

APPROVED
by the Extraordinary General Shareholders' Meeting
of JSC CZP
on August 18, 2006

Minutes of the meeting dated August 18, 2006

REGULATIONS
on the BOARD OF DIRECTORS
of Joint-Stock Company
Chelyabinsk Zinc Plant

Chelyabinsk, 2006

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The Regulations hereunder govern the status, composition, functions and competence of the Board of Directors of Joint-Stock Company Chelyabinsk Zinc Plant (the “Company”), its formation and early termination of the duties of members of the Board of Directors, as well as the order of work of the Board of Directors and its interaction with other management bodies of the Company.

1. Status of the Board of Directors

- 1.1 The Board of Directors is a collective management body of the Company and is responsible for the overall supervision of the Company’s business, with the exception of any matters that are referred by federal legislation and the Company Charter to the competence of the general shareholders' meeting of the Company (“GSM”).

2. Aims and Principles of Operation of the Board of Directors

- 2.1 The aims of the Board of Directors shall be to achieve maximum profits and increase the Company’s assets, protect the rights and lawful interests of shareholders, exercise ongoing supervision over the executive bodies of the Company, and ensure the completeness, accuracy and objectivity of public information about the Company.
- 2.2 In achieving its aims the Board of Directors shall be governed by the following principles:
- 2.2.1 To decide matters based on accurate information about Company activities;
 - 2.2.2 To ensure that shareholders have full access to the right to take part in managing the Company’s affairs, and to receive dividends and information on the Company;
 - 2.2.3 To maintain a balance between the interests of various groups of shareholders and to ensure that the Board of Directors adopts the most equitable decisions in the interests of all Company shareholders.
- 2.3 Any ambiguities in any laws, regulations and other legislative statutes shall be interpreted by the Board of Directors in favor of broadening the rights and lawful interests of shareholders.

3. Objectives and Terms of Reference of the Board of Directors

- 3.1 The terms of reference of the Board of Directors shall include matters set forth in the Company Charter and envisaged in applicable law.
- 3.2 In order to implement its aims the Board of Directors shall deal with the following matters within its competence:
- 3.2.1 Ensure that the resolutions of the GSM are carried out;
 - 3.2.2 Determine priority areas in the Company's business;
 - 3.2.3 Assess the political, financial and other risks affecting the Company’s operations;
 - 3.2.4 Determine investment policy and participation by the Company in other organizations;
 - 3.2.5 Evaluate Company results and the work of its bodies;
 - 3.2.6 Establish criteria for the management team;
 - 3.2.7 Monitor the work of the Company’s executive bodies;

- 3.2.8 Ensure that the Company complies with applicable law;
- 3.2.9 Ensure that the Company complies with the principles of corporate governance;
- 3.2.10 Approve a document on the use of Company information and information on Company securities and transactions thereof not available to the public, the disclosure of which could have a material impact on the price of the Company's securities;
- 3.2.11 Approve a document establishing rules and approaches to disclosure of information about the Company;
- 3.2.12 Approve a document setting forth internal procedures for control of the Company's financial and commercial activities, compliance with which is monitored by a separate department within the Company reporting on any violations to the Audit Committee.

4. Committees

- 4.1 The Board of Directors shall form a Standing Audit Committee, whose sole functions shall be to:
 - 4.1.1 assess candidates for the position of Company external auditor;
 - 4.1.2 evaluate the auditor's Report;
 - 4.1.3 assess the effectiveness of the Company's internal control procedures and draw up proposals for the improvement thereof.
- The Board of Directors may also form other committees, such as a Committee for Strategic Planning, Staffing, Remuneration and Social Policy Committee, etc.
- 4.2 Committees shall be advisory bodies to the Board of Directors, shall not be entitled to act in the name of the Board of Directors, and shall not have any powers. The tasks, formation and work of each committee shall be set forth in the respective internal Company documents, which are approved by the Board of Directors and are final and binding for all departments and officers of the Company.
 - 4.3 The above committees shall be chaired by a member of the Board of Directors of the Company elected by the Board of Directors of the Company. As a rule, the Chairman of a committee shall be an independent member of the Board of Directors. A member of the Board of Directors may not sit on more than two committees.
 - 4.4 The Chairman of each committee shall in consultation with the other committee members determine the frequency and duration of committee meetings, as well as the meeting agenda for the relevant committee.
 - 4.5 The Audit Committee shall consist only of members of the Board of Directors who are not the sole executive body and/or members of the collective executive body of the Company. The Chairman of the Audit Committee must be an independent member of the Board of Directors.
 - 4.6 The evaluation of the auditor's report prepared by the Audit Committee shall be presented as part of the materials made available in preparation for the Company GSM.

5. Independent Members of the Board of Directors

- 5.1 The Company has an interest in seeing that there are at least 2 (two) independent directors on the Company's Board of Directors. Independent directors must be

independent of any Company officers, the affiliates thereof, or any large customers or suppliers of the Company, and must not be involved in any other relationship with the Company that could have a bearing on their impartiality.

- 5.2 An independent director shall be deemed to be a person who:
- 5.2.1 has not been in the past 3 years and is not currently an officer (manager) or employee of the Company, or an officer or employee of the managing organization of the Company;
 - 5.2.2 is not an officer of another company in which any of the officers of the Company are members of the Board of Directors' committee for staffing and remuneration;
 - 5.2.3 is not a party to any obligation involving the Company whereby he/she could acquire property (receive monetary funds) for a value amounting to 10% or more of the aggregate annual income of such person, except remuneration for participating in the work of the Board of Directors of the Company;
 - 5.2.4 is not a major supplier or customer of the Company (whose business with the Company is worth in the aggregate 10 percent or more of the net asset value of the Company);
 - 5.2.5 is not a representative of the state, i.e. a person representing the Russian Federation or a constituent entity of the Russian Federation on the board of directors of any company in relation to which a decision is made to exercise special rights (a "golden share") or a person elected to the Board of Directors from among candidates nominated by the Russian Federation, a constituent entity of the Russian Federation, or a municipal entity, if such member of the Board of Directors is obliged to vote based on written orders (instructions) from a constituent entity of the Russian Federation, or a municipal entity, respectively;
 - 5.2.6 is not a person whose spouse, parents, children, blood or non-blood siblings, adoptive parents or children are persons employed in the management bodies or managing organization of the Company or who are a manager of the Company;
 - 5.2.7 is not an affiliate of the Company, except a member of the Board of Directors of the Company;
 - 5.2.8 is not an affiliate of an officer (manager) of the Company (officer of the managing organization of the Company).
- 5.3 After a period of 7 years of filling the position of member of the Board of Directors of the Company an independent director is no longer deemed independent.

6. Duties of Members of the Board of Directors

- 6.1 A member of the Board of Directors must:
- 6.1.1 Be loyal to the Company;
 - 6.1.2 Act within his/her authority pursuant to the aims and objectives of the Board of Directors;
 - 6.1.3 Act reasonably, in good faith and with due care in respect of the Company's business;
 - 6.1.4 Act in the interests of the Company as a whole rather than those of individual shareholders, Company officers or other persons;
 - 6.1.5 Not disclose confidential information that becomes known to him/her about the Company's business;

- 6.1.6 Propose the convening of meetings of the Board of Directors to consider urgent matters;
 - 6.1.7 Attend meetings of the Board of Directors;
 - 6.1.8 Take part in resolutions of the Board of Directors by voting on items of the agenda of its meetings;
 - 6.1.9 Make informed decisions by way of reviewing all available information (materials), conducting investigations and bringing to the attention of all members of the Board of Directors any and all relevant information;
 - 6.1.10 Assess the risks and any adverse consequences prior to making decisions;
 - 6.1.11 Disclose any information on Company shares in his/her possession in timely fashion, as well as the sale and/or purchase of Company securities;
 - 6.1.12 Bring to the attention of the Board of Directors details of any proposed transactions in which he/she may be an interested party;
 - 6.1.13 Take part in expert reviews of any Company projects or activity programs proposed by the Board of Directors;
 - 6.1.14 Prepare proposals on improving the financial and business performance of the Company;
 - 6.1.15 Inform other members of the Board of Directors of any instances that become known to him/her of a breach by Company employees, including Company officers, of any statute, charter, regulation, rule or by-law of the Company;
 - 6.1.16 Prepare and table at meetings of the Board of Directors any items that fall within his/her competence;
 - 6.1.17 Express his/her views on the Company's annual report, annual financial statements, including profit and loss statements (profit and loss accounts), and procedures for the distribution of Company profits, including paying (declaring) dividends, and losses based on year-end results;
 - 6.1.18 Attend general shareholders' meetings and respond to questions of meeting participants.
- 6.2 Members of the Company's Board of Directors shall not later than 10 days from confirmation of their nominations by the GSM of the Company notify the Company Secretary, General Director of the Company, audit commission and external Company auditor in writing in the event that they are an interested party to any transaction, in particular, details concerning:
- 6.2.1 Any legal entities in which they themselves or their affiliates own 20 percent or more of the voting shares (stakes, equity);
 - 6.2.2 Any legal entities in which they have positions in the management bodies;
 - 6.2.3 Any transactions undertaken or contemplated by the Company of which they are aware and in which they may be deemed an interested party;
- And advise the persons listed above of any changes in these details not later than 5 (five) days after the date on which the member of the Board of Directors became aware of such changes.
- 6.3 Members of the Board of Directors must notify the Company Secretary, General Director of the Company, audit commission and external Company auditor in writing of any Company securities in their possession, and of the sale and/or purchase of Company securities not later than 5 (five) days after the respective event.

- 6.4 In the event that a member of the Board of Directors is an interested party in a transaction in which the Company is acting or intends to act as one of the parties, or in the event that there are any other conflicts of interest of such member and the Company in relation to an existing or proposed transaction, the member of the Board of Directors must notify the Company Secretary, General Director of the Company, audit commission and external Company auditor in writing of his/her interest prior to adoption of a decision regarding such transaction.
- 6.5 Members of the Board of Directors may only take up positions in the management bodies of other organizations with the consent of the Board of Directors of the Company.
- 6.6 Members of the Board of Directors shall be liable to the Company and its shareholders for any losses incurred by the Company or its shareholder (shareholders) through his/her wrongful act (omission), in the manner and on the grounds envisaged in the Federal Law on Joint-Stock Companies.
- Furthermore, any members of the Board of Directors who voted against the resolution which brought about the losses incurred by the Company or who did not take part in the voting shall not be liable.
- 6.7 In the event that a number of persons are liable pursuant to the provisions of this section, their liability to the Company shall be joint and several.
- 6.8 In determining the grounds and extent of liability of members of the Board of Directors normal business practices and other relevant circumstances shall be taken into account.

7. Election of the Board of Directors

- 7.1 The Board of Directors of the Company shall be elected by the GSM for a term until the next annual GSM.
- Should the annual GSM not be held within the period set forth in Art. 47.1 of the Federal Law on Joint-Stock Companies, the authority of the Company's Board of Directors shall be withdrawn on all matters excepting the preparation, convening and holding of the annual GSM.
- Should the term of the Board of Directors expire and new members of the Board of Directors not be elected by the annual GSM in a number sufficient to make up a quorum for meetings of the Board of Directors as provided for in the Company Charter, the authority of the Company's Board of Directors shall be withdrawn on all matters excepting the preparation, convening and holding of a GSM.
- 7.2 A member of the Board of Directors of the Company does not have to be a Company shareholder. Only a natural person may be a member of the Board of Directors of the Company.
- There shall be no limit to the number of times a person elected to the Board of Directors of the Company may be re-elected.
- 7.3 The Board of Directors shall be elected by a cumulative vote of the Company GSM in the number set forth in the Company Charter. In cumulative voting the number of votes belonging to each shareholder is multiplied by the number of persons to be elected to the Board of Directors of the Company, and the shareholder may use all of the votes thus computed to vote for one candidate or may distribute the votes among two or more candidates.
- Candidates who receive the most votes shall be deemed elected to the Board of Directors.

8. Exercise by Members of the Board of Directors of their Rights and Obligations

- 8.1 The work of members of the Board of Directors shall be continuous during their term of office and shall not be restricted to participation in the decision-making of the Board of Directors.
- 8.2 Members of the Board of Directors may in the exercise of their rights and discharge of their obligations issue instructions and give orders that shall be binding on all officers of the Company, unless such orders and instructions contravene regulatory statutes, the Charter, the Company's internal documents or applicable law or infringe on the competence of other Company officers or bodies.
- 8.3 The person responsible for the safekeeping of resolutions and minutes of meetings of the Board of Directors must at the request of any member of the Board of Directors promptly make available copies of such documents.

9. Election of Chairman of the Board of Directors

- 9.1 The Chairman of the Board of Directors shall be elected at the first meeting of the Board of Directors following the annual GSM by a simple majority of votes of all elected members of the Board of Directors.
- 9.2 The person fulfilling the duties of sole executive body of the Company (General Director) may not simultaneously fill the position of Chairman of the Board of Directors.
- 9.3 The Board of Directors may at any time re-elect the Chairman of the Board of Directors.
- 9.4 Members of the Board of Directors may elect a Vice-Chairman of the Board of Directors who shall perform the duties of Chairman of the Board of Directors in the absence of same.
- 9.5 In the event that the Chairman of the previous Board of Directors is elected to the new Board of Directors, he/she shall continue to perform the duties of Chairman until a new Chairman of the Board of Directors.

10. Duties of the Chairman of the Board of Directors

- 10.1 The Chairman of the Board of Directors shall organize the work of the Board of Directors, convene and chair its meetings, and ensure that minutes of the meetings are kept.
- If the Chairman or Vice-Chairman of the Board of Directors are not present, the duties thereof shall be performed by another member of the Board of Directors chosen by the Board of Directors.
- 10.2 Any person undertaking the functions of Chairman of the Board of Directors in the absence of such may exercise any and all authority falling within the competence of the Chairman of the Board of Directors.
- 10.3 The Chairman of the Board of Directors may not delegate his/her functions to any other person.

11. Secretary of the Board of Directors

- 11.1 The Secretary of the Board of Directors may be elected from among the members of the Board of Directors.
- 11.2 Any natural person who is not a member of the Board of Directors may be appointed Secretary of the Board of Directors.
- The person fulfilling the duties of sole executive body of the Company (General Director) may not simultaneously fill the position of Secretary of the Board of Directors.
- 11.3 The Board of Directors may at any time re-elect the Secretary of the Board of Directors.
- 11.4 The duties of the Secretary of the Board of Directors are to:
- 11.4.1 Prepare and draw up minutes of the meetings of the Board of Directors;
 - 11.4.2 Keep records and archive incoming documentation and copies of outgoing documentation of the Board of Directors;
 - 11.4.3 Provide timely notice to members of the Board of Directors of meetings of the Board of Directors;
 - 11.4.4 Keep records of minutes of the meetings of the Board of Directors.

12. Convening Meetings of the Board of Directors

- 12.1 Meetings of the Company's Board of Directors shall be convened by the Chairman of the Company's Board of Directors on his/her own initiative, or at the request of any member of the Board of Directors or the Company's internal audit commission, the Company's Auditor or executive bodies.
- 12.2 In adopting a decision to convene a meeting of the Board of Directors the convenors must decide:
- The date, time and venue of the meeting;
 - The meeting agenda;
 - The wording of resolutions put to the vote;
 - A list of information (materials) to be made available to members of the Board of Directors for the meeting.

13. Mandatory Convening of Meetings of the Board of Directors

- 13.1 The Chairman of the Board of Directors shall be obliged to convene a meeting of the Board of Directors in relation to the following matters:
- 13.1.1 Convening the annual GSM and adoption of decisions in relation to convening and holding same as prescribed under Art. 54.1 of the Federal Law on Joint-Stock Companies;
 - 13.1.2 Preliminary approval of the annual report of the Company in accordance with Art. 88.4 of the Federal Law on Joint-Stock Companies;
 - 13.1.3 Consideration of shareholders' proposals to include items on the agenda for the annual GSM and nomination of candidates to Company bodies as envisaged in Articles 53.1 and 53.2 of the Federal Law on Joint-Stock Companies, and adoption of decisions to include items on the agenda for the annual GSM and

nominations for the list of candidates for voting in the elections to Company bodies, or to deny such inclusion;

13.1.4 Election of a new Board of Directors in cases provided for under Art. 68.2 of the Federal Law on Joint-Stock Companies.

If the Chairman of the Board of Directors does not convene a meeting of the Board of Directors to decide the above matters, such meeting may be convened by the Vice-Chairman.

13.2 If neither the Chairman nor the Vice-Chairman convene a meeting of the Board of Directors to decide the matters specified herein, such meeting may be convened by any member of the Board of Directors.

14. Meetings of the Board of Directors

14.1 Meetings of the Board of Directors shall be held as required, but not less than once every 3 months.

14.2 In adopting decisions of the Board of Directors members of the Board of Directors present at the meeting must express their view on items of the agenda by way of voting.

14.3 In passing resolutions at the meeting of the Company's Board of Directors, each member of the Company's Board of Directors shall have one vote.

A member of the Company's Board of Directors may not give his or her vote to another person, including another member of the Board of Directors.

14.4 In the event of a tied vote at a meeting of the Company's Board of Directors the Chairman of the Board of Directors shall cast the deciding vote.

15. Taking Account of Written Submissions of Members of the Board of Directors Who are not Present at the Meeting

15.1 In determining a quorum or the outcome of voting on an agenda item, a written submission of an opinion from a member of the Company's Board of Directors not present at the meeting of the Company's Board of Directors shall be taken into account.

The submission in writing must be lodged by the member of the Board of Directors with the Chairman of the Board of Directors prior to the meeting of the Board of Directors.

The written opinion of the member of the Board of Directors may include such member's vote either on all items of the meeting agenda or on any one or more items. The written opinion of the member of the Board of Directors shall only be taken into account in determining a quorum or the outcome of voting on agenda items on which a vote is indicated in the written opinion of the member of the Board of Directors.

15.2 If a copy of the written submission of the member of the Board of Directors was not included in the information (materials) provided to members of the Board of Directors for the meeting, the person chairing the meeting must read out the written opinion of the member of the Board of Directors who is not present at the meeting of the Board of Directors prior to the start of voting on the agenda item on which such opinion is presented.

The written opinion of a member of the Board of Directors who is present at the meeting of the Board of Directors received prior to the meeting shall not be read out at the meeting and shall not be taken into account in determining a quorum or the outcome of voting.

- 15.3 The written opinion of a member of the Board of Directors shall not be taken into account in determining a quorum or the outcome of voting on the following matters:
- 15.3.1 Approval of priority areas in the Company's business as well as Company budgets;
 - 15.3.2 Decisions to convene or not to convene an extraordinary GSM;
 - 15.3.3 Election or re-election of the Chairman of the Board of Directors;
 - 15.3.4 Tabling of proposals for the restructuring or liquidation of the company for consideration by the GSM.

16. Minutes of Meetings of the Board of Directors

16.1 Minutes shall be taken at meetings of the Board of Directors by the Secretary of the Board of Directors or, in his/her absence, by a member of the Board of Directors at the request of the person chairing the meeting.

16.2 The Minutes of the meeting of the Board of Directors shall be drawn up not later than 3 days after the meeting.

The Minutes of the meeting shall include:

- time and venue of the meeting;
- attendees;
- persons who have presented a written submission on items of the agenda;
- meeting agenda;
- items put to the vote and the results of voting;
- resolutions passed.

The Minutes of the meeting of the Board of Directors shall be signed by the person presiding at the meeting and by the Secretary of the Board of Directors.

16.3 In the event that written submissions from members of the Board of Directors not present at the meeting of the Board of Directors were taken into account in determining a quorum or the outcome of voting on an agenda item, such written submissions on items of the agenda from members of the Board of Directors shall be appended to the minutes of the meeting.

16.4 The Company must keep records of the minutes of meetings of the Board of Directors at the address of its executive body (Management Board) in the manner and for the period prescribed by the federal executive body for the securities market. If such conditions are not established the Company must maintain records of the minutes of meetings of the Board of Directors in perpetuity.

The Company shall ensure that shareholders, as well as members of the Board of Directors and internal Audit Commission and the Company's external Auditor shall have access to minutes of the meetings of the Board of Directors.

16.5 Minutes of meetings of the Board of Directors shall be made available by the Company for familiarization purposes at the address of the Company's executive body within 7 days of receipt of a request for access to the minutes of meetings of the Board of Directors from such persons. At the request of such persons the Company shall make available copies of the minutes of meetings of the Board of Directors. Any fee charged by the Company for such copies may not exceed the cost of producing such copies.

17. Remuneration of Members of the Board of Directors

- 17.1 During their period in office members of the Board of Directors shall be paid a fee and shall have any expenses in connection with the performance of their duties as members of the Board of Directors reimbursed.
- 17.2 The total remuneration of members of the Board of Directors, schedule of payment, and the specific fee of each member of the Board of Directors shall be established by the GSM.
- 17.3 In the event that the Company has no net profit (retained earnings) based on Company results for the year, there shall be no remuneration paid to members of the Board of Directors.

18. Procedures for Approving Amendments to the Regulations

- 18.1 These Regulations and any amendments or additions thereto shall be approved by the GSM.
The resolution shall be passed by a simple majority of shareholders holding voting shares who are present at the GSM.
- 18.2 Additions and amendments hereto as proposed by the Board of Directors shall be voted into effect by a simple majority of the votes of members thereof who are present at the meeting or have taken part in absentee voting.
- 18.3 In the event that certain sections of these Regulations come into conflict with Russian legislation and/or regulatory acts as a result of changes thereto, such sections shall become inoperative, and until the Regulations are amended members of the Board of Directors shall be governed by Russian law and regulatory acts.