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NEWS RELEASE

For Immediate Release – April 29, 2009

JSC Chelyabinsk Zinc Plant Announces 2008 IFRS Results

Chelyabinsk, Russia – April 29, 2009 – 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 full year ended December 31, 2008.

2008 HIGHLIGHTS

- Revenue for the twelve months of 2008 totaled RUB 9,973 million compared to RUB 15,527 for the same period last year.
- 2008 EBITDA amounted RUB 10 million compared to EBITDA of RUB 3,680 million in 2007.
- Net loss for twelve months of 2008 was RUB 3,523 million compared to RUB 1,914 million profit for the twelve months of 2007.
- 2008 net earnings have been affected by decrease of LME zinc prices, RUB 306 million exploration and evaluation assets written off based on the results of the evaluation of the reserves for the Amur deposit, RUB 1,973 impairment loss related to mining assets in Kazakhstan as a result of a review of the carrying values and estimated recoverable amounts of property, plant and equipment and non-cash accounting adjustment of RUB 779 million for goodwill.

Commenting 2008 financial results Mr. Moiseyev, Chairman of Chelyabinsk Zinc, said: "Global markets crisis has had a negative effect on our industry. In the last quarter of 2008, increased turmoil in the credit markets, sudden and rapid decline of zinc prices and global recession created a substantially more difficult business environment, that affected our operating performance. We expect that adverse economic conditions and their effect on the zinc industry will continue during 2009, therefore we adjusted our production concentrating on cost-cutting and liquidity management".

2008 Consolidated financial results

	2008	2007	Change
	<i>(in millions of Russian Roubles)</i>		(%)
Revenue	9 973	15 527	(36)
Gross (loss)/profit	(1 778)	3 862	N/A
<i>Gross margin</i>	N/A	25%	
EBITDA	10	3 680	(100)
<i>EBITDA margin</i>	-	24%	
(Loss)/profit before income tax	(4 512)	2 628	N/A
Net (loss)/income	(3 523)	1 914	N/A
<i>Net margin</i>	N/A	12%	

(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:

	2008	2007
	<i>(in millions of Russian Roubles)</i>	
(Loss)/profit for the period	(3 523)	1 914
Add:		
Depreciation and amortization	1 086	1 016
Finance income and costs, net	63	121
Foreign currency exchange loss (gain), net	315	(86)
Income tax (credit)/expense	(990)	715
Goodwill impairment	779	-
Exploration and evaluation costs	306	-
Impairment of property, plant and equipment	1 973	-
EBITDA	10	3 680

Production and Sales

January through December 2008, Chelyabinsk Zinc Plant (CZP) produced 150.0 th. tonnes of salable SHG zinc and zinc based alloys, an increase of 1.4% as compared to the same period of 2007 (147.9 th. tonnes). The Company was increasing production volumes within first 3 quarters of 2008 as compared to the same period of 2007: for the 9 months of 2008 production of salable zinc totaled 118.1 th. tonnes of SHG zinc and zinc based alloys, an increase of 8% as compared to the same period of 2007 (110.1 th. tonnes). In November-December CZP reduced production by c. 20% compared to January-October average monthly volumes as a respond to the decline in domestic consumption.

CZP's subsidiary, Nova Zinc LLC, operator of Akzhal zinc and lead mine in Kazakhstan, produced 32.3 th. tonnes of zinc in zinc concentrate, an increase of 7.8% compared to the 2007 results (30.0 th. tonnes). Lead in lead concentrate production increased by 20% to 5.7 th. tonnes (vs. 4,8 th tonnes in January – December of 2007).

CZP's subsidiary, The Brock Metal Company Limited (the leading UK supplier of zinc and aluminum die-casting alloys) sold 25,470 tonnes of products January through December 2008, 14.6% less than for the same period of 2007 (29,823 tonnes).

Revenue

CZP's revenue decreased by 36% to RUB 9,973 mln for the twelve months of 2008 as compared to the same period of last year (2007: RUB 15,527 mln). Decrease in revenue was mainly caused by LME zinc and lead prices fall. January through December 2008, the average zinc price on the LME decreased by 42,5 % to US\$1,870/tonne as compared to the 12 months of

2007 average LME price of US\$3,250/tonne. As major consuming markets have collapsed since summer 2008, LME zinc prices traded roughly between US\$1,800 and US\$1,1000 (for the first nine months of 2008 the average zinc price was US\$2,099/tonne, 4th quarter average LME zinc price – US\$1,185).

LME lead prices followed a similar pattern to zinc during 2008. LME lead average price for 2008 amounted US\$2,085, that was 20% less over the prior year average LME lead price of US\$2,595. The highest Cash Settlement Price of US\$3460 was recorded on 4 March and the lowest of US\$880 on 22 December (for the first nine months of 2008 the average lead price was US\$2,366/tonne, 4th quarter average LME lead price – US\$1,245).

These factors were partly compensated by consolidation of Brock Metal from June 29, 2007. Expansion of SHG zinc and zinc based alloys sales to the domestic market within January-October of 2008 as compared to the sales in 2007 had a positive effect on revenue as well (2008 domestic sales at the year end accounted 52% of total sales (by tonnage) compared to 49% in 2007)

Revenue structure

	<u>2008</u>	<u>2007</u>	<u>Change</u>
	(in millions of Russian Roubles)		%
Zinc and zinc alloys	8 489	13 963	(39)
Lead concentrate	146	389	(62)
Other products	1 339	1 175	14
Total revenue	9 973	15 527	(36)

Revenue from sale of zinc and zinc alloys decreased by 39% to RUB 8,489 mln for the twelve months of 2008 (versus RUB 13,963 mln in 2007). The decrease was caused by LME average zinc prices decline in 2008 compared to 2007 average zinc prices.

CZP received RUB 146 mln revenue from sale of lead concentrate in 2008, 62% less then for the same period of 2007 due to decrease of the LME lead price and no sales of lead concentrate in 1H 2008. Sales of lead in lead concentrate totaled 4.0 th tonnes for twelve months of 2008, that is 26% less then in 2007 (5.5 th tonnes of lead in lead concentrate)

Revenue from CZP's other products increased by 14% to RUB 1,040 mln in 12 months 2008 (12 months 2007: RUB 1,175 mln) as a result of consolidation of Brock Metal from June 29, 2007 and sulphuric acid price increase (2008 sulphuric acid average price– RUB 1,341 per tonne, 2007 - RUB 317 per tonne).

Cost of Sales

	2008	2007
	(in millions of Russian Roubles)	
Raw materials and consumables used	5 186	8 479
Utilities and fuel	1 386	1 173
Production overheads	254	165
Repairs and maintenance	485	441
Depreciation and amortisation	1 024	954
Staff cost	623	474
Change in work-in-progress	(151)	62
Change in finished goods	109	(204)
Inventory obsolescence provision	392	9
Precious metal revaluation	(23)	(28)
Cost of goods and material for resale	491	138
Total cost of sale	9 778	11 664

In 2008 cost of sales decreased by 16% to RUB 9,778 mln from RUB 11,664 mln for the same period of 2007.

Cost of materials 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 2008 production volumes remained practically at the level of 2007 and consolidation of Brock Metal, cost of material and consumables used decreased by 39% to RUB 5,186 mln (2007: RUB 8,479 mln) which is equal to 53% of the total cost of sales (2007: 73%), and was caused by decrease of LME zinc prices and prices for zinc raw materials.

Costs of utilities and fuel increased by 18% up to RUB 1,386 mln in January-December of 2008 (January-September, 2008: RUB 1,173 mln). This increase was primarily due to an increase in average tariffs for CZP to RUB 1.450 per kWh in 12 months 2008 as compared to the CZP tariff of RUB 1.266 per kWh in 12 months 2007.

Production overheads amounted RUB 254 mln by December 31, 2008 (RUB 165 mln in 2007). RUB 89 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 623 mln for the twelve months of 2008, which is 32% more than for the same period of 2007 (RUB 474 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 three times to RUB 491 mln in 2008 (2007: RUB 138 mln) due to increased volumes of zinc purchased from RF Federal Agency for State Reserves.

Impairment of property, plant and equipment

As of 31 December 2008 RUB 1,973 impairment loss was recognized in relation to mining assets in Kazakhstan (Nova Zinc operator of Akzhal Mine) as a result of a review of the carrying values and estimated recoverable amounts of property, plant and equipment.

Distribution Costs

Distribution costs include primarily transportation costs and customs duties. For the twelve months of 2008 these costs decreased by 8% to RUB 359 mln (vs. RUB 390 mln for the twelve 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 2008 by 13% to RUB 912 mln from RUB 808 mln in 2007 as a result of consolidation of Brock Metal general and administrative from 29 June 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 306 mln have been written off in 2008.

Goodwill impairment

Goodwill is related to acquisition of 100% of shares in Nova Holding AG, company that owns Nova Zinc – operator of Akzhal Mine in Kazakhstan. As of 31 December 2008 impairment loss of RUB 779 mln was recognized in the income statement as a result of market zinc and lead price decrease that impacted goodwill impairment test.

Profit (loss)

Net loss for the 12 months of 2008 was RUB 3,523 mln compared to RUB 1,914 profit for the 12 months of 2007

Due to net loss on operations for the year ended 31 December 2008, Chelyabinsk Zinc has breached certain financial covenants under the terms of the Bayerische Hypo- and Vereinsbank and the consortium of CJSC UniCredit Bank, Moscow and VTB Bank (France) SA Loan Facility. Therefore these loans are classified as short-term.

In January 2009 CZP has signed an amendment to the Facility Agreement with Bayerische Hypo- und Vereinsbank AG, CJSC International Moscow Bank and VTB Bank (France) SA. The parties agreed to reduce repayments by 50% for the period beginning 1 January 2009 ending 30 June 2009 with an option to reduce payments in a similar manner for each of the three month periods ending 30 September and 31 December 2009. The interest rate in each period will increase from LIBOR + 2.5% to LIBOR + 5%.

CZP will host an Investor Conference Call to discuss its IFRS financial statements and comment on current operations, today, April 29, 2009 at 4.30 pm Moscow time (1.30 pm London time, 8.30 am 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: 125 506#
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/join then enter your Meeting ID/Meeting number K4575479 and Password: 125 506.

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 2008 the plant produced 166,064 tonnes of SHG zinc.

According to consolidated IFRS accounts, revenues in 2008 were RUB 9,973 billion, and EBITDA was RUB 10 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 Income Statement

<i>In thousands of Russian Roubles</i>	2008	2007
Revenue	9,973,406	15,526,501
Cost of sales (excluding impairment of property, plant and equipment)	(9,777,627)	(11,664,155)
Impairment of property, plant and equipment	(1,973,442)	-
Gross (loss)/profit	(1,777,663)	3,862,346
Distribution costs	(359,411)	(390,024)
General and administrative expenses	(912,559)	(808,321)
Goodwill impairment	(778,667)	-
Exploration and evaluation costs	(305,693)	-
Operating (loss)/profit	(4,133,993)	2,664,001
Finance income	102,603	159,384
Finance costs	(165,350)	(280,610)
Foreign exchange gain	495,145	528,480
Foreign exchange loss	(810,615)	(442,933)
(Loss)/profit before income tax	(4,512,210)	2,628,322
Income tax credit/(expense)	989,609	(714,756)
(Loss)/profit for the year	(3,522,601)	1,913,566
(Loss)/profit attributable to:		
Equity holders of the Company	(3,522,601)	1,913,566
(Loss)/profit for the year	(3,522,601)	1,913,566
(Loss)/Earning per share – basic and diluted (in RUB)	(65)	35

JSC CHELYABINSK ZINC PLANT
Consolidated Cash Flow Statement

<i>In thousands of Russian Roubles</i>	2008	2007
Cash flows from operating activities		
(Loss)/profit before income tax	(4,512,210)	2,628,322
Adjustments for:		
Depreciation and amortization	1,086,428	1,016,077
Losses less gains on disposal of property, plant and equipment	90,506	13,726
Impairment/(Reversal of impairment) of trade and other receivables	131,977	(17,916)
Inventory write-down to net realisable value	391,986	9,455
Finance costs, net	62,747	121,226
Negative goodwill recognised as income	-	(19,811)
Precious metals revaluation	(22,652)	(27,759)
Foreign exchange loss/(gain), net	354,460	(262,837)
Goodwill impairment	778,667	-
Impairment of property, plant and equipment	1,973,442	-
Write-off of exploration and evaluation costs	305,693	-
Other non-monetary items	38,129	3,951
Operating cash flows before working capital changes	679,173	3,464,434
Decrease in trade and other receivables	525,866	30,156
Decrease in broker margin account	17,230	-
Decrease/(increase) in inventory	271,051	(115,219)
Increase/(decrease) in trade and other payables	128,191	(628,838)
(Decrease)/increase in taxes payable	(27,492)	1,030
Decrease in bank deposits	672,500	183,117
Decrease in restricted cash balance	15,885	366,353
Cash generated from operating activities	2,282,404	3,301,033
Interest paid	(137,267)	(253,359)
Income taxes paid	(152,146)	(1,176,952)
Net cash from operating activities	1,992,991	1,870,722
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,012,271)	(1,156,393)
Futures not accounted as hedge	21,436	-
Purchase of exploration and evaluation assets	(108,708)	(251,163)
Proceeds from sale of property, plant and equipment	6,612	15,308
Payment for liquidation of property, plant and equipment	(45,760)	-
Loans issued and promissory notes purchased	(27,084)	(177,000)
Proceeds from repayment of loans and redemption of promissory notes	2,649	765,502
Interest income received	101,333	143,250
Acquisition of a subsidiary, net of cash acquired	-	(410,244)
Increase in long-term bank deposits	-	(8,917)
Net cash used in investing activities	(1,061,793)	(1,079,657)
Cash flows from financing activities		
Repayment of borrowings	(809,277)	(682,936)
Finance lease payments	(42,981)	(31,090)
Acquisitions of short-term investments	-	(563,786)
Disposal of short-term investments	-	565,742
Net cash used in financing activities	(852,258)	(712,070)
Effect of currency translation and exchange rate fluctuations on cash and cash equivalents	10,261	(21,450)
Net increase in cash and cash equivalents	89,201	57,545
Cash and cash equivalents at the beginning of the year	501,098	443,553
Cash and cash equivalents at the end of the year	590,299	501,098

JSC CHELYABINSK ZINC PLANT
Consolidated Statement of Changes in Equity

<i>In thousands of Russian Roubles</i>	Share capital	Share premium	Legal reserve	Hedging reserve	Cumulative currency translation reserve	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 reserve	-	-	-	-	(108,088)	-	(108,088)
Net expense recognised directly in equity	-	-	-	-	(108,088)	-	(108,088)
Profit for the year	-	-	-	-	-	1,913,566	1,913,566
Total recognised income for the year	-	-	-	-	(108,088)	1,913,566	1,805,478
Issue of shares through profit capitalisation	48,775	-	-	-	-	(48,775)	-
Legal reserve	-	-	2,439	-	-	(2,439)	-
Balance at 31 December 2007	127,635	1,375,231	3,011	-	(297,603)	8,964,980	10,173,254
Currency translation reserve	-	-	-	-	370,373	-	370,373
Net income recognised directly in equity	-	-	-	-	370,373	-	370,373
Loss for the year	-	-	-	-	-	(3,522,601)	(3,522,601)
Total recognised expense for the year	-	-	-	-	-	(3,522,601)	(3,152,228)
Hedging reserve	-	-	-	266,696	-	-	266,696
Deferred tax	-	-	-	(23,019)	-	-	(23,019)
Gain on futures designated for hedging	-	-	-	(151,601)	-	-	(151,601)
Balance at 31 December 2008	127,635	1,375,231	3,011	92,076	72,770	5,442,379	7,113,102