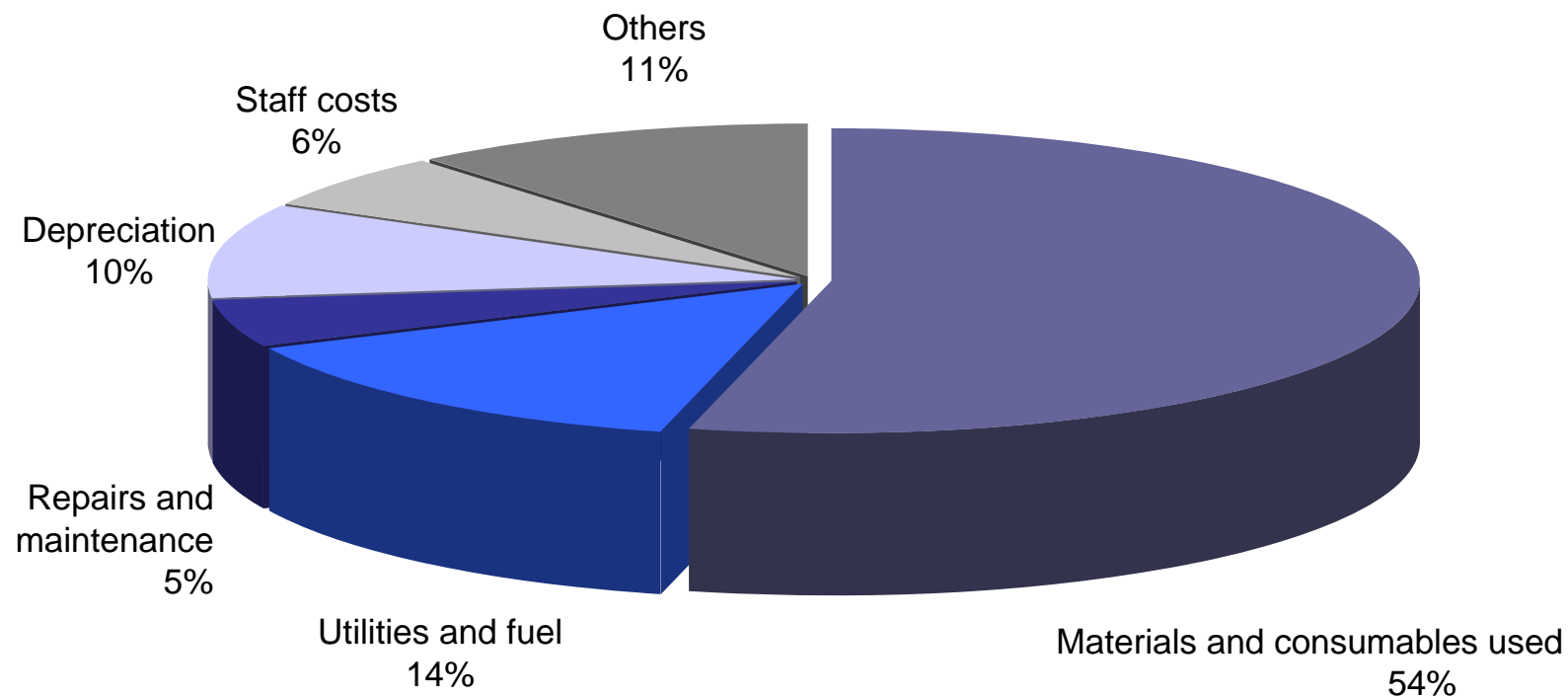
Revenue structure by location of customers

<i>(RUB in millions)</i>	2008	2007	Change (Y-o-Y)
Russian Federation	5,328	7,665	(30%)
Republic of Kazakhstan	129	1,115	(88%)
Other CIS countries	147	473	(69%)
Europe	4,110	6,164	(33%)
Asia and Africa	259	110	135%
Total sales	9,973	15,527	(36%)



2008 consolidated cost of sales structure

Total cost of sales = 9,778 RUB in millions



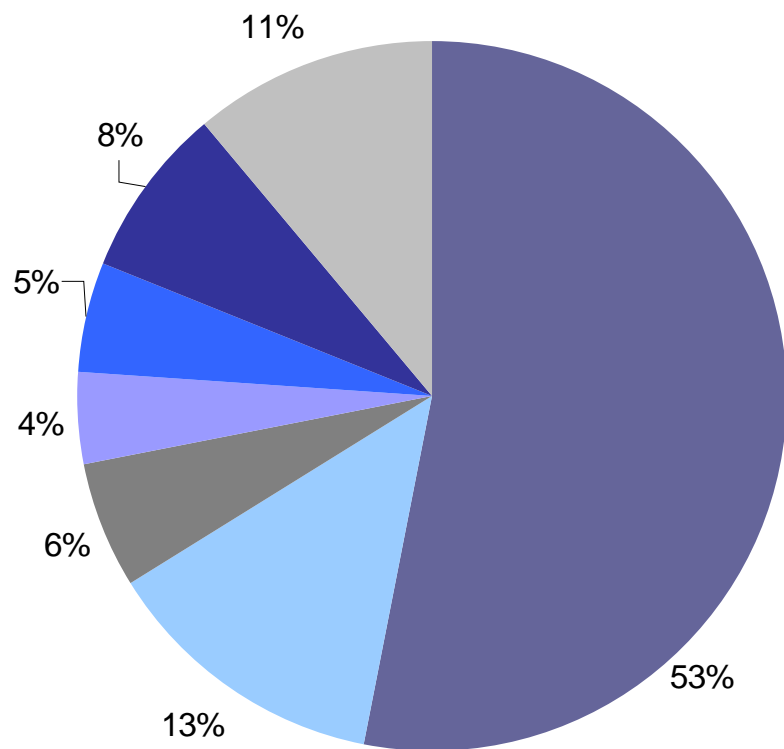
2008 performance by segments

<i>(RUB in millions)</i>	Chelyabinsk Zinc stand-alone	Nova Zinc stand-alone	Brock Metal stand-alone
Revenue	8,854	814	1,672
Gross Profit	346	56	129
<i>Margin, %</i>	4%	7%	8%
Operating Profit	(995)	(127)	39
<i>Margin, %</i>	N/A	N/A	2%
EBITDA	(90) ⁽¹⁾	21	16
<i>Margin, %</i>	N/A	3%	1%
Net income	(1,073)	263	7
<i>Margin, %</i>	N/A	32%	-

(1) Adjusted for RUB 306 mln exploration and evaluation costs write off

2008 Costs structure by segments

Chelyabinsk Zinc (Stand alone)



RUR 63,652/t ⁽¹⁾

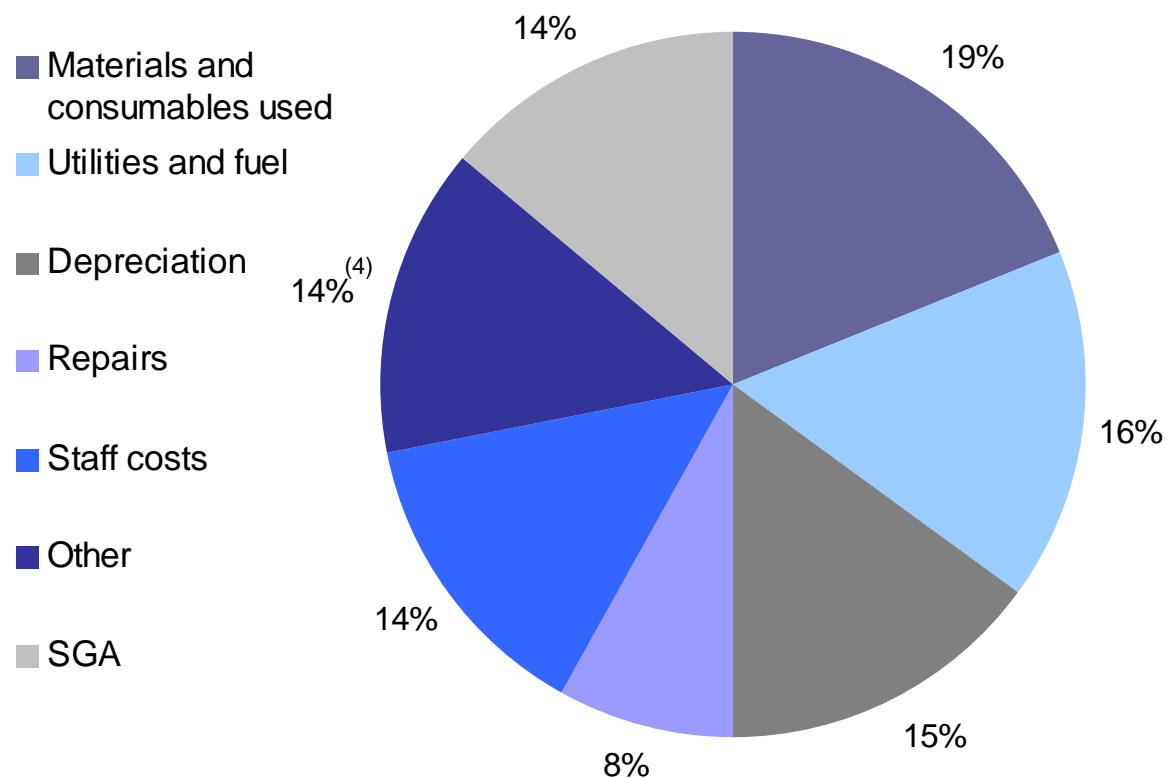
Note: (1) per tonne of zinc

(2) per tonne of zinc in zinc concentrate

(3) per tonne of ore processed

(4) includes transportation that represents 14% of total costs

Nova Zinc (Stand alone)



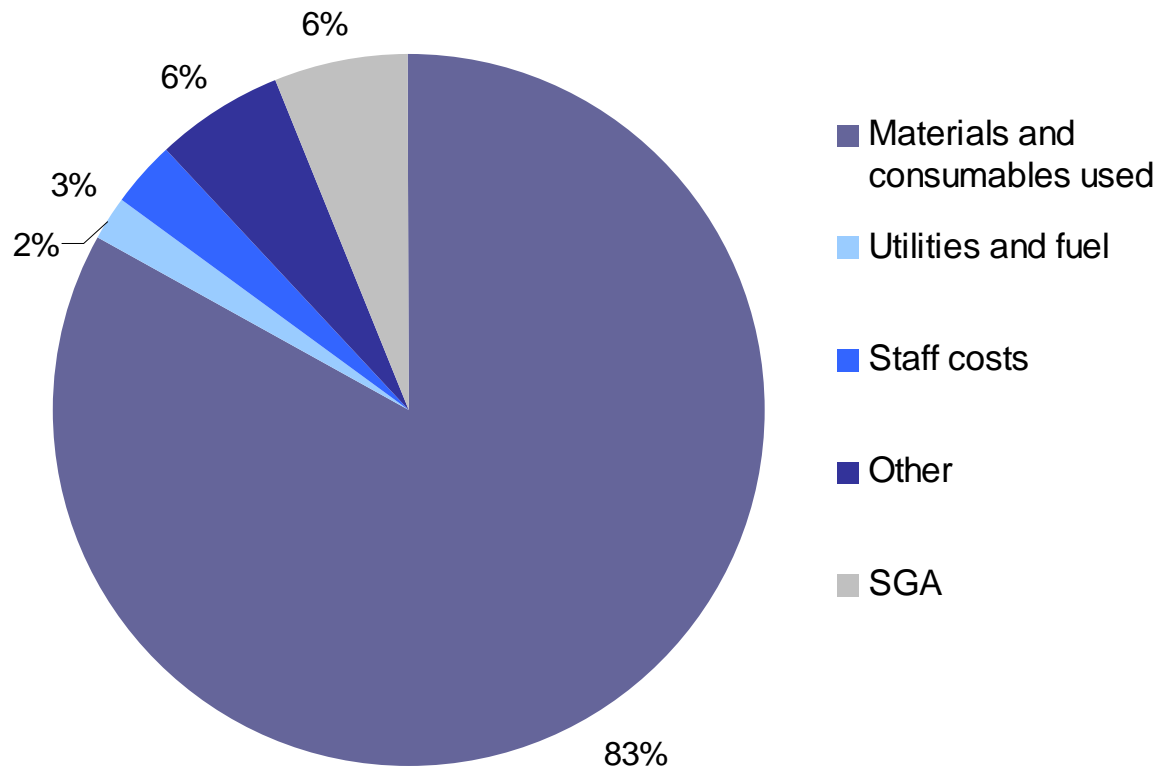
RUR 25,852/t ⁽²⁾

RUR 707/t ⁽³⁾

14%⁽⁴⁾

2008 Costs structure by segments (cont.)

Brock Metal (Stand alone)



RUR 64,133/t ⁽¹⁾

Note: (1) per tonne of alloys



Balance sheet highlights

<i>(RUB in millions)</i>	December 31, 2008	December 31, 2007
Total Assets	10,421	14,658
Total Debt	2,211	2,602
Net Debt	1,371	1,664
Shareholder's Equity	7,113	10,173



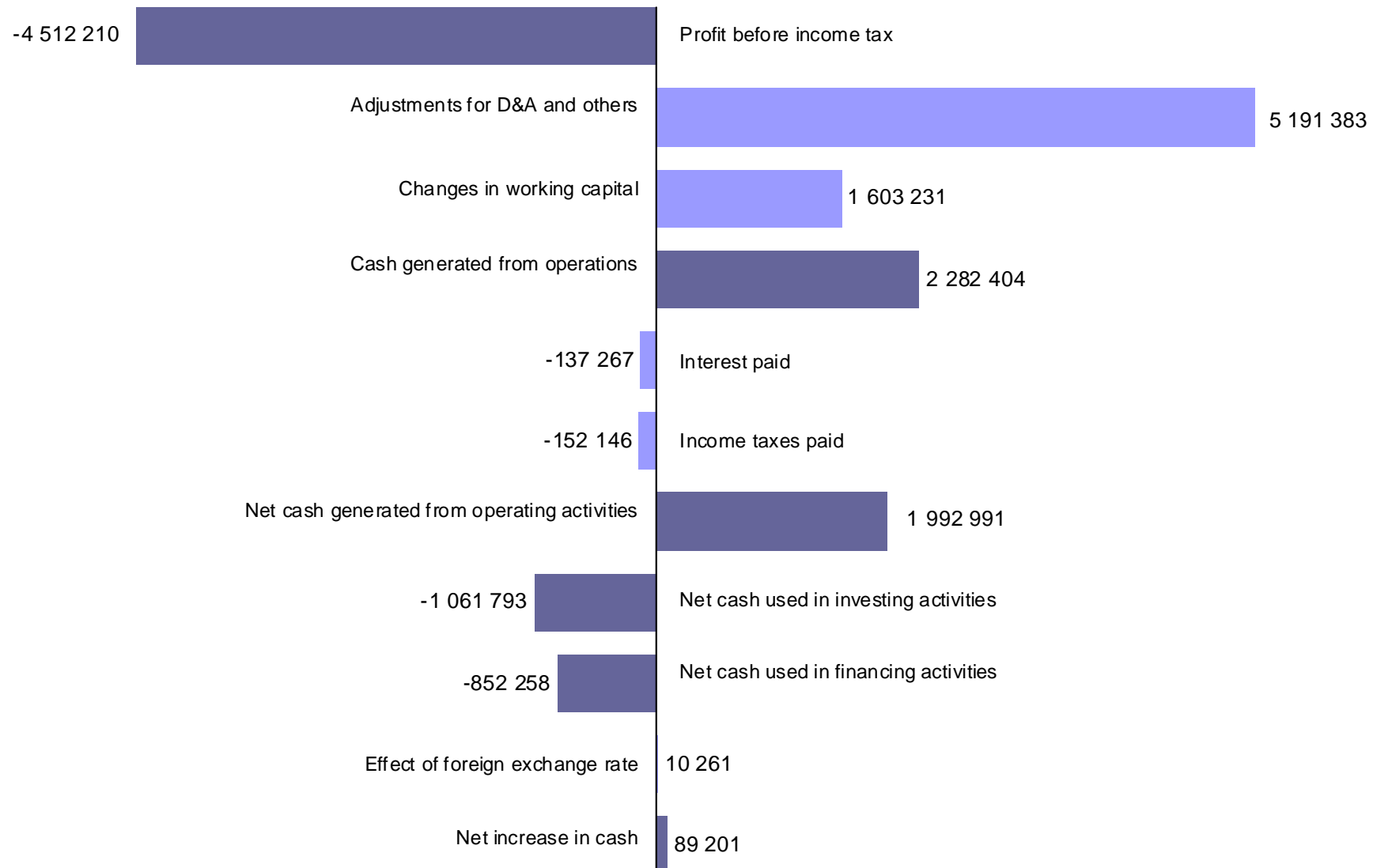
Cash flow highlights

<i>(RUB in millions)</i>	2008	2007
Net cash from operating activities	1,923	1,871
Net cash from/(used in) investing activities	(1,062)	(1,080)
Net cash from/(used in) financing activities	(852)	(712)



Cash flow analysis

(RUB)



2008 Capex Programme

Investment highlights:

Expansion capex aimed at de-bottlenecking and increasing zinc production

- Sulphuric Acid Unit #4 (RUR 214 mln)
- Amursky deposit (RUR 86 mln)
- Akzhal Mine (RUR 115 mln)





THANK YOU