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NEWS RELEASE

For Immediate Release – 28 December, 2006

JSC Chelyabinsk Zinc Plant Announces 3Q Results For The Nine Months Ended September 30, 2006

Chelyabinsk Zinc Plant (LSE: CHZN, RTS: CHZNG), Russia's largest producer of zinc and zinc alloys, is pleased to announce its results for the nine months ended 30 September, 2006.

Sergei Moiseyev, Chairman of the Board of Directors said: «Our interim results show CZP moving ahead with healthy margins while maintaining consensus expectations».

Consolidated financial results for 9 months of 2006*

All amounts in thousands of US\$

	9M 2006	9M 2005	Change	6M 2006
Sales	390 738	108 568	260%	226 773
Gross Profit	149 662	21 715	589%	80 658
<i>gross margin, %</i>	<i>38%</i>	<i>20%</i>		<i>36%</i>
EBITDA	130 890	10 290	>1000%	81 008
<i>EBITDA margin, %</i>	<i>33%</i>	<i>9%</i>		<i>36%</i>
Profit/(loss) before income tax	105 279	(1 744)	N/A	65 976
Net Income	80 767	(1 446)	N/A	49 028
<i>net margin, %</i>	<i>21%</i>	<i>N/A</i>		<i>22%</i>

* Unaudited accounts. The US dollars amounts were calculated on the exchange rate of RR 26.7799 per \$1, the official exchange rate as reported by the Central Bank of Russia for September 30, 2006

In January-September 2006 Chelyabinsk zinc plant (CZP) produced 110,178 tonnes of zinc, 38% more than the year-earlier period (79,754 tonnes).

CZP's subsidiary Nova Zinc, the operator of the Akzhal zinc ore mine in Kazakhstan, mined 904,208 tones of ore in January-September, with the average zinc content in the ore of 2.9% and lead content of 0.63%. Production of zinc concentrate by Nova Zinc totalled 24,229 tonnes of zinc in zinc concentrate.

CZP's revenues increased by 260% to \$390.8 million in the first nine months of 2006 as compared to the same period of 2005. The main reasons of this increase were the significant increase in LME zinc prices (average of US\$2965 tonne against US\$1296 tonne for the same period last year) and growth in the volume of zinc sales (from 72,993 tonnes of zinc and zinc in alloys in the first nine months of 2005 to 99,953 tonnes for the same period of 2006). The increase in revenues was also attributable to a higher pricing premium for domestic sales in 2006 that was partially offset by a decline in the volume of domestic sales as a proportion of total sales volume. Revenues for the period also included \$37.8 million (or 9.7% of total revenues) generated by Nova Zinc, from the date of its consolidation into CZP's results on 1 April 2006.

Gross profit margin increased to 38% in the first nine months compared to 20% for the first nine months of 2005, while EBITDA margin increased from 9% to 33%. All margins posted positive growth year on year since the rate of sales growth exceeded the rate of increase in cost of sales, and selling, general and administrative costs. This trend was partially offset by the increased cost of zinc concentrates for CZP relative to LME zinc prices. The improvement in financial performance was also attributable to the consolidation of Nova Zinc with a gross profit margin of 49% and EBITDA margin of 52% for the first nine months of 2006.

CZP will host an Investor Conference Call to discuss its Q3/2006 financial results today, December 28, 2006 at 3.00 p.m. London time (6.00 p.m. Moscow time, 10.00 a.m. New York time).

Participants dial-in number is + 44 (0) 1452 569 393.

A replay service will be available until January 1, 2007 (for five days).

Replay details are as follows:

dial-in number +44 (0)1452 550 000, pin (access) number 5210195

About Chelyabinsk Zinc Plant

Chelyabinsk Zinc Plant JSC is the leading Russian zinc producer. It is responsible for approximately 60% of Russian zinc production volume. In 2005, the plant produced 116,000 tonnes of Special High Grade zinc. According to the IFRS consolidated accounts, revenues reached RR 4,791.2 million, and profit was RR 147.2 million.

In 2006, CZP acquired 100% control of Nova Zinc, developer of the Akzhal Zinc Mine, Kazakhstan. Starting January 1st 2007 zinc concentrate produced at the Akzhal Mining and Processing Plant will be supplied to Chelyabinsk Zinc Plant.

In 2003, Chelyabinsk Zinc Plant put into operation an automated zinc electrolysis complex supplied with the latest equipment. In 2004, the CZP SHG (CHELYABINSK ZINC PLANT SPECIAL HIGH GRADE) zinc trademark was officially registered at the London Metal Exchange (LME). Official inclusion of the trademark into LME brand listing confirms metal purity of not less than 99.995% (by zinc content) and guarantees strict conformity in quality, weight, form and packaging by all zinc produced by Chelyabinsk Zinc Plant with the highest international standards.

Chelyabinsk Zinc's GDRs trade of the London Stock Exchange under the ticker symbol CHZN and the ordinary shares trade on RTS as CHZNG.

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Joint Stock Company Chelyabinsk Zinc Plant
Consolidated Interim Balance sheet as of 30 September 2006

<i>In thousands of Russian Roubles</i>	30 September 2006	31 December 2005
	(Unaudited)	
ASSETS		
Non-current assets:		
Property, plant and equipment	7 070 777	3 311 755
Advances for capital construction	64 149	5 199
Goodwill	843 567	
Other intangible assets	18 457	24 028
Available-for-sale investments	2 106	2 108
Other non-current assets	367	
Total non-current assets	7 999 423	3 343 090
Current assets:		
Inventories, net	1 851 127	1 478 985
Trade and other receivables, net	1 973 918	689 769
Loans receivable	18 000	26 000
Cash and cash equivalents	752 958	131 740
Restricted cash		4 073
Total current assets	4 596 003	2 330 567
Total assets	12 595 427	5 673 657
Equity:		
Share capital	78 535	74 077
Share premium	47 368	48 192
Legal reserve	397	397
Cumulative translation reserve	(112 680)	
Retained earnings	6 398 449	4 235 524
Total equity	6 412 069	4 358 190
LIABILITIES		
Non-current liabilities:		
Borrowings	3 139 949	
Deferred income tax liability	1 275 080	181 264
Other non-current liabilities		
Total non-current liabilities	4 415 029	181 264
Current liabilities:		
Borrowings	419 470	269 836
Trade and other payables	739 857	808 933
Current income tax payable	8 009	38 444
Other taxes payable	600 992	16 990
Total current liabilities	1 768 328	1 134 203
Total liabilities	6 183 357	1 315 467
Total liabilities and equity	12 595 426	5 673 657

Joint Stock Company Chelyabinsk Zinc Plant
Consolidated Interim Statement of Income for nine months ended 30 September 2006

<i>In thousands of Russian Roubles</i>	Nine months ended 30 September 2006	Nine months ended 30 September 2005
	(Unaudited)	
Revenues	10 463 916	2 907 444
Cost of sales	(6 455 970)	(2 325 916)
Gross profit	4 007 946	581 528
Distribution costs	(152 865)	(61 090)
General and administrative expenses	(986 788)	(552 140)
Operating profit / (lost)	2 868 293	(31 702)
Finance income	2 688	23 607
Finance costs	(152 888)	(29 348)
Net foreign exchange gain / (loss)	101 256	(9 256)
Profit / (loss) before income tax	2 819 349	(46 699)
Income tax expense	(656 420)	7 977
Profit / (loss) for the period	2 162 928	(38 721)
Profit is attributable to:		
Equity holders of the Company	2 162 928	(38 721)
Net profit for the period	2 162 928	(38 721)

Joint Stock Company Chelyabinsk Zinc Plant
Consolidated Interim Statement of Cash Flows for nine months ended 30 September 2006

<i>In thousands of Russian Roubles</i>	Nine months ended 30 September 2006	Nine months ended 30 September 2005
	(Unaudited)	
Cash flows from operating activities		
Income before taxation	2 819 349	(46 699)
Adjustments for:		
Depreciation	530 339	304 697
Provisions for impairment of inventories	1 168	(6 285)
Provision for impairment of receivables	5 047	(531)
Loss on disposal of property, plant and equipment	111 922	
Interest expense	152 529	5 741
Interest income	(5 373)	
Foreign exchange (gains)/losses	19 061	2 361
Operating cash flows before working capital changes		
(Increase) / decrease in inventory	(234 437)	(347 650)

(Increase) / decrease in trade and other receivables	(1 244 168)	(114 318)
Increase / (decrease) in trade and other payables	(162 918)	149 558
Increase / (decrease) in taxes payable	223 731	55 514
(Increase) / decrease in restricted cash	4 073	
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Cash generated from operations		
Income taxes paid	(406 960)	(20 436)
Interest paid	(152 529)	(29 348)
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Net cash generated from operating activities	1 660 834	(47 396)
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Cash flows from investing activities:		
Purchase of property, plant and equipment	(589 137)	(38 815)
Proceeds from the sale of property, plant and equipment	2 801	
Proceeds from the sale of long term investments	2	
Net cash paid for purchase of subsidiary	(3 715 677)	
Receipts from repayment of loans	8 000	
Interest received	5 373	23 607
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Net cash (used in) / generated investing activities:	(4 288 639)	(15 208)
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Cash flows from financing activities:		
Proceeds from long term borrowings	3 139 949	
Proceeds from short term borrowings	149 634	(54 644)
Acquisition of treasury shares	(21 804)	
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Net cash generated from / (used in) financing activities	3 267 779	(54 644)
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Effect of translation and foreign exchange rate changes on cash and cash equivalents	(19 061)	37
Net increase in cash and cash equivalents	620 913	(117 211)
Cash and cash equivalents at the beginning of the period	131 740	188 207
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Cash and cash equivalents at the end of the period (net of restricted cash of RR 4,073)	752 653	70 996

Joint Stock Company Chelyabinsk Zinc Plant
Consolidated Interim Statement of Changes in Equity for the nine months ended 30 September 2006

<i>In thousands of Russian Roubles</i>	Share capital	Treasury shares	Share premium/ discount	Legal reserve	Cumulative translation reserve	Retained earnings	Total equity
Balance at 1 January 2005	74 077		48 192	397		4 088 299	4 210 965
Net income for the period						(38 721)	(38 721)
Total recognised income for the period	-	-	-	-	-	(38 721)	(38 721)
Balance at 30 September 2005	74 077	-	48 192	397	-	4 049 578	4 172 244
Balance at 1 January 2006	74 077	-	48 192	397	-	4 235 521	4 358 187
Shares issued	4 458		(4 458)				-
Translation movement					(112 680)		(112 680)
Net income recognised directly in equity	-	-	-	-	(112 680)	-	(112 680)
Net income for the period						2 162 928	2 162 928
Total recognised income for the period	-	-	-	-	-	2 162 928	2 162 928
Acquisition of treasury shares		21 804					21 804
Sale of treasury shares		(21 804)	3 634				(18 170)
Balance at 30 September 2006	78 535	-	47 368	397	(112 680)	6 398 449	6 412 069