



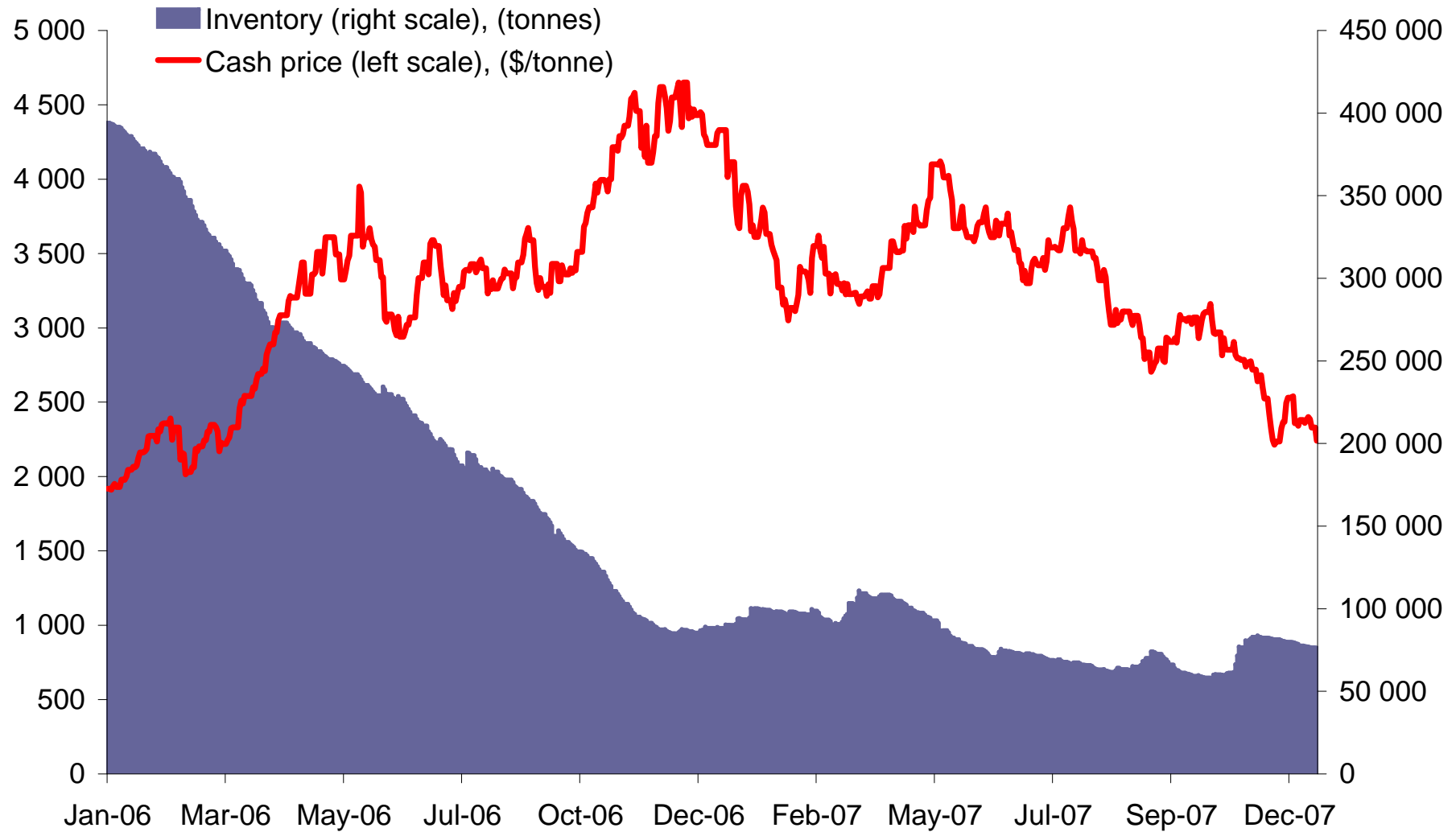
CHELYABINSK ZINC PLANT

**Interim Report
January-September 2007**



Zinc and Lead Market Update

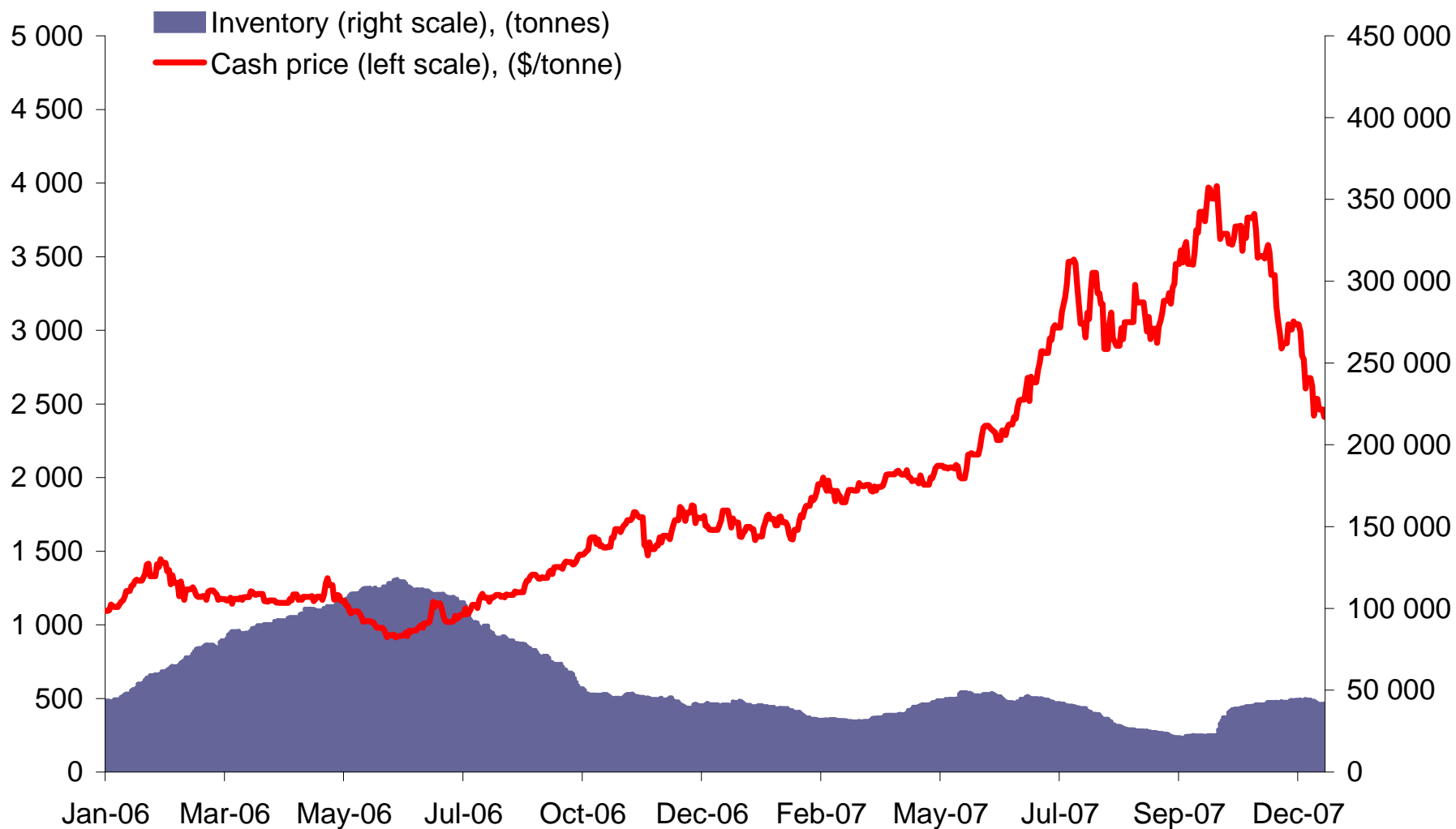
Zinc daily price and stock levels (LME)



Source: London Metal Exchange



Lead daily price and stock levels (LME)



Source: London Metal Exchange



Average prices and exchange rates

<i>(denominated in US\$)</i>	9M '07	9M '06	Q3 '07	Q2 '07
Zinc	3,451.7	2,965.5	3,226.9	3,663.5
Lead	2,372.6	1,175.9	3,143.2	2,175.9
RUR/USD	25.9	27.4	25.5	25.9
KZT/USD	123.2	125.5	123.2	121.5



Zinc and Lead are LME cash settlement prices



Operations Overview

Smelting segment – Raw materials supply

<i>(tonnes in thousands)</i>	9M '07	9M '06	Q3 '07	Q2 '07
Akzhal	23.6	-	8.0	8.7
UMMC	42.3	26.0	16.7	10.9
RCC	11.1	16.1	3.6	3.5
Dalpolimetal	9.5	9.8	4.0	-
Other Domestic	1.5	0.5	0.4	0.7
Imports	25.4	23.1	12.8	8.3
Secondaries	17.0	20.7	7.5	4.7
Total	130.4	96.2	52.9	36.8



Note: Volume of zinc in concentrate

Smelting segment – Zinc and by-products production

<i>(tonnes in thousands, except otherwise noted)</i>	9M '07	9M '06	Q3 '07	Q2 '07
Zinc (incl. Zinc Alloys)	122.7	110.2	42.3	40.2
Indium (kg)	2,072	2,724	713	687
Cadmium	0.4	0.3	0.1	0.1
Sulphuric Acid	175.7	178.2	58.0	54.2
Lead Cake	6.5	6.5	2.1	2.4
Copper Clinker	64.0	73.8	24.3	21.6



Smelting segment – Zinc sales

<i>(tonnes in thousands)</i>	9M '07	9M '06	Q3 '07	Q2 '07
Total sales	109.5	99.9	37.6	38.2
Domestic sales	52.5	60.3	17.4	18.0
Export sales	57.0	39.6	20.2	20.2
Customer				
Brock Metal	2%	-	5%	-
Magnitogorsk	17%	19%	16%	16%
Novolipetsk	10%	20%	9%	10%
Severstal	16%	16%	16%	16%
Euromin	43%	40%	40%	39%
Others	12%	5%	14%	19%



Mining segment – Operational performance

<i>(tonnes in thousands)</i>	9M '07	9M '06	Q3 '07	Q2 '07
Ore mined	953.4	906.6	320.9	321.8
Ore processed	965.5	904.2	316.3	309.9
Ore grade processed				
Zinc	2.62%	2.90%	2.46%	2.99%
Lead	0.49%	0.63%	0.29%	0.51%
Concentrate production (metal)				
Zinc	23.4	24.2	7.2	8.6
Lead	3.9	4.7	0.7	1.3





Financial Review

Income statement highlights

(RUR in millions)

	9M '07	9M '06	Q3 '07	Q2 '07
Revenue	11,658	10,464	3,692	4,322
Gross Profit	3,195	4,008	929	1,291
<i>Margin, %</i>	27%	38%	25%	30%
EBITDA	3,261	3,500	1,034	1,208
<i>Margin, %</i>	28%	33%	28%	28%
Net Income	1,782	2,163	542	691
<i>Margin, %</i>	15%	21%	15%	16%

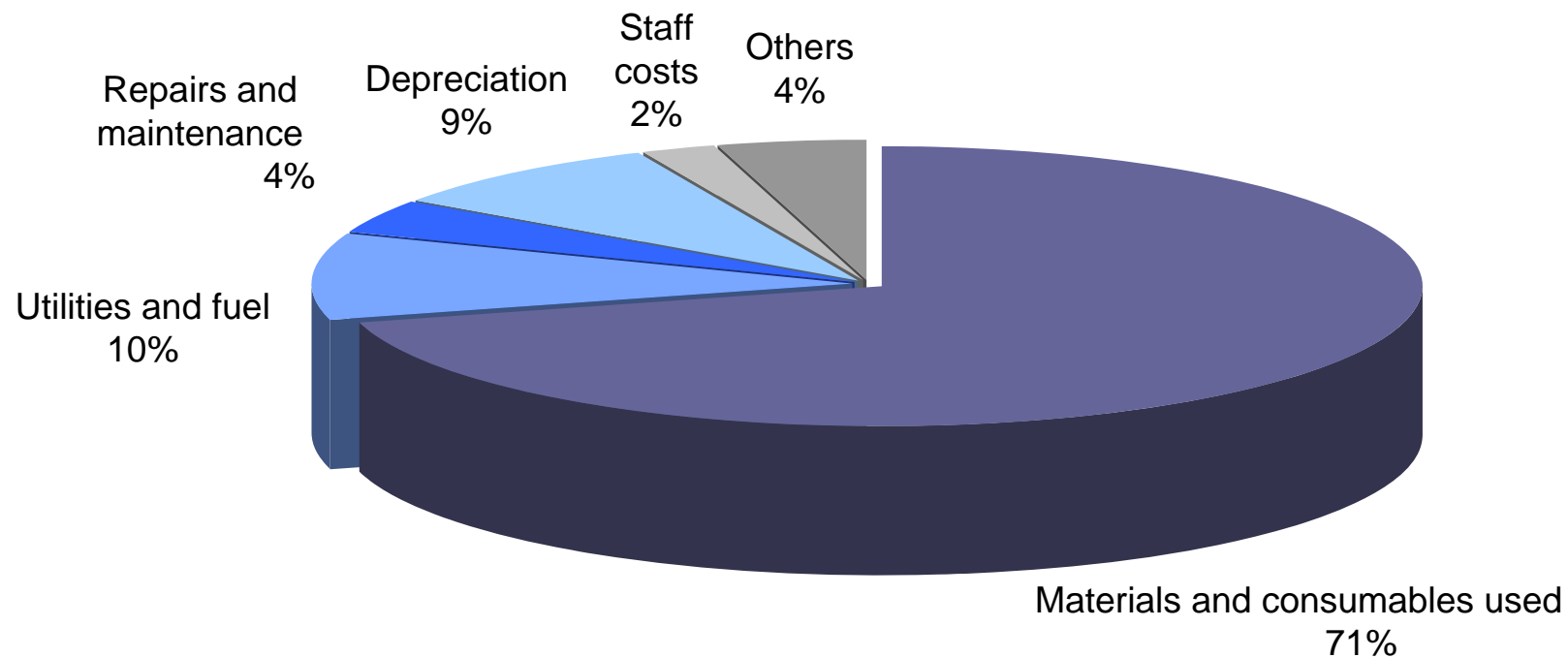
Revenue structure by products

<i>(RUR in millions)</i>	9M '07	9M '06	Q3 '07	Q2 '07
Zinc and zinc alloys	10,740	8,893	3,423	3,890
Zinc Concentrate	-	948	-	-
Lead Concentrate	321	154	83	131
Others	597	469	186	302
Total sales	11,658	10,464	3,692	4,323



Consolidated cost of sales structure (9M '07)

Total cost of sales = 8,462 RUR in millions



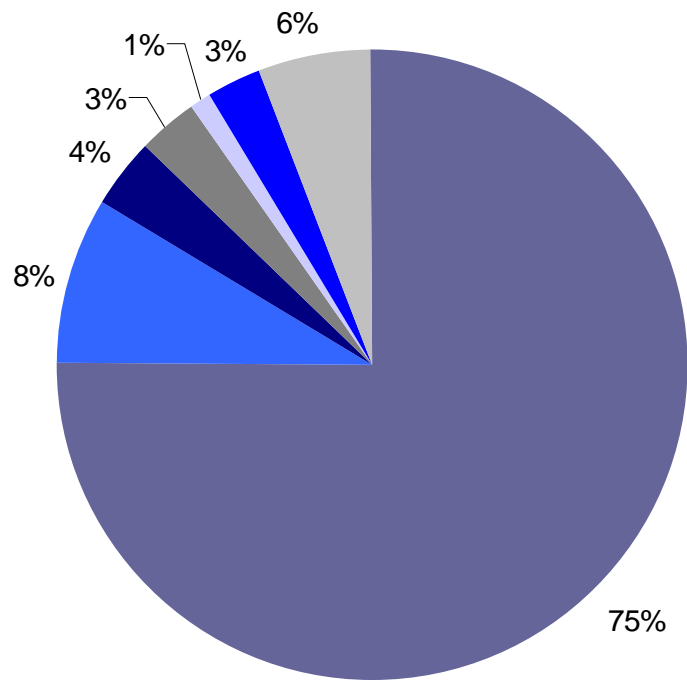
9M '07 performance by segments

<i>(RUR in millions)</i>	Chelyabinsk Zinc stand-alone	Nova Zinc stand-alone
Revenue	11,311	1,380
Gross Profit	2,583	842
<i>Margin, %</i>	23%	61%
Operating Profit	2,043	659
<i>Margin, %</i>	18%	48%
EBITDA	2,478	802
<i>Margin, %</i>	22%	58%
Net Income	1,523	493
<i>Margin, %</i>	13%	36%



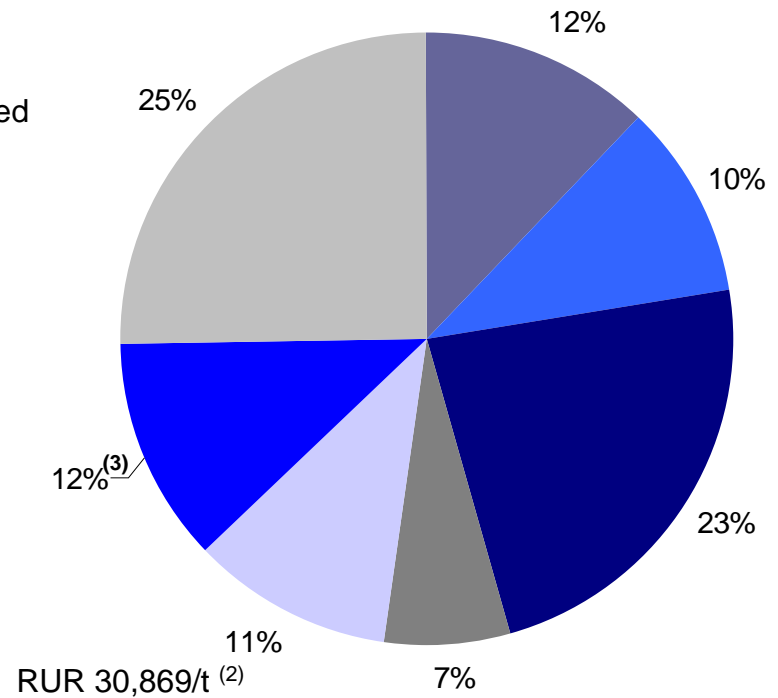
9M '07 costs structure by segments

Chelyabinsk Zinc (Stand alone)



RUR 84,636/t ⁽¹⁾

Nova Zinc (Stand alone)

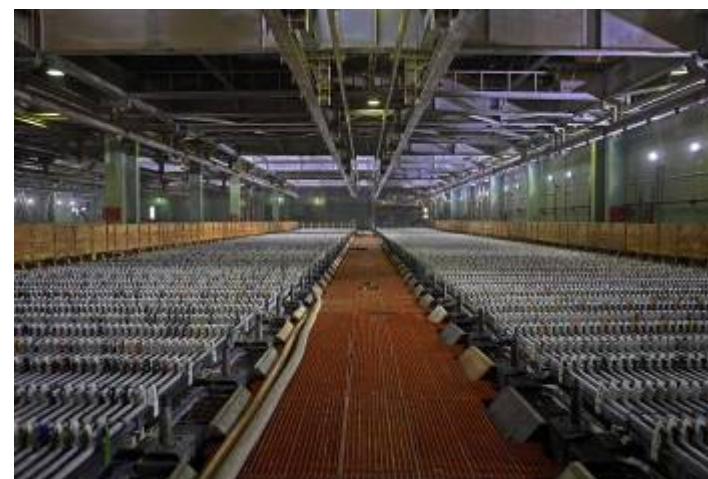


RUR 30,869/t ⁽²⁾

Note: (1) per tonne of zinc
 (2) per tonne of zinc in zinc concentrate
 (3) includes transportation that represents 11% of total costs

Balance sheet highlights

<i>(RUR in millions)</i>	September 30, 2007	December 31, 2006
Total Assets	15,523	14,165
Total Debt	2,845	3,470
Net Debt	1,394	1,534
Shareholder's Equity	10,115	8,368



Cash flow highlights

<i>(RUR in millions)</i>	9M '07	9M '06
Net cash from operating activities	1,390	1,661
Net cash from/(used in) investing activities	(638)	(4,289)
Net cash from/(used in) financing activities	(497)	3,268



9M 2007 Capex Programme

Investment highlights:

Expansion capex aimed at de-bottlenecking and increasing zinc production

- Construction of Waelz Kiln #5 (RUR 102 mln)
- Sulphuric Acid Unit #4 (RUR 358 mln)
- Amursky deposit (RUR 100 mln)

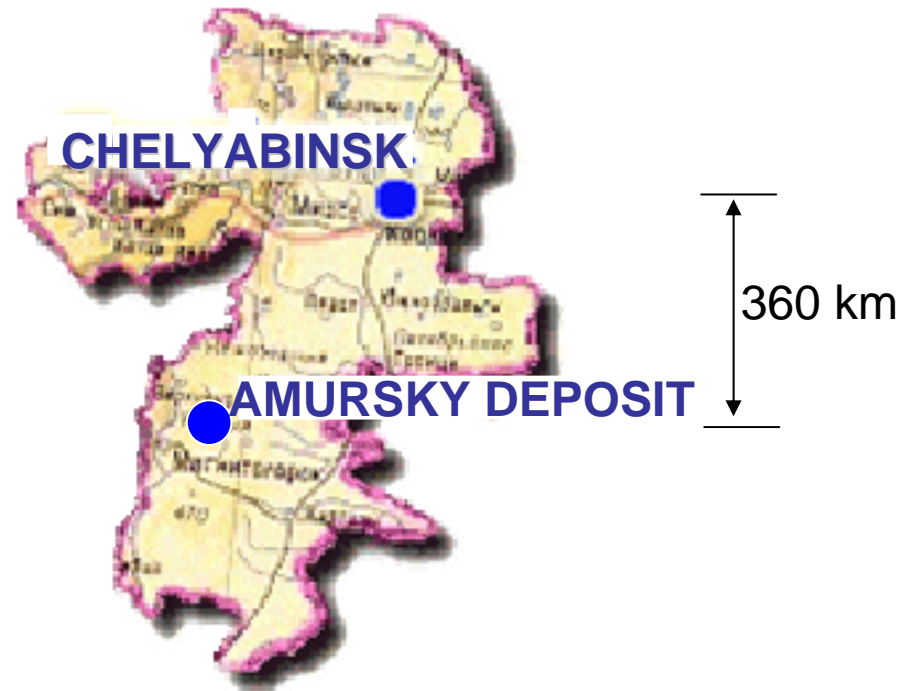


Amursky Deposit at a Glance

On 12 January 2007 The Russian Federal Agency for Subsoil Use (Rosnedra) and CZP signed a 25-year licence agreement for the exploration and extraction of zinc ores in the Amurskoye Deposit located in Bredinsky district, Chelyabinsk region

On 12 November 2007 CZP's Board of Directors, based on the positive geological results from active exploration, took decision to establish 100% subsidiary JSC "Amur"

CZP plans to complete a JORC-compliant mineral resources and reserves audit during the second half of 2008



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