

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 MANAGEMENT BOARD
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 Management Board of Joint-Stock Company Chelyabinsk Zinc Plant (the "Company"), its formation and early termination of the duties of members of the Management Board, as well as the order of work of the Management Board and its interaction with other management bodies of the Company.

1. Status of the Management Board

- 1.1 The Management Board is a collective executive body of the Company which under the General Director exercises control over the Company's day-to-day operations in between general shareholders' meetings and meetings of the Board of Directors.
- 1.2 The Management Board shall be accountable to the Company's Board of Directors and the general shareholders' meeting.
- 1.3 The General Director shall be chairman of the Management Board.
- 1.4 The Management Board shall undertake its duties in accordance with Russian law, the Company Charter, these Regulations, and other Company by-laws in respect of any decisions subject to approval by the general shareholders' meeting and the Board of Directors.

2. Authority and Rights of the Management Board

- 2.1 The Management Board shall arrange for the implementation of resolutions passed by the Company's general shareholders' meeting and the Company's Board of Directors, and for the orders and instructions issued by the General Director.
- 2.2 The Management Board shall adopt collective decisions on the following matters falling within its competence:
 - 2.2.1. operational management in all areas of Company operations, with the exception of matters falling within the competence of the general shareholders' meeting, Board of Directors or General Director;
 - 2.2.2. control and monitoring of budget performance as approved by the Board of Directors;
 - 2.2.3. determination and approval of the Company's organizational structure, and the number and status of its departments and divisions;
 - 2.2.4. appointment of directors of various divisions of the Company and heads of Company departments as well as the termination of their appointment;
 - 2.2.5. determination and approval of wage and salary levels for all Company employees, with the exception of members of the Management Board;
 - 2.2.6. loan applications by the Company;
 - 2.2.7. establishing financial reporting policy, controlling the movement of assets and monetary funds, preparation of the accounts and financial statements for subsequent consideration by the Company's Board of Directors;
 - 2.2.8. determination of the general strategy, criteria and principles for working with suppliers and customers under contract;
 - 2.2.9. insuring the Company's property;

- 2.2.10. working with staff and ensuring the proper functioning of the Company office and archives;
- 2.2.11. preparation for holding general shareholders' meetings and meetings of the Board of Directors.

Members of the Management Board may divide up the functions of the Board amongst themselves according to area of Company operations.

- 2.3 The Management Board shall also decide other matters as required to achieve the objectives of Company operations and ensure the smooth functioning of the Company in accordance with applicable law and the Company Charter, with the exception of those matters referred to the exclusive competence of other management bodies of the Company by the Federal Law on Joint-Stock Companies and the Company Charter.
- 2.4 Upon the instruction of the General Director the Management Board shall prepare draft resolutions of the Board of Directors relating to:
 - 2.4.1 Determining priority areas in the Company's business;
 - 2.4.2 Approving the agenda for the annual general shareholders' meeting and extraordinary general meeting initiated by the Board of Directors of the Company;
 - 2.4.3 Decisions on increasing charter capital by way of placing additional shares to be distributed among shareholders,
 - 2.4.4 Decisions on increasing charter capital by way of an offering by open subscription of ordinary shares constituting not more than 25% of previously placed ordinary Company shares;
 - 2.4.5 Decisions on placement of bonds and other securities by the Company;
 - 2.4.6 Decisions on the purchase of shares, bonds and other securities placed by the Company as provided for in the Company Charter;
 - 2.4.7 Recommendations to the general shareholders' meeting on voting to split or consolidate Company shares;
 - 2.4.8 Recommendations to the general shareholders' meeting on the size of annual dividends and the form and procedure for payment thereof;
 - 2.4.9 Determination of the market value of assets in cases provided for by the Federal Law on Joint-Stock Companies and the Company Charter;
 - 2.4.10 Setting the independent auditor's fee;
 - 2.4.11 Decisions on use of the Company's Reserve Fund and other funds;
 - 2.4.12 Decisions on the establishment of branches and representative offices of the Company;
 - 2.4.13 Decisions on the approval of major transactions in connection with the acquisition or disposal of property by the Company;
 - 2.4.14 Decisions on the approval of interested party transactions;
 - 2.4.15 Approval of the Company's by-laws, the adoption of which falls within the competence of the Board of Directors of the Company.

3. Appointment of the Management Board and Early Termination of the Authority of its Members

- 3.1 The Management Board is appointed every year by the Board of Directors.
- 3.2 The size of the Management Board shall be determined by the Board of Directors on the recommendation of the General Director.
- 3.3 Members of the Management Board shall be confirmed by the Board of Directors on the recommendation of the General Director of the Company. The Board of Directors may reject individual candidates for positions on the Management Board, but may not confirm members of the Management Board without their having been nominated by the General Director.
- 3.4 Each member of the Management Board shall sign an employment agreement (contract) for a fixed term setting out their rights and obligations and level of remuneration. The contract shall be signed by the Chairman of the Board of Directors of the Company on behalf of the Company or by a person authorized by the Board of Directors of the Company.
- 3.5 The Board of Directors may terminate the employment contract with a member of the Management Board at any time on the following grounds:
- 3.5.1 The member of the Management Board is physically unable to perform his/her duties;
 - 3.5.2 The member of the Management Board fails to meet the requirements of the Company Charter or comply with the decisions of the general shareholders' meeting or the Board of Directors of the Company;
 - 3.5.3 The member of the Management Board commits a first violation of the terms of his/her contract with the Company;
 - 3.5.4 The member of the Management Board performs an action (omission) with adverse consequences for the Company;
 - 3.5.5 Other grounds provided for under Russian law, including the RF Labor Code and the Company Charter.
- 3.6 The contract may also be terminated by mutual agreement or unilaterally by the member of the Management Board, in which case the member of the Management Board must give at least 1 (one) month's notice in writing to the General Director of the Company prior to termination of the contract.
- Should notice in writing of early termination of a contract be received from a member of the Management Board, the General Director must promptly arrange to convene a meeting of the Board of Directors to elect a new member of the Management Board. The authority of a member of the Management Board shall not cease before a new member of the Management Board is appointed.
- 3.7 In the event of early termination of the authority of a member of the Management Board (termination of the contract with a member of the Management Board), the General Director may nominate a new candidate for the position of member of the Management Board in place of the outgoing member to be approved at the next meeting of the Board of Directors.
- 3.8 Termination of the authority of a member of the Management Board does not automatically imply his/her dismissal from other positions held by such person in the Company pursuant to an employment contract.

4. Meetings of the Management Board

- 4.1 The General Director shall convene meetings of the Management Board as required and shall determine the agenda thereof. Members of the Management Board may request that additional items be included on the agenda.
- A quorum for a meeting of the Management Board shall consist of not less than half of all appointed members of the Management Board.
- 4.2 Decisions on matters falling within the competence of a member of the Management Board who is absent from the meeting may not be taken unless the situation is critical.
- 4.3 Meetings of the Management Board shall be chaired by the General Director, who shall cast the deciding vote in the event that voting on an item is split evenly between members of the Management Board.
- 4.4 Minutes shall be drawn up at meetings of the Management Board and signed by the General Director.
- 4.5 Minutes of Management Board meetings shall be submitted to the Board of Directors, internal audit commission and the Company's auditor upon request.

**5. Requirements for Members of the Management Board.
Responsibilities of Members of the Management Board**

- 5.1 Members of the Management Board must act in the best interests of the Company and exercise their rights and responsibilities in relation to the Company reasonably and in good faith.
- 5.2 Members of the Management Board must within 10 days of confirmation of their appointment by the Board of Directors of the Company inform the Board of Directors of the Company, the General Director of the Company, the internal audit commission and Company auditor in writing of any transaction in which they are an interested party, including details of:
- 5.2.1 Any legal entity in which they, either individually or together with their affiliates, hold 20 percent or more of the voting shares (equity, participation interest);
 - 5.2.2 Any legal entity, in the management bodies of which they hold any position;
 - 5.2.3 Any transactions entered into or contemplated by the Company in which they may be an interested party;
- And also advise the above persons of any changes in the details previously notified within 5 (five) days from the date when such changes become known to the member of the Management Board.
- 5.3 Members of the Management Board must notify the Board of Directors of the Company, the General Director of the Company, the internal audit commission and Company auditor in writing that they own Company securities, or that they have disposed of and/or acquired Company securities, within 5 (five) days from the date that such event takes place.
- 5.4 In the event that a member of the Management Board is an interested party in a transaction in which the Company is or proposes to be one of the parties, or in any other situation where there is a conflict of interests between such person and the Company in respect of an existing or proposed transaction, the member of the Management Board must notify the Board of Directors of the Company, the General Director of the

Company, the internal audit commission and Company auditor in writing that he/she is an interested party prior to adoption of the decision on entering into such transaction.

- 5.5 In the event that a member of the Management Board has an interest, whether direct or indirect, in any other company, he/she must not later than one month from the date of confirmation of his/her appointment by the Board of Directors of the Company notify the Company in writing by forwarding the respective notification to the General Director of the Company.

During their term of office members of the Management Board may not take part in organizations that are in competition with the Company. Members of the Management Board may not become involved in any other business, whether or not in their own name, without the consent of the Board of Directors.

- 5.6 Members of the Management Board may take up positions in the management bodies of other organizations only with the consent of the Board of Directors. A member of the Management Board may only enter into an agreement for the provision of services to another organization with the consent of the Management Board.

This proviso does not apply in those cases when a member of the Management Board takes up a position in any management body of another organization that is a subsidiary or dependent company of the Company.

- 5.7 Members of the Management Board shall be liable to the Company and Company shareholders for any losses incurred by the Company or any shareholder (shareholders) as a result of such member's wrongful action (omission), in the manner and on the grounds set forth in the Federal Law on Joint-Stock Companies.

Furthermore, any members of the Management Board who voted against the decision that led to the losses incurred by the Company, or who did not take part in the voting, shall not be liable.

- 5.8 In the event that a number of persons are liable pursuant to the provisions of this section they shall bear joint and several liability.

- 5.9 In determining the grounds and extent of liability of members of the Management Board, normal business practices and other circumstances relevant to the case should be taken into account.

- 5.10 Members of the Management Board must provide full and accurate information in a timely manner in response to requests from members of the Board of Directors. The information requested shall be forwarded to the Company Secretary, who shall onforward it to the particular member of the Board of Directors who requested it.

6. Procedures for Approving and Amending the Regulations

- 6.1 These Regulations and any amendments or additions thereto shall be approved by the general shareholders' meeting.

The resolution shall be adopted by a simple majority of shareholders holding voting shares who are present at the general shareholders' meeting.

- 6.2 Any additions and amendments to these Regulations 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.

- 6.3 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 Management Board shall be governed by Russian law and regulatory acts.