



NEWS RELEASE

For Immediate Release – *December 06, 2013*

Chelyabinsk Zinc Plant Announces 9M 2013 Consolidated Financial Results

Chelyabinsk, Russia – December 06, 2013 - Chelyabinsk Zinc Plant (LSE, MICEX: CHZN), Russia's largest producer of zinc and zinc alloys, is pleased to announce its consolidated financial results for the nine months ended September 30, 2013 based on consistent accounting policy (Unaudited).

NINE MONTHS 2013 HIGHLIGHTS

- Chelyabinsk Zinc Plant's (CZP) revenue totaled RUB 9,773 mln.
- EBITDA amounted to RUB 957 mln or 10% of revenue.
- Net profit was RUB 203 mln.

Consolidated financial results

(in millions of Russian Roubles)	9M 2013	9M 2012	Change, %
Revenue	9,773	9,594	2%
Gross profit	1,659	1,880	(12%)
<i>Gross margin, %</i>	17%	20%	
EBITDA (1)	957	1,422	(33%)
<i>EBITDA margin, %</i>	10%	15%	
Profit before income tax	261	791	(67%)
Net profit	203	736	(72%)
<i>Net margin, %</i>	2%	8%	

(1) EBITDA, for any relevant period, represents operating profit before interest, tax, depreciation and amortization.

EBITDA is not a measurement of CZP's operating performance presented in the financial information, prepared in accordance with IFRS, and should not be considered as an alternative to operating profit or any other performance measure derived in accordance with IFRS or other relevant financial framework.

Revenue

9M 2013 consolidated revenue increased by 2% to RUB 9,773 mln as compared to 9M 2012.

The average LME zinc price in 9M 2013 decreased by 2% as compared to the relevant period of the previous year and amounted to US\$ 1,910/tonne. The average LME lead quotes increased by 7% to US\$ 2,151/tonne. The negative effect of the LME zinc prices falldown was slightly compensated by the 1.7% growth of US Dollar/Russian Rouble average exchange rate.

Revenue structure

(in millions of Russian Roubles)	9M 2013	9M 2012	Change, %
Zinc and zinc alloys	7,006	6,845	2%
<i>CZP</i>	5,624	5,367	5%
<i>Brock Metal</i>	1,382	1,478	(6%)
Zinc tolling	1,125	1,088	3%
Lead concentrate	421	397	6%
<i>CZP</i>	64	116	(45%)
<i>Nova Zinc</i>	356	281	27%
Other products	1,221	1,264	(3%)
Total revenue	9,773	9,594	2%

In 9M 2013, CZP's revenue from sale of zinc and zinc alloys increases by 5% as compared to the 9M 2012 and amounted to RUB 5,624 mln. Increase of revenue was due to the growth of sales on the domestic market by 4% (9M 2013: 82.0 thousand tonnes; 9M 2012: 79.0 thousand tonnes).

Revenue of The Brock Metal Company Limited for 9M 2013 amounted to RUB 1,382 mln, 6% lower than in 9M 2012. This decrease was due to 6% decline of zinc alloys sales (9M 2013: 18.7 thousand tonnes; 9M 2012: 19.9 thousand tonnes).

CZP received revenue of RUB 1,125 mln under tolling agreement in 9M 2013, which is 3% higher compared to 9M 2012, that was due to the increase of tolling's volume (9M 2013: 41.7 thousand tonnes of zinc; 9M 2012: 40.3 thousand tonnes). Fixed processing fee amounted to RUB 27,000/tonne.

Revenue from lead concentrate sales for 9M 2013 amounted to RUB 421 mln (9M 2012: RUB 397 mln).

In 9M 2013, revenue from CZP's other products decreased by 3% to RUB 1,221 mln as compared to 9M 2012. The main reason was the decrease of sulphuric acid prices due to market changes.

Cost of Sales

(in millions of Russian Roubles)	9M 2013	9M 2012	Change, %
Raw materials and consumables used in production	4,401	4,372	1%
Utilities and fuel	1,674	1,436	17%
Depreciation of property, plant and equipment and amortization of intangible assets	690	693	0%
Staff cost	605	556	9%
Repairs and maintenance	555	492	13%
Mineral extraction tax	142	146	(3%)
Change in work-in-progress	122	(62)	n/a
Production overheads	61	62	0%
(Reversal of impairment)/Impairment of assets under construction	(2)	18	n/a
Inventory provision	(8)	(1)	n/a
Change in finished goods	(228)	(86)	n/a
Other cost of sales	102	88	16%
Cost of sales	8,114	7,714	5%

Cost of materials and consumables used primarily comprises of the cost of zinc concentrate, zinc containing raw materials, materials for alloys production and auxiliary materials used in the production process.

In 9M 2013, costs of utilities and fuel increased by 17% to RUB 1,674 mln. This increase was due to the growth of electricity tariffs for CZP by 14% (9M 2013: RUB 2.35 per kWh; 9M 2012: RUB 2.06 per kWh) and growth of diesel prices in Kazakhstan by 8% (9M 2013: 105.0 tenge/l; 9M 2012: 97.5 tenge/l).

Staff costs increased by 9% as compared to the relevant period of the previous year, to RUB 605 mln. The increase was due to the growth of average salaries.

Distribution, General and Administrative Expenses

In 9M 2013, distribution, general and administrative expenses increased by 11% and amounted to RUB 1,321 mln. The main reason was the cost increase of sulphuric acid transportation due to market changes.

Net profit

Net profit for 9M 2013 totalled RUB 203 mln compared to RUB 736 mln for 9M 2012.

Correction of financial results for 2012

There were changes in the consolidated financial results for the nine months of 2012 due to changes in the accounting policy regarding to the application of IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine".

(in millions of Russian Roubles)	Amount before the change in accounting policy	The effect of changes in accounting policy	Amount after the change in accounting policy
Gross profit	1,690	190	1,880
EBITDA	1,235	187	1,422
Net income	506	230	736

About Chelyabinsk Zinc Plant

Chelyabinsk Zinc Plant is the leading Russian zinc producer. In 2012 the plant produced 160,002 tonnes of saleable SHG zinc.

According to consolidated IFRS accounts, revenue in 2012 was RUB 13,077 mln and EBITDA was RUB 1,811 mln.

Ordinary shares of CZP are traded on the Moscow exchange MICEX-RTS under ticker CHZN and Global Depository Receipts (GDR) are traded on the London Stock Exchange under ticker CHZN.

Investor and Media Contacts:

Natalya Vasilieva, PR, ngv@zinc.ru

Tel: +7 (351) 799-01-52

Evgeny Ponomarev, IR, eyp@zinc.ru

Tel: +7 963 998-55-58

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 Condensed Interim Statement of Financial Position as at 30 September 2013 (unaudited)**

'000 RUB	30 September 2013	31 December 2012, restated
Assets		
Non-current assets		
Property, plant and equipment	5,624,090	5,605,438
Advances for capital construction	233,141	25,232
Intangible assets	85,421	74,591
Bank deposits	728,171	-
Other non-current assets	501	577
Total non-current assets	6,671,324	5,705,838
Current assets		
Inventories	2,422,145	2,015,403
Trade and other receivables	2,233,149	1,917,416
Current income tax prepayment	556	48,277
Loans issued	362,777	354,480
Short-term financial assets	-	3,722
Bank deposits	508,757	1,489,345
Cash and cash equivalents	338,619	425,386
Restricted cash	947	817
Total current assets	5,866,950	6,254,846
Total assets	12,538,274	11,960,684

JSC CHELYABINSK ZINC PLANT**Consolidated Condensed Interim Statement of Financial Position as at 30 September 2013 (unaudited)**

'000 RUB	30 September 2013	31 December 2012, restated
Equity		
Share capital	127,635	127,635
Share premium	1,375,231	1,375,231
Legal reserve	3,011	3,011
Cumulative currency translation reserve	(88,037)	(166,506)
Retained earnings	9,497,851	9,294,643
Total equity	10,915,691	10,634,014
Liabilities		
Non-current liabilities		
Provision for asset retirement obligations	117,274	107,272
Deferred income tax liabilities	216,368	247,601
Other non-current liabilities	55,417	53,783
Non-current liabilities	389,059	408,656
Current liabilities		
Short-term financial liabilities	2,406	-
Accounts payable, accrued expenses and advances from customers	973,574	774,633
Current income tax payable	23,891	7,188
Other taxes payable	233,653	136,193
Current liabilities	1,233,524	918,014
Total liabilities	1,622,583	1,326,670
Total equity and liabilities	12,538,274	11,960,684

JSC CHELYABINSK ZINC PLANT
Consolidated Condensed Interim Statement of Profit or Loss
for the nine months ended 30 September 2013
(unaudited)

'000 RUB	For the six months ended 30 September	
	2013	2012, restated
Continuing operations		
Revenue	9,773,092	9,594,277
Cost of sales	(8,114,139)	(7,714,316)
Gross profit	1,658,953	1,879,961
Distribution costs	(525,690)	(409,092)
General and administrative expenses	(795,148)	(781,823)
Other operating income and (expenses), net	(116,292)	(22,896)
Operating profit	221,823	666,150
Finance income and (costs), net	55,229	97,004
Foreign exchange (loss)/gain	(16,072)	27,352
Profit before income tax	260,980	790,506
Income tax expense	(57,771)	(54,556)
Profit for the period	203,209	735,950
Profit is attributable to:		
Shareholders of the Company	203,209	735,950
Earnings per share – basic and diluted (in RUB)	3.7	13.6

JSC CHELYABINSK ZINC PLANT
Consolidated Condensed Interim Statement of Cash Flows
for the nine months ended 30 September 2013
(unaudited)

'000 RUB	For the nine months ended 30 September	
	2013	2012, restated
Cash flows from operating activities		
Profit before income tax	260,980	790,506
Adjustments for:		
Depreciation and amortisation	736,293	735,763
Net gain on disposal of property, plant and equipment	(26,983)	(33,082)
Impairment of loans issued, trade and other receivables	2,465	800
Decrease in inventory provision	(8,217)	(1,357)
Finance income, net	(55,229)	(97,004)
Foreign exchange losses and (gains), net	1,592	(3,815)
(Reversal of impairment)/impairment of assets under construction	(1,464)	18,499
VAT provision accrued	44,741	-
Other non-monetary operating expenses /(income), net	7,226	(76,395)
Operating cash flows before changes in working capital	961,404	1,333,915
Increase in trade and other receivables	(310,066)	(542,252)
(Increase)/decrease in inventories	(361,540)	80,873
Increase in trade payables	221,345	27,466
Increase in taxes payable	47,107	87,463
Increase in restricted cash balance	(130)	(12,055)
Cash generated from operations	558,120	975,410
Interest paid	(733)	(3,850)
Income tax paid	(16,212)	(124,960)
Net cash generated from operating activities	541,175	846,600
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(719,018)	(651,177)
Stripping costs	(221,502)	(210,832)
Proceeds from sale of property, plant and equipment	604	5,732
Loans issued	(944)	(384)
Proceeds from repayment of loans	3,218	701,934
Interest income received	60,252	39,484
Decrease/ (increase) in short-term bank deposits	240,018	(965,023)
Net cash used in investing activities	(637,372)	(1,080,266)
Effect of currency translation and exchange rate fluctuations on cash and cash equivalents	9,430	8,699
Net decrease in cash and cash equivalents	(86,767)	(224,967)
Cash and cash equivalents at the beginning of the period	425,386	539,897
Cash and cash equivalents at the end of the period	338,619	314, 930