

Regulated Information

## Nyrstar announces 2012 Full Year Results

7 February 2013

### HIGHLIGHTS

#### **Contribution from Mining segment continues to grow in line with strategy; group underlying EBITDA and PAT adversely impacted by macro-economic conditions**

- Group underlying EBITDA of EUR 220 million, down (17)% on 2011 (EUR 265 million)
  - Mining EUR 129 million, up 79%, in line with strong production growth
  - Smelting EUR 135 million, down (43)%, impacted by lower treatment charges and reduced contribution from silver bearing material at Port Pirie of EUR 24 million compared to EUR 78 million in 2011
- Mining underlying EBITDA per tonne<sup>1</sup> EUR 413, up 19% on 2011 (EUR 348)
- Smelting underlying EBITDA per tonne<sup>2</sup> EUR 125, down 40% on 2011 (EUR 209)
- EPS of EUR(0.57) (PAT EUR (95) million) impacted by one-off impairments of non-core assets and restructuring expenses
- Proposed distribution of EUR0.16 per share via a share capital reduction

#### **Growth in production of all metals; full year guidance delivered**

- Mining production of 312kt of zinc in concentrate, up 105kt (51%) on 2011 (207kt)
  - Own mine production (excluding deliveries under Talvivaara zinc stream) of 282kt, up 172kt (64%)
  - Langlois ramp up completed in line with management expectations with production of 39kt
  - Tennessee Mines delivered significantly improved performance with production of 109kt, up 36%
  - Talvivaara deliveries of 30kt, down 5kt (14%)
- Mining production guidance achieved for lead (16.2kt actual), copper (13.0kt) and silver (5,517ktoz) and all significantly up on 2011, by 108%, 69% and 50% respectively; gold production slightly below guidance (94.6ktoz actual) but again significantly up on 2011 (90%)
- Zinc metal production of 1,084kt at smelters, in line with guidance

#### **Challenging trading environment with downward movements in commodity prices and treatment charges**

- Commodity prices remained volatile throughout 2012, with zinc, lead, copper and silver prices all down in 2012
- Zinc price averaged USD 1,946/t, down 11% on 2011 (USD 2,191/t), and 14%, 10% and 11% declines in the average lead, copper and silver prices respectively
- 2012 zinc benchmark treatment charge (TC) significantly below 2011 terms, with realised TC declining 15%
- Partly benefited from weaker Euro, however smelting cost base challenged due to strength of the Australian Dollar, averaging 0.81 against the Euro (up 8% compared to 2011)

#### **Improving the Nyrstar cost base and maintaining capital discipline**

- Average zinc mining C1 cash cost<sup>3</sup> of USD 1,154/t of payable zinc in H2 2012 (USD 1,255/t in H1 2012)
  - Tennessee Mines C1 cash cost significantly improved 20% in H2 2012 to USD 1,705/t (USD 2,143/t in H1 2012) due to increased volumes and unit cost reduction following optimisation programme
- Smelting operating cost per tonne of EUR 577 in 2012 impacted by strength of Australian dollar and production issues in H2 2012 at Port Pirie
- Implemented comprehensive group wide review of operating costs, Project Lean, identifying to date EUR 50 million in incremental annualised sustainable savings and a reduction in employee and contractor headcount of 15-20% across smelting, mining and corporate; expect full benefit to be realised by end of 2014
  - First phase implemented in Q4 2012 through optimisation of Peruvian operations, with reduction in employee and contractor headcount by approximately 1,000
- Planned reduction in capital expenditure to EUR 200–230 million in 2013 (including growth spend of EUR 35-55 million), compared to EUR 248 million spent in 2012 which was in line with guidance

<sup>1</sup> Mining segment underlying EBITDA per tonne of zinc in concentrate produced

<sup>2</sup> Smelting segment underlying EBITDA per tonne of zinc metal produced

<sup>3</sup> C1 cash costs are defined by Brook Hunt as: the costs of mining, milling and concentrating, on-site administration and general expenses, property and production royalties not related to revenues or profits, metal concentrate treatment charges, and freight and marketing costs less the net value of by-product credits.

## **Continued roll-out of optimisation programme (Mining for Value) across Mining segment**

- A back-to-basics, systematic analysis of processes and capabilities to develop an optimal, sustainable operating model for each mine, incorporating standardised operating systems, life of mine planning and optimised capital allocation
- Successful implementation at Tennessee Mines in H1 2012 resulting in increased zinc in concentrate production and significant (20%) improvement in C1 cash cost in H2 2012
- Implemented at Campo Morado in H2 2012, with tangible benefits expected to start materialising in H1 2013, and to be rolled out at other mines during course of 2013

## **Strong financial position with a high quality portfolio of long-term debt**

- Successfully refinanced EUR 400 million structured commodity trade finance facility
- Significant cash inflow from operating activities due to working capital initiatives
- Net debt of EUR 681 million at the end of 2012, compared to EUR 718 million at the end of 2011
- Gearing<sup>4</sup> maintained at 37.0% at the end of 2012, compared to 35.0% at the end of 2011

## **Delivering on Strategy into Action**

- Reached in-principle agreement to transform the Port Pirie smelter into an advanced poly-metallic processing and recovery facility, through an innovative financing and support package, providing an opportunity to strengthen and further diversify group earnings and preserving capacity to continue execution of mining strategy
- Unlocked untapped value through the successful commissioning of the indium metal plant at Auby smelter, realisation of operational synergies at Clarksville with production of germanium residue from Tennessee Mine zinc concentrates and production of tellurium concentrate at Port Pirie smelter
- Increased focus on core mining and smelting businesses with divestments of non-core assets; ARA Sydney (Australia) and Galva 45 (France)
- Commenced Smelting Strategic Review aimed at identifying opportunities to sustainably improve profitability of zinc smelting business
- Continue to explore value accretive M&A opportunities

Commenting on the 2012 full year results, Roland Junck, Chief Executive Officer of Nyrstar, said,

“During 2012 we completed a major step in the long term strategic repositioning of Nyrstar from a pure smelting business to integrated mining and metals company. Through the execution and implementation of our strategy we have transformed the composition of our result, with mining EBITDA surpassing smelting EBITDA in H2 2012; a result achieved with zinc mining volumes approximately three times lower than zinc smelting volumes. This structural shift is further evident in the EBITDA contribution per tonne from the Mining segment which, despite a decline in commodity prices, was up 23% in H2 2012 to EUR 456 compared to H1 2012, while EBITDA per tonne in the Smelting segment continued to come under pressure with a decline of 29% to EUR 104 over the same period. This reinforces our backward integration strategy as mining is proven to be structurally more profitable per tonne than smelting.

The improvement in mining profitability was driven by considerable growth in the production of all metals. Zinc in concentrate production of 312kt in 2012, was 51% higher than in 2011, with own mine production up 64%. Lead, copper, silver and gold production was also significantly up on 2011, by 108%, 69%, 50%, and 90% respectively. Production guidance was achieved for all metals, except for gold which was slightly below due to temporary operational interruptions experienced in H1 2012 at El Toqui and Coricancha.

These improvements were delivered in a challenging trading environment, with zinc, lead, copper and silver prices all down in 2012 and all remained volatile throughout the year. The zinc price averaged USD 1,946/t, down 11% on 2011, while there were 14%, 10% and 11% declines in the average lead, copper and silver prices respectively. This negatively impacted mining C1 cash costs, through the reduction in by-product credits. That said, due to improving the quality of our mining portfolio we still delivered an improvement in the average zinc mining C1 cash cost, down 5% in 2012 compared to 2011. This included a significant improvement in the C1 cash cost at Tennessee Mines to USD 1,705/t in H2 2012, down 20% compared to H1 2012, due to increased volumes and a unit cost reduction following an optimisation programme. The lower price environment also impacted smelting gross profit, which was additionally affected by lower 2012 zinc benchmark treatment charge (TC)

<sup>4</sup> Gearing: net debt to net debt plus equity at end of period

terms, with realised TCs down 15% on 2011. Nyrstar did partly benefit from a weaker Euro although this did not offset the decline in commodity prices. The other currency impacting our results in 2012 was the Australian dollar, which continued its strong performance averaging 0.81 against the Euro, up 8% compared to 2011. While the zinc smelters maintained their cost in local currency, given approximately 40% of our smelting costs are denominated in Australian dollars, the average smelting operating cost per tonne in Euro terms increased to EUR 577.

Due to this unfavourable trading environment, in absolute terms our results declined in 2012 compared to 2011. Group underlying EBITDA of EUR 220 million, declined by 17% on 2011, with smelting underlying EBITDA, down 43%, also impacted by the reduced contribution from silver bearing material at Port Pirie (EUR 24 million in 2012 compared to EUR 78 million in 2011). Loss after tax of EUR (95) million was also impacted by increased depreciation and depletion charges in our Mining segment, the latter a non-cash item related to the accounting treatment of the Breakwater Resources and Farallon Mining acquisitions, higher finance expenses, and one-off charges for impairment of EUR 17 million against non-core assets and restructuring expenses of EUR 17 million mainly in relation to our announced cost savings programme, Project Lean.

At our 2012 Half Year results, we announced that we had commenced a group wide review of our corporate offices, mining operations and smelting operations to identify opportunities to sustainably reduce our operating costs, and that we were taking measures to reduce sustaining capital expenditure in H2 2012, whilst retaining our ability to invest in organic growth opportunities. Both initiatives are core elements of our strategy to achieve excellence in everything we do and we are pleased to announce we have made significant progress in both areas. We have identified to date EUR 50 million in incremental annualised sustainable operating cost savings, and have developed a detailed plan to implement this programme, known internally as Project Lean, by the end of 2014. We have already executed a first phase of this project through the optimisation of Peruvian mining operations, reducing employee and contractor headcount by approximately 1,000. With a significant portion of savings expected to be delivered within the Mining segment, we expect Project Lean to enable us to deliver on our medium term average mining C1 cash cost target of less than USD1,000/t. With regards to capital expenditure, we contained spend in H2 2012 and so total spend in 2012 was EUR 248 million, in line with our 2012 guidance and for 2013 we are guiding to a reduced level of full year spend of EUR 200-230 million.

Maintaining the strength of our balance sheet was of critical importance during 2012, as commodity price conditions remained volatile and we continued to invest in organic growth opportunities. A key cornerstone in achieving this aim was our ability to successfully refinance our EUR 400 million structured commodity trade finance facility. In addition, we took a number of measures to improve our management of working capital that enabled us to deliver a year-on-year reduction in our net debt position, and we took the step of writing down a number of non-core businesses.

Entering 2013, Nyrstar is a stronger company, with a larger and more diversified mining and metals footprint. Coupled with our focus on improving the Nyrstar cost base, through the implementation of Project Lean, our targeted reduction in capital expenditure and the development and execution of organic growth opportunities, we will be in a more robust position to deal with the possibility of continued short term volatility in our markets. We continue to plan on a prudent basis to ensure our operations and commercial department maintain a sharp focus on maximising profitability and free cash performance even at constant prices. That said, we remain confident in the medium and long term fundamentals of the zinc and other related commodity markets. We continue to explore value accretive M&A opportunities, and will ensure our balance sheet continues to support our growth strategy."

## CONFERENCE CALL

Management will discuss this statement in a conference call with the investment community on 7 February 2012 at 09:00am Central European Time. The presentation will be webcast live on the Nyrstar website, [www.nyrstar.com](http://www.nyrstar.com), and will also be available in archive. The webcast can be accessed via: <http://www.media-server.com/m/p/3n29rrqa>.

## KEY FIGURES

EUR million unless otherwise indicated	FY 2012	FY 2011	% change	H2 2012	H1 2012	% change
<b>Mining Production</b>						
Zinc in concentrate ('000 tonnes)	312	207	51%	160	151	6%
Gold ('000 troy ounces)	94.6	49.9	90%	51.9	42.5	22%
Silver ('000 troy ounces) <sup>5</sup>	5,517	3,673	50%	2,858	2,658	8%
Copper in concentrate ('000 tonnes)	13.0	7.7	69%	6.5	6.5	-
<b>Smelting Production <sup>6</sup></b>						
Zinc metal ('000 tonnes)	1,084	1,125	(4)%	547	538	2%
Lead metal ('000 tonnes)	158	195	(19)%	73	85	(14)%
<b>Market</b>						
Average LME zinc price (USD/t)	1,946	2,191	(11)%	1,916	1,977	(3)%
Average exchange rate (EUR/USD)	1.28	1.39	(8)%	1.27	1.30	(2)%
<b>Key Financial Data</b>						
Revenue	3,070	3,348	(8)%	1,581	1,489	6%
Mining EBITDA <sup>7</sup>	129	72	79%	73	56	30%
Smelting EBITDA <sup>7</sup>	135	235	(43)%	56	79	(29)%
Other & Eliminations EBITDA <sup>7</sup>	(44)	(42)	5%	(20)	(24)	(17)%
<b>EBITDA <sup>7</sup></b>	<b>220</b>	<b>265</b>	<b>(17)%</b>	<b>109</b>	<b>111</b>	<b>(2)%</b>
Results from operating activities before exceptional items	(6)	122	(105)%	(9)	3	(400)%
<b>Profit/(loss) for the period</b>	<b>(95)</b>	<b>36</b>	<b>(364)%</b>	<b>(63)</b>	<b>(32)</b>	<b>(97)%</b>
Mining EBITDA/t <sup>7</sup>	413	348	19%	456	371	23%
Smelting EBITDA/t <sup>7</sup>	125	209	(40)%	104	147	(29)%
<b>Group EBITDA/t <sup>7</sup></b>	<b>158</b>	<b>199</b>	<b>(21)%</b>	<b>154</b>	<b>161</b>	<b>(4)%</b>
Underlying EPS (EUR)	(0.55)	0.38	(245)%	(0.28)	(0.28)	-
Basic EPS (EUR)	(0.57)	0.24	(338)%	(0.39)	(0.18)	117%
Capital Expenditure	248	229	8%	130	118	10%
<b>Cash Flow and Net Debt</b>						
Net operating cash flow	362	121		121	241	
Net debt/(cash), end of period	681	718		681	618	
Gearing <sup>8</sup>	37.0%	35.0%		37.0%	32.7%	

<sup>5</sup> 75% of the silver produced by Campo Morado is subject to a streaming agreement with Silver Wheaton Corporation whereby only USD 3.90/oz is payable. In 2012, Campo Morado produced approximately 1,728,000 troy ounces of silver.

<sup>6</sup> Includes production from Mining and Smelting segments only. Zinc production at Föhl, Galva 45 and Genesis and lead production at Simstar Metals are not included.

<sup>7</sup> All references to EBITDA in the table above are Underlying EBITDA. Underlying measures exclude exceptional items related to restructuring measures, M&A related transaction expenses, impairment of assets, material income or expenses arising from embedded derivatives recognised under IAS 39 and other items arising from events or transactions clearly distinct from the ordinary activities of Nyrstar. Underlying EPS does not consider the tax effect on underlying adjustments.

<sup>8</sup> Gearing: net debt to net debt plus equity at end of period

## OPERATIONS REVIEW: MINING

'000 tonnes unless otherwise indicated	FY 2012	FY 2011	% change	H2 2012	H1 2012	% change
<b>Total ore milled</b>	6,924	4,516	53%	3,727	3,198	17%
<b>Total zinc concentrate</b>	564	369	53%	289	272	6%
<b>Total lead concentrate</b>	28.6	13.2	108%	15.1	13.7	6%
<b>Total copper concentrate</b>	72.5	49.1	48%	36.0	36.5	(1)%
<b>Zinc in Concentrate</b>						
Campo Morado	40	46	(13)%	17	23	(26)%
Contonga	15	10	50%	8	7	14%
Coricancha	2	2	-	1	1	-
El Mochito	26	10	160%	13	13	-
El Toqui	20	9	122%	10	10	-
Langlois	39	1	3800%	22	17	29%
Myra Falls	32	15	113%	14	18	(22)%
East Tennessee	61	49	24%	34	26	31%
Middle Tennessee	48	32	50%	26	22	18%
Tennessee Mines	109	80	36%	60	49	22%
<b>Own Mine Total</b>	<b>282</b>	<b>172</b>	<b>64%</b>	<b>86</b>	<b>135</b>	<b>(36)%</b>
Talvivaara Stream	30	35	(14)%	14	16	(13)%
<b>Total</b>	<b>312</b>	<b>207</b>	<b>51%</b>	<b>160</b>	<b>151</b>	<b>6%</b>
<b>Lead in concentrate</b>						
Contonga	1.5	1.0	50%	0.8	0.7	14%
Coricancha	0.8	1.3	(38)%	0.5	0.3	67%
El Mochito	12.4	4.9	153%	6.3	6.1	3%
El Toqui	0.4	0.2	100%	0.1	0.3	(67)%
Myra Falls	1.1	0.4	175%	0.7	0.5	40%
<b>Total</b>	<b>16.2</b>	<b>7.8</b>	<b>108%</b>	<b>8.4</b>	<b>7.9</b>	<b>6%</b>
<b>Copper in concentrate</b>						
Campo Morado	5.6	5.2	8%	2.9	2.7	7%
Contonga	1.5	0.8	88%	0.9	0.6	50%
Coricancha	0.2	0.2	-	0.1	0.1	-
Langlois	2.0	0.1	1900%	1.1	0.9	22%
Myra Falls	3.8	1.6	138%	1.5	2.2	(32)%
<b>Total</b>	<b>13.0</b>	<b>7.7</b>	<b>69%</b>	<b>6.5</b>	<b>6.5</b>	<b>-</b>
<b>Gold ('000 troy oz)</b>						
Campo Morado	15.9	17.0	(6)%	7.7	8.2	(6)%
Coricancha	11.5	14.8	(22)%	7.1	4.4	61%
El Toqui	51.6	13.0	297%	29.3	22.1	33%
Langlois	2.0	-	-	1.1	0.9	22%
Myra Falls	13.6	5.1	167%	6.7	6.9	(3)%
<b>Total</b>	<b>94.6</b>	<b>49.9</b>	<b>90%</b>	<b>51.9</b>	<b>42.5</b>	<b>22%</b>
<b>Silver ('000 troy oz)</b>						
Campo Morado <sup>9</sup>	1,728	1,836	(6)%	816	912	(11)%
Contonga	450	393	15%	236	213	11%
Coricancha	491	583	(16)%	339	152	123%
El Mochito	1,627	598	172%	858	770	11%
El Toqui	113	43	163%	56	57	(2)%
Langlois	528	-	-	300	228	32%
Myra Falls	580	220	164%	254	326	(22)%
<b>Total</b>	<b>5,517</b>	<b>3,673</b>	<b>50%</b>	<b>2,858</b>	<b>2,658</b>	<b>8%</b>

The production figures above are those attained under Nyrstar ownership.

<sup>9</sup> 75% of the silver produced by Campo Morado is subject to a streaming agreement with Silver Wheaton Corporation whereby only USD 3.90/oz is payable. In 2012, Campo Morado produced approximately 1,728,000 troy ounces of silver



In 2012, Nyrstar produced approximately 312,000 tonnes of zinc in concentrate, a substantial increase (51%) compared to 2011 (207,000 tonnes). Own mine production, excluding deliveries under the Talvivaara zinc stream, increased 64% to approximately 282,000 tonnes in 2012 compared to 172,000 tonnes in 2011. There were also significant increases in the production of copper, lead, silver and gold. Copper in concentrate production increased 69%, lead in concentrate production increased 108%, production of gold was up 90% and silver production increased 50%. Nyrstar achieved its full year production guidance for zinc, copper, lead and silver, while it achieved slightly below guidance volumes for gold.

Production of zinc in concentrate at Campo Morado declined by 13% in 2012 compared to 2011. This was due to a 12% decline in the average zinc mill head grade and a 5% reduction in zinc recovery (the latter caused by a higher iron content in ore), which more than offset a 5% increase in the volume of ore milled. Gold and silver production also declined year-on-year, again due to lower mill head grades and recoveries. Copper in concentrate production increased 8%, primarily due to an 8% increase in the average mill head grade. As previously announced, during Q3 2012 an optimisation programme commenced at the Campo Morado mine to review all aspects of operations. Utilising the same systematic approach deployed during the successful programme at the Tennessee Mines during H1 2012, the intention is to improve the site's operating model to deliver a more productive and profitable operation. Areas identified for improvement were ore face mapping procedures, dilution control, ore sorting and the operating performance of the grinding circuit and gold circuit at the mill. Operational benefits started to be delivered in Q4 2012, with better dilution controls at the mill leading to increases in the average mill head grade in H2 2012 for copper (14%), silver (5%) and gold (2%) compared to H1 2012. In addition recovery rates improved in November and December for all metals due to the installation of new machinery and changes to management at the site, which led to higher production levels for all metals. Nyrstar would expect to start delivering tangible operational and financial results in H1 2013.

The Contonga mine delivered a 50% increase in its zinc in concentrate production in 2012 compared to 2011. This was primarily due to successfully receiving the required permit to expand mill capacity from 660 tonnes to 990 tonnes per day at the end of Q1 2012 and consequent successful efforts of the site to increase mill throughput the year. Consequently lead in concentrate, copper in concentrate and silver production also increased in 2012, by 50%, 88% and 15% respectively. Zinc and copper mill head grades both improved in 2012, 3% and 32% respectively, with a decline in the lead (2%) and silver (18%) grades. Production of all metals in H2 2012 was higher than in H1 2012 due to the higher throughput rate the mill was permitted to operate at.

Production in 2012 at the Coricancha mine was materially impacted by the suspension of milling operations during Q2 2012 due to a temporary suspension imposed by the Peruvian mining authority. The order concerned the storage and planned movement of legacy tailings to a new facility which has been constructed by Nyrstar. Due to the milling suspension, no concentrate production was possible at Coricancha during Q2 2012. Production recommenced in July 2012 when authorisation was given for the Coricancha mine to re-start milling operations. During the suspension period the site was able to take a number of proactive steps including bringing forward a preventative maintenance schedule at the mill and stockpiling ore in underground workings. Subsequently the site was able to deliver a strong performance in H2 2012, with gold production up 61% compared to H1 2012 and silver (123%) and lead (67%) also up. In conjunction with the implementation of the first phase of Project Lean at the Peruvian operations, which reduced employee and contractor headcount by approximately 1,000 at Coricancha, at the end of 2012 Nyrstar implemented a new, interim operating model at the mine. The focus is now on extracting the maximum gold and silver value from legacy tailings before moving the waste material to the tailings pond. During this period the site will preserve cash by not mining ore from its underground deposits. Consequently while the volume of gold production is not expected to materially alter from 2012, silver production will be lower and zinc, lead and copper in concentrate production will cease. In the short term this operating model is expected to generate a positive underlying EBITDA result (at current metal prices), and in the medium to longer term ensure a sustainable economic solution for both legacy tailings and for future tailings following the recommencement of mining activities planned for 2014. In preparation for the restart of mining activities, the site will invest capital into targeted exploration to allow mechanised mining to be introduced underground, which will have production and cost benefits.

The El Mochito mine delivered a solid performance during 2012, with zinc in concentrate production of approximately 26,000 tonnes in line with total production (irrespective of ownership) in 2011; lead and silver production was also comparable year-on-year. Ore milled volumes were 5% higher in 2012 compared to 2011, although electrical failures during the rainy season (Q3 2012) restricted mill throughput during the second half. The site delivered increased mill head grades for all metals during H2 2012, thereby maintaining or increasing metal in concentrate production. The average silver mill head grade achieved

(83.86g/t in H2 2012 and 71.94g/t for the full 2012) continued to exceed the proven reserve grade, while zinc and lead achieved grades were in line.

The El Toqui mine produced approximately 51,600 troy ounces of gold in 2012, a 54% increase on total production in 2011. This was due to the successful execution of gold campaigns in Q2 2012 and Q4 2012 in which underground mining activity targeted higher grade gold ore bodies (average mill head grade in 2012 of 3.76g/t, compared to 2.30g/t in 2011) rather than zinc ore bodies. The campaign demonstrates Nyrstar's strategy to focus on maximising value rather than production, with the El Toqui mine able to change the production mix of metals, from zinc to gold, based on prevailing commodity market conditions. As a consequence zinc in concentrate production was reduced to approximately 20,000 tonnes in 2012 from 29,000 tonnes in 2011. The operational performance at the El Toqui mine during 2012 was particularly impressive given the mill operated at a reduced level for approximately four weeks during Q1 2012, due to the impact of demonstrations in relation to social conditions by communities across the Aysén region of Chile in which the mine is situated. Although these events were completely unconnected to the mine, they prevented the free movement of fuel, equipment, contractors and employees to and from the site. During 2012 the mine delivered a successful diamond drilling programme, which added to the proven and probable reserves and measured and indicated mineral resources as reported in Nyrstar's 2012 Mineral Resource and Mineral Reserve statement.

Following the successful completion of its ramp-up in H1 2012, the Langlois mine delivered a solid performance in H2 2012 increasing its zinc in concentrate, copper in concentrate, gold and silver production half-on-half by 29%, 22%, 22% and 32% respectively. Full year zinc in concentrate production of approximately 39,000 tonnes was in line with management expectations. The site continued to update its block models in H2 2012 to improve the understanding of the underlying geology and improve mine planning capabilities. As advised in Nyrstar's 2012 Half Year Results, during this time the consistency of mill head grades could vary and this is what transpired with zinc grades failing 2% in H2 2012 to 8.05% compared to H1 2012, and grades of other metals also declining. One may expect this grade variability to continue into H1 2013. However, these decreases in grade in H2 2012 were largely offset by the continued increases in ore milled (up 39% in H2 2012).

The Myra Falls mine performed in line with its long term mine plan in 2012, with ore milled volumes increasing 6% compared to 2011. Zinc in concentrate production of approximately 32,000 tonnes in 2012, was 11% lower than total production in 2011, primarily driven by a lower average zinc mill head grade. Whereas in H2 2011, as per the long term mine plan, mining activities focused on higher zinc grade ore bodies (average zinc mill head grade of 9.00%), during 2012 mining concentrated on different areas within the ore bodies with an average zinc mill head grade of 6.88%. Copper in concentrate production also declined year-on-year, again due to a lower mill head grade as the mine plan concentrated on the Western ore bodies at the site where by-products grades are slightly lower. Both silver (1%) and gold production (10%) increased in 2012 compared to total production in 2011, with the higher ore milled volume more than offsetting marginal decline in mill head grades.

The Tennessee Mines delivered a significant improvement in operational performance in 2012. This followed a six week optimisation programme which commenced at the end of Q1 2012, combining internal and external resources working with Tennessee mine management, to analyse processes at the mines and build an optimised operating programme, known as Mining for Value. The focus areas identified were mine planning, operations and asset management with projects emphasising throughput, mine development and value awareness. The programme already delivered some benefits in H1 2012, however the real step change in performance occurred in H2 2012. Zinc in concentrate production in H2 2012 increased by 31% and 18% at East and Middle Tennessee Mines, respectively, compared to H1 2012. For the full year 2012 combined zinc in concentrate production was approximately 109,000 tonnes, 36% higher than in 2011. Middle Tennessee's performance in 2012 was particularly impressive with zinc in concentrate production increasing 50%, ore milled up 27% and a 19% increase in the average zinc mill head grade compared to 2011.

Deliveries of zinc in concentrate from Talvivaara under the zinc streaming agreement declined by approximately 14% in 2012 to 30,000 tonnes, from 35,000 tonnes in 2011. Talvivaara's performance was impacted by dilution of leach solutions due to excessive rain, scheduled maintenance and a fatality related stoppage during H1 2012, and then in H2 2012 due to the suspension of operations during November due to a gypsum pond leakage. These production issues all had a knock-on impact on deliveries to Nyrstar, with the suspension in operations from the pond leakage leading to a fall in deliveries in H2 2012 of 13% compared to H1 2012. During H1 2012 an important logistical process step was made with Talvivaara delivering concentrate by bulk rather than container shipping as a result of the successful reduction in the moisture content of

concentrate. This has simplified the flow of deliveries of concentrate between the Talvivaara mine site and Nyrstar's port facilities in Antwerp.

## Production Guidance

Production guidance for 2013 across Nyrstar's portfolio of mining assets is as follows:

Metal in concentrate	Production Guidance
Zinc (own mines) *	300,000 – 340,000 tonnes
Lead	15,000 – 18,000 tonnes
Copper	12,000 – 14,000 tonnes
Silver **	5,250,000 – 5,750,000 troy ounces
Gold	85,000 – 95,000 troy ounces

\* Excluding zinc deliveries under the Talvivaara Streaming Agreement. Talvivaara have indicated they will issue their 2013 production guidance in their 2012 Full Year Results due for release on 14 February 2013.

\*\* 75% of the silver produced by Campo Morado is subject to a streaming agreement with Silver Wheaton Corporation whereby only USD 3.90/oz is payable

The guidance above reflects Nyrstar's current expectation for 2013 production. Importantly, Nyrstar's strategy is to focus on maximising value rather than production and, as such, the production mix of these metals may be altered during the course of the year depending on prevailing market conditions. Revised updates may be issued by Nyrstar in subsequent trading updates during 2013, if it is expected that there will be material changes to the above guidance.

## OPERATIONS REVIEW: SMELTING

	FY 2012	FY 2011	% change	H2 2012	H1 2012	% change
<b>Zinc metal ('000 tonnes)</b>						
Auby	161	164	(2)%	81	80	2%
Balen/Overpelt	250	282	(11)%	130	120	8%
Budel	257	261	(2)%	129	128	1%
Clarksville	114	110	4%	57	59	(3)%
Hobart	272	279	(3)%	135	137	(1)%
Port Pirie	31	30	3%	15	16	(8)%
<b>Total</b>	<b>1,084</b>	<b>1,125</b>	<b>(4)%</b>	<b>547</b>	<b>538</b>	<b>2%</b>
<b>Lead metal ('000 tonnes)</b>						
Port Pirie	158	195	(19)%	73	85	118%
<b>Other products</b>						
Copper cathode	3	4	(25)%	1	2	237%
Silver ('000 troy ounces)	13,806	18,563	(26)%	7,349	6,400	88%
Gold ('000 troy ounces)	56	36	56%	26	30	120%
Indium metal (tonnes)	13	-	-	11	1	14%
Sulphuric acid	1,388	1,400	(1)%	723	665	92%

The Smelting segment produced approximately 1,084,000 tonnes of zinc metal in 2012, in line with the stated guidance of approximately 1.1 million tonnes. Although 4% down on the record performance achieved in 2011 (1,125,000 tonnes), 2012 production was line with historical levels. The zinc smelters delivered a strong operational performance in H2 2012, producing approximately 547,000 tonnes of zinc metal, a 2% increase on H1 2012, a half in which the Smelting segment experienced some operational issues (particularly at the start of the year).



The Auby smelter performed strongly in 2012, with zinc metal output again at full operating capacity and the indium metal production of approximately 13 tonnes, following the successful commissioning of the indium metal plant during Q2 2012. The Balen/Overpelt smelter recovered well in H2 2012, following a first half impacted by national industrial action and an unplanned shut in Q1 2012. H2 2012 zinc metal production increased 8% from H1 2011, although compared to a very strong 2011 production for the full year 2012 was down 11%. In spite of a planned three week roaster and acid plant shut in Q2 2012, the Budel smelter delivered another strong full year performance, with zinc metal production in line with 2011.

At Clarksville, zinc metal production was 4% up in 2012 compared to 2011, with the previous year's production impacted by a planned roaster dome refractory replacement (a one in thirty year event). During Q3 2012, the Clarksville smelter began to produce germanium leach (an intermediate product), by processing germanium contained in Middle Tennessee Mine zinc concentrate. Germanium is used in fibre-optics and semi-conductors, and the production of the leach product generates high margins. Due to current constraints, the production of germanium leach currently limits the throughput rate of the Clarksville roaster thereby reducing zinc metal production. This is an example of a strategic initiative called Smelting For Value, whereby smelters are driven to maximise EBITDA and free cash flow margins rather than maximise zinc production volumes. The Hobart smelter delivered a solid operating performance in 2012, with zinc metal production marginally (3%) down on a strong 2011.

Lead metal production at the Port Pirie smelter in 2012 was impacted by an unplanned shut of the blast furnace in Q3 2012, which led to a 19% decrease compared to 2011. The production of other metals was additionally impacted by an unplanned shut of the copper dressing furnace, also in Q3 2012, with copper and silver production down 25% and 26% respectively (silver production was also impacted by the lower volume of silver bearing material extracted from the floor of the precious metal refinery in 2012 compared to 2011). Gold production was also impacted by the two aforementioned shuts however due to the strategy to treat more complex lead concentrates with a higher precious metal content, to increase EBITDA margins, gold production increased 56% in 2012 compared to 2011.

## Production Guidance and Planned Shuts

Nyrstar expects to produce 1.0 – 1.1 million tonnes of zinc metal in 2013. This level of production is based on maximising EBITDA and free cash flow generation in the Smelting segment by targeting the optimal balance between production and sustaining capital expenditure.

During 2013 there are a number of major scheduled and budgeted maintenance shuts at the smelters, which will have an impact on production. These shuts will enable the smelters to continue to operate within internal safety and environmental standards, comply with external regulations/standards and improve the reliability and efficiency of the production process. In addition, the scheduled shuts will allow the sites to make improvements to critical production steps, for instance improving reliability and/or expanding capacity of different metals. All efforts are made to reduce the production impact of these shuts by building intermediate stocks prior the shut and managing the shut in a timely and effective manner. The estimated impact of these shuts on 2013 production, which have been taken into account when determining zinc metal guidance for 2013, are listed below:

2013 smelter planned shuts		
Smelter & production step impacted	Timing and duration	Estimated impact
Auby - zinc plant	Q1: 1 - 2 weeks	nil – 5,000 tonnes zinc metal
Auby - zinc plant	Q2: 1 – 2 weeks	nil – 7,500 tonnes zinc metal
Balen - roaster and acid plant	Q2 – Q3: 12 weeks	12,000 – 20,000 tonnes zinc metal
Balen - cellhouse	Q2: 2 – 4 weeks	
Clarksville - roaster and acid plant	Q1: 2 weeks	nil – 5,000 tonnes zinc metal
Hobart - roaster and acid plant	Q1: 1 - 2 weeks	nil – 5,000 tonnes zinc metal
Port Pirie - slag Fumer	Q3: 2 -3 weeks	1,000 – 2,000 tonnes zinc metal

## OPERATIONS REVIEW: HEALTH, SAFETY AND ENVIRONMENT

Nyrstar's recordable injury rate (RIR)<sup>10</sup> continued to improve during 2012, with a significant decline of 37% to 8.2 in 2012 compared with 13.0 in 2011. The lost time injury rate (LTIR)<sup>10</sup> also significantly decreased, by 40% to 2.5 in 2012, compared to 4.2 in 2011. The RIR and LTI rate at Nyrstar's smelters remain at record low levels and there have been substantial improvements in the Mining segment as a result of a strong safety focus at the mines acquired in previous years.

A global mining underground safety audit was completed in January 2012, which utilised external mining safety specialists in collaboration with internal health and safety managers. The team conduct an on-the-ground review of practices, policies and procedures at each mining operation, with the objective of creating a safety framework and improvement programme which will enable Nyrstar to achieve world class underground mining safety standards. The outcomes of the audit were presented to Nyrstar's Board during H1 2012 and subsequently site level safety improvement plans were developed and implemented during H2 2012.

In the Smelting segment, both Budel, 1.8, and Port Pirie, 3.2, achieved recordable injury rates in 2012 that surpassed world class performance levels of 5.0<sup>11</sup>. In addition Budel ended 2012 without recording a single Lost Time Injury. Both of these exceptional safety performances were a result of a Driven Safety Focus initiative at Nyrstar's smelters, the participation of all employees in Living the Nyrstar Way, a core component of Nyrstar's Strategy into Action, and a high safety maturity level of all employees across the two sites. During 2012 the Smelting segment focused on leading indicators and in Living Safety on a daily basis, with near miss reporting and Investigation and hazard identification reporting and elimination.

There were no environmental incidents<sup>10</sup> that resulted in a significant off-site environmental impact or in regulatory enforcement action during 2012. However, there was a material increase in minor recordable environmental incidents, with 54 being reported in 2012 compared with 22 in 2011. The increase is primarily due to the greater number of mines that Nyrstar now operates, with the acquisition of the Campo Morado, El Mochito, El Toqui, Langlois and Myra Falls mines during 2011.

<sup>10</sup> Lost Time Injury Rate (LTIR) and Recordable Injury Rate (RIR) are 12 month rolling averages of the number of lost time injuries and recordable injuries (respectively) per million hours worked, and include all employees and contractors at all operations. Prior period data can change to account for the reclassification of incidents following the period end date.

<sup>11</sup> World class performance based on international oil and gas industry health and safety data

## MARKET REVIEW

Average prices <sup>12</sup>	FY 2012	FY 2011	% change	H2 2012	H1 2012	% change
Exchange rate (EUR/USD)	1.28	1.39	(8)%	1.27	1.30	(2)%
Zinc price (USD/tonne, cash settlement)	1,946	2,191	(11)%	1,916	1,977	(3)%
Lead price (USD/tonne, cash settlement)	2,061	2,398	(14)%	2,087	2,035	3%
Copper price (USD/tonne, cash settlement)	7,950	8,811	(10)%	7,807	8,096	(4)%
Silver price (USD/t.oz, LBMA AM fix)	31.15	35.12	(11)%	31.24	31.06	1%
Gold price (USD/t.oz, LBMA AM fix)	1,662	1,572	6%	1,660	1,651	1%

### Exchange rate

The Euro weakened against the US Dollar by 2%, from an average of 1.30 in H2 2012 to an average of 1.27 in H2 2012. The reason for this depreciation was primarily due to on-going uncertainties regarding European Sovereign debt. The appreciation of the US Dollar relative to the Euro positively impacted Nyrstar's earnings in H2 2012 as revenues are largely denominated in US dollars.

### Base Metal Summary

The resurgence of concerns regarding European Sovereign debt and the growth rate of the Chinese economy led to a decline in macroeconomic sentiment and a subsequent correction in metals prices in Q2 2012. This correction reached its nadir in Q3 2012 and thereafter sentiment subsequently began to lift in September due to policy response actions by central banks as well as resilient economic data from the United States and some easing of fiscal austerity measures in China.

### Zinc

The average zinc price declined by 11% in 2012 to USD 1,946 per tonne compared to USD 2,191/t in 2011. Whilst overall demand expectations softened over the course of 2012, key end use sectors for zinc continued to grow at a healthy pace, such as Chinese galvanised sheet production and US automotive production. Zinc supply was impacted by a curtailment of smelting production due to a low price environment, particularly in China where smelter utilisation rates were also impacted by low spot treatment charges in H1 2012. According to Brook Hunt, global zinc consumption is expected to have grown at a rate of 3.1% in 2012. Whilst the average price of zinc was 3% lower in H2 2012 compared to H1 2012, much of this has been as a consequence of a stronger US Dollar. From the beginning of July to the end of the year the zinc price appreciated by 9%.

### Lead

Although the average lead price fell by 14% to USD 2,061 per tonne in 2012, the price recovered towards the end of 2012. The average price was 3% higher in H2 2012 compared to H1 2012, with physical tightness as well as investor sentiment contributing to a price appreciation of 25% from the beginning of July to the end of December. End use demand continued to grow at a healthy pace with Brook Hunt expecting consumption growth in China, the largest end use market, to have increased by 9.2% in 2012. Additionally, lead has the potential for further refining capacity curtailments in China due to environmental regulation. Consequently, global lead consumption is estimated to have grown by 5.3% in 2012 in contrast to total refined production which is only estimated to have grown by 2.2% in the same period according to Brook Hunt.

<sup>12</sup> Zinc, lead and copper prices are averages of LME daily cash settlement prices. Silver and gold prices are averages of LBMA AM daily fixing prices.

## **Copper**

The average copper price in 2012 was USD 7,950/t in 2012, a 10% decline compared to USD 8,811/t in 2011. It is estimated by Brook Hunt that global copper consumption, which includes direct use of scrap, will have increased by 1% in 2012. Whilst this is a more modest consumption increase than in previous years, copper mine production continues to face setbacks and disruptions and this continues to support prices. Additionally, the forecast for 2013 is more favourable with global copper consumption forecast to increase by 5.1% in 2013 according to Brook Hunt.

## **Gold & Silver**

The gold price continued to receive support through the duration of 2012 due to continuing uncertainties in some areas of the global economy; particularly concerns over sovereign debt in the Eurozone as well as continued low interest rates in the United States. The average silver price underperformed relative to gold during the year as industrial end user demand is more significant, and therefore silver was in part subject in part to similar concerns regarding global growth as base metals. This resulted in the average silver price falling by 11% in 2012 to USD 31.15 per troy ounce compared to 2011 (USD 35.12/toz). However, in contrast to 2011, silver exhibited significantly lower volatility throughout the year.

## **Sulphuric Acid**

In 2012, prices achieved by Nyrstar on sales of sulphuric acid, which are predominately based on contracts rather than the spot market, trended downwards from an average of USD 73 per tonne in H1 2012 to an average of USD 66 per tonne in H2 2012. The sulphuric acid price, buoyed in 2011 by rising food prices resulting in an average price achieved by Nyrstar of USD 85 per tonne, suffered in 2012, averaging USD 69 per tonne, due to a decline in macroeconomic sentiment, particularly in Europe.

## FINANCIAL REVIEW

Group underlying EBITDA in 2012 was EUR 220 million compared to EUR 265 million in 2011. This decrease was primarily driven by downwards movements in commodity prices, a lower zinc benchmark treatment charge and a significantly smaller contribution from silver bearing material at the Port Pirie smelter.

Nyrstar's earnings are highly sensitive to changes in the zinc price (see Sensitivities section), and as the Mining segment's production of other metals has increased, the sensitivity to changes in the lead, copper and silver price has also increased. The average zinc price was 11% lower in 2012 compared to 2011, averaging USD 1,946/t in 2012 compared to USD 2,191/t in 2011, while the average lead, copper and silver price declined by 14%, 10% and 11% respectively. Nyrstar's earnings also remain materially sensitive to changes in the zinc treatment charge. The 2012 zinc benchmark treatment charge was significantly below 2011 terms, resulting in a realised TC of USD 196 per dry metric tonne (dmt) in 2012, a 15% decline on 2011 (USD 230/dmt), which had a materially adverse impact on group EBITDA. In addition, in 2012 there was a smaller contribution, EUR 24 million in 2012 compared to EUR 78 million in 2011, from the recovery, processing and sale of silver bearing material at the Port Pirie smelter.

Offsetting these items, which combined had a relatively larger impact on the Smelting segment, was the continued upward progression of mining underlying EBITDA, which continued to grow in line with Nyrstar's stated backward integration strategy. In 2012 mining underlying EBITDA increased 79% to EUR 129 million (2011, EUR 72 million), despite lower commodity prices, and growth during the year was similarly impressive with a result of EUR 73 million in H2 2012, up 30% on H1 2012. In H2 2012, Nyrstar's Mining segment for the first time delivered a higher underlying EBITDA result than the Smelting segment which represents a major milestone in the strategic transformation of Nyrstar from a pure smelting business to integrated mining and metals company. The Smelting segment delivered an underlying EBITDA of EUR 56 million in H2 2012 compared to EUR 79 million in H1 2012, and for the full year 2012 underlying EBITDA was EUR 135 million compared to EUR 235 million in 2011.

In addition to the factors above loss after tax of EUR (95) million in 2012, compared to profit after tax of EUR 36 million in 2011, was impacted by one-off impairment charges of non-core assets, restructuring expenses mainly related to the announced EUR 50 million cost savings programme (Project Lean), the disposal of non-core assets (namely Australian Refined Alloys in (Sydney, Australia) and Galva45 in (France)), higher financing expenses and increased depreciation, depletion and amortisation (D,D&A) charges. The increase in D,D&A in 2012 was due in part to an increase in depletion charges, non-cash, in the Mining segment, which was driven by accounting requirements in relation to the acquisitions of Farallon Mining and Breakwater Resources in 2011.

## MINING

EUR million unless otherwise indicated	FY 2012	FY 2011	% change	H2 2012	H1 2012	% change
Treatment charges	(100)	(71)	41%	(54)	(46)	17%
Payable metal contribution	403	288	40%	205	198	4%
By-Products	226	135	67%	112	114	(2)%
Other	(20)	(9)	122%	(4)	(16)	(75)%
<b>Underlying Gross Profit</b>	<b>509</b>	<b>345</b>	<b>48%</b>	<b>259</b>	<b>250</b>	<b>4%</b>
Employee expenses	(135)	(77)	75%	(68)	(67)	1%
Energy expenses	(47)	(29)	62%	(23)	(24)	(4)%
Other expenses	(199)	(168)	18%	(96)	(103)	(7)%
<b>Underlying Operating Costs</b>	<b>(380)</b>	<b>(273)</b>	<b>39%</b>	<b>(186)</b>	<b>(194)</b>	<b>(4)%</b>
<b>Underlying EBITDA</b>	<b>129</b>	<b>72</b>	<b>79%</b>	<b>73</b>	<b>56</b>	<b>30%</b>
<b>Underlying EBITDA/t</b>	<b>413</b>	<b>348</b>	<b>19%</b>	<b>456</b>	<b>371</b>	<b>23%</b>



The Mining segment continued its underlying EBITDA growth progression, up 79% to EUR 129 million from EUR 72 million in 2011, despite the decline in zinc, lead, copper and silver prices. The increase in underlying EBITDA was driven primarily by a strong year-on-year improvement in the production of all metals, particularly from the relatively higher margin former Breakwater mines which were acquired at the end of August 2011. Despite the 3% fall in the average zinc price half-on-half, underlying EBITDA increased 30%, from EUR 56 million in H1 2012 to EUR 73 million in H2 2012 due to significantly improved performance at the Tennessee Mines following the optimisation programme, the restart of milling operations at Coricancha in July following the suspension in Q2 2012 and good financial performance's by El Mochito and El Toqui mines.

The Mining segment's underlying gross profit was EUR 509 million in 2012, up 48% compared to 2011. Smelting treatment charge expense was EUR 100 million, a 41% increase on 2011, due to the increase in zinc concentrate sales. Despite the 11% fall in the average zinc price in 2012, payable metal contribution grew to EUR 403 million, up 40% on the previous year, due to higher volumes of zinc in concentrate sold. Gross profit from by-products, an important contributor to the Mining segment with the expansion of Nyrstar's multi-metal footprint, increased to EUR 226 million (EUR 135 million in 2011), with the increased volumes of by-product metals produced in 2012 more than offsetting the decline in the prices of lead, copper and silver. Other Mining gross profit was EUR (20) million, up on 2011 due to the higher freight costs from transporting additional sold volumes of concentrate and other products.

The average zinc C1 cash cost for Nyrstar's zinc mines (including the Talvivaara zinc stream) was USD 1,199 per tonne of payable zinc in 2012, an improvement of 5% compared to 2011 (USD 1,257/t). The improvement during the year, 10% down in H2 2012 to USD 1,135 per tonne, was mainly driven by a significant improvement in volume and cost performance at the Tennessee Mines following the optimisation programme, and a negative C1 cash cost delivered at El Toqui (due to the gold campaign in Q4 2012). The improvement in the average C1 cash cost in 2012 compared to 2011, and in H2 2012 compared to H1 2012, were both achieved despite the decline in commodity prices, which reduced the level of by-product credits.

At the Campo Morado mine the C1 cash cost was USD 1,022 per tonne, compared to USD 401 per tonne in 2011. In addition to the impact of declining metal prices, the 13% year-on-year reduction in zinc in concentrate production, primarily due to a lower mill head grade, increased costs on a per tonne basis. The decrease in both gold, and to a lesser extent silver, production (again due to failing mill head grades) reduced the level of by-product credits further impacting the 2012 C1 cash cost. As discussed in the Operations Review section, an optimisation programme was deployed at the site in H2 2012 to improve the site's operating model to deliver a more productive and profitable operation. While some operational benefits started to be delivered towards the end of Q4 2012, Nyrstar would expect to start delivering tangible financial results, and therefore an improved C1 cash cost, in H1 2013. The C1 cash cost at the Contonga mine decreased 9% in 2012 to USD 1,333 per tonne compared to 2011 (USD 1,459 per tonne) due to the increase in production of all metals which followed the receipt, at the end of Q1 2012, of a permit to expand mill capacity from 660 tonnes to 990 tonnes per day.

The strong C1 cash cost result at the El Mochito mine, of USD 278 per tonne in 2012, was due to the increased level of silver production and strong cost performance delivered in H2 2012. The El Toqui mine achieved a result of USD (2,203) per tonne in 2012 due to two gold campaigns, in Q1 and Q4 2012, executed at the site. This materially increased the volume of gold produced (up 54% on 2011) thereby increasing the level of by-product credits. At Myra Falls the C1 cash cost in 2012 was USD 633 per tonne, which although higher than the result achieved in 2011 (USD 394/t) was in line with management expectations. The Langlois mine delivered a C1 cash cost of USD 1,981 per tonne in 2012, reflecting its ramp-up status in H1 2012 and the variability in mill head grades achieved in H2 2012 as the site develops its mine plan. An improvement in cash cost performance is expected in 2013 as the mine can focus more on operating and cost performance with the expected stabilisation of production volumes.

The C1 cash cost for the Tennessee Mines declined by 17% in 2012 to USD 1,903 per tonne compared to 2011 (USD 2,292/t) due to the impact of the optimisation programme deployed in H1 2012. With a focus on throughput, mine development and value awareness, the site was able to deliver both increasing zinc in concentrate volumes and improvements in unit costs throughout the second half of 2012. Therefore the improvement in C1 cash cost from H1 2012 to H2 2012 was even more

impressive, declining 20% to USD 1,705 per tonne. The C1 cash cost for zinc delivered from the Talvivaara zinc stream was approximately USD 819 per tonne of payable zinc in 2012, lower than the 2011 due to a lower zinc benchmark treatment charge and the strength of the US dollar relative to the Euro, thereby reducing the extraction and processing fee in dollar terms.

The Coricancha mine delivered an impressive turnaround in its financial performance in H2 2012. Along with the restart of production in July, following the lifting of the suspension order on milling operations imposed by the Peruvian mining authorities, the site reduced employee and contractor headcount by approximately 1,000 as part of the first phase of Project Lean. In addition operational improvements were made at both the mine and mill, all of which contributed to the mine delivering a C1 cash cost of USD 581 per troy ounce of payable gold in H2 2012. However due to the losses incurred in H1 2012 during the suspension, the C1 cash cost for the full year 2012 was USD 1,735 per troy ounce representing an underlying EBITDA loss.

<b>C1 Cash cost USD/payable tonne zinc</b>	<b>FY 2012</b>	<b>FY 2011</b>	<b>% change</b>	<b>H2 2012</b>	<b>H1 2012</b>	<b>% change</b>
Campo Morado	1,022	401	155%	1,070	946	13%
Contonga	1,333	1,459	(9)%	1,427	1,222	17%
El Mochito	278	(34)	(918)%	8	484	(98)%
El Toqui	(2,203)	1	-	(4,587)	(102)	4397%
Langlois	1,981	-	-	2,073	1,891	9%
Myra Falls	633	394	61%	905	348	160%
Tennessee Mines	1,903	2,292	(17)%	1,705	2,143	(20)%
Talvivaara Stream	819	1,018	(20)%	894	750	19%
<b>Average zinc C1 cash cost</b>	<b>1,199</b>	<b>1,257</b>	<b>(5)%</b>	<b>1,154</b>	<b>1,255</b>	<b>(8)%</b>
<b>C1 cash cost USD/payable t oz gold</b>						
Coricancha	1,735	1,172	48%	581	-	-

In 2012 Nyrstar's Mining segment continued to improve its performance in the key metric of underlying EBITDA per tonne of zinc in concentrate produced. Despite the negative impact caused by the decline in zinc, lead, copper and silver prices in 2012 compared to 2011, underlying EBITDA per tonne in the Mining segment increased 19% to EUR 413 (2011, EUR 348). With the half-on-half increase in the production of all metals and the downward movement in the average zinc C1 cash cost, underlying EBITDA per tonne in H2 2012 improved by 23% to EUR 456 (H1 2011, EUR 371). With the focus on improving the mining cost base through the implementation of Project Lean, an increase in zinc in concentrate production in line with 2013 guidance and a focus on delivering organic growth opportunities, Nyrstar would expect to further improve underlying EBITDA per tonne in the Mining segment, even at constant prices.

## SMELTING

EUR million unless otherwise indicated	FY 2012	FY 2011	% change	H2 2012	H1 2012	% change
Treatment charges	338	386	(12)%	162	176	(8)%
Free metal contribution	242	245	(1)%	120	122	(2)%
Premiums	115	120	(4)%	58	57	2%
By-Products	221	282	(22)%	114	107	7%
Other	(64)	(98)	(35)%	(35)	(29)	21%
<b>Underlying Gross Profit</b>	<b>852</b>	<b>937</b>	<b>(9)%</b>	<b>419</b>	<b>433</b>	<b>(3)%</b>
Employee expenses	(218)	(202)	8%	(110)	(108)	2%
Energy expenses <sup>17</sup>	(275)	(277)	(1)%	(135)	(140)	(4)%
Other expenses	(224)	(223)	-	(118)	(106)	11%
<b>Underlying Operating Costs</b>	<b>(717)</b>	<b>(702)</b>	<b>2%</b>	<b>(363)</b>	<b>(354)</b>	<b>3%</b>
<b>Underlying EBITDA</b>	<b>135</b>	<b>235</b>	<b>(43)%</b>	<b>56</b>	<b>79</b>	<b>(29)%</b>
<b>Underlying EBITDA/t</b>	<b>125</b>	<b>209</b>	<b>(40)%</b>	<b>102</b>	<b>147</b>	<b>(30)%</b>
<b>Underlying Cost /t</b>	<b>577</b>	<b>532</b>	<b>9%</b>	<b>586</b>	<b>568</b>	<b>3%</b>

The Smelting segment delivered an underlying EBITDA result of EUR 135 million in 2012, a change of (43)% compared to 2011 (EUR 235 million). The main drivers behind this decline were lower commodity prices, a reduced 2012 zinc benchmark treatment charge, a smaller financial contribution from the identification, recovery and sale of silver bearing material at the Port Pirie smelter and a stronger Australian dollar. As a consequence underlying EBITDA per tonne in the Smelting segment was EUR 125, down from EUR 209 in 2011.

Underlying gross profit decreased 9% to EUR 852 million in 2012, compared to EUR 937 million in 2011. Smelting treatment charge income from zinc and lead was EUR 338 million in 2012, approximately 12% less than in 2011. The 2012 zinc benchmark TC settled well below the level for 2011 at USD 191 per tonne of concentrate, at a basis zinc price of USD 2,000 per tonne. Therefore in 2012 Nyrstar was able to achieve an average realised zinc TC of only USD 196 per tonne of concentrate, a 15% decline on 2011 (USD 230/t). Although the average zinc price in 2012 was lower than benchmark basis price, therefore reducing the treatment charge received on concentrates due to the de-escalator mechanism, through the consumption of secondary feeds such as zinc oxides (which carry higher TCs) Nyrstar was able to realise a higher TC compared to the benchmark. Free metal contribution of EUR 242 million was relatively flat compared to 2011, with improved recoveries and the timing of zinc metal sales largely offsetting lower zinc prices and volumes. Despite the depressed macro-economic conditions in 2012, realised premiums on commodity grade and speciality alloy zinc and lead products experienced only a marginal decline compared to 2011. In combination with a change in sales mix towards lower margin commodity grade products, to meet customer demand, gross profit contribution in 2012 from Premiums of EUR 115 million was 4% down on 2011.

The contribution of By-product gross profit in 2012 was EUR 221 million, a decrease of 22% from EUR 282 million in 2011. The 2011 result included the recovery, from under the precious metals refinery, and sale of approximately 2.8 million troy ounces of historical silver losses at the Port Pirie smelter, contributing approximately EUR 78 million gross profit. In 2012, by demolishing the refinery, Nyrstar was able to recover and sell an additional 1.2 million troy ounces, contributing approximately EUR 26 million to gross profit (underlying EBITDA contribution of EUR 24 million, with approximately EUR 2 million spent on demolishing the refinery and recovering the silver bearing material). Other unlocking untapped value initiatives, namely the production of indium metal at the Aubrey smelter began to generate a more meaningful gross profit in H2 2012 as volumes were ramped-up. The contribution from refined copper and silver production at Port Pirie was impacted by a combination of lower average prices in 2012 compared to 2011, as well as production issues experienced in H2 2012 at the smelter. The lower acid price also impacted the by-product contribution. Other smelting gross profit was EUR (64) million.

The smelting cost per tonne (of zinc and lead metal) of EUR 577 increased 9% on 2011 (EUR 532). With approximately 40% of smelting costs denominated in Australian dollars, the strength of the AUD against the Euro in 2012, up approximately 8% compared to 2011, had a detrimental impact on total smelting cost performance in Euro terms, despite costs in local currency being relatively stable. Energy costs<sup>13</sup> in 2012 were similar to 2011, with European electricity prices remaining flat over the period due to the prevailing macro-economic situation. Production issues experienced at the Port Pirie smelter in H2 2012, which limited lead and zinc metal production, also had a negative impact on unit cost performance. There is a strong focus on improving the Smelting segment cost base through Project Lean and operational excellence initiatives.

## OTHER & ELIMINATIONS

Underlying EBITDA in the Other and Eliminations segment was EUR (44) million in 2012, comprising the elimination of unrealised intra-Mining segment profits (for material sold internally to own smelters), a net loss of EUR 1 million from non-core operations, and other group costs. The small increase in 2012 from 2011 is due to increased transfers of concentrate between Nyrstar mines and smelters, leading to increased unrealised profits, and additional head office activity to deliver on Strategy into Action initiatives.

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<sup>13</sup> Energy expenses do not include the net loss or gain on the Hobart smelter embedded energy derivatives (EUR 9 million loss in 2012, EUR 4 million gain in 2011)

## STRATEGY INTO ACTION

During 2012 Nyrstar continued to execute on Nyrstar2020, a strategic initiative aimed at positioning Nyrstar for a long term sustainable future as the leading integrated mining and metals business. Supported by Strategy into Action, a disciplined approach to taking the strategy into every part of the business, embedding annual plans and giving ownership of the group strategy to each operation and their management teams, several initiatives have either been commenced or in some cases already delivered.

### Port Pirie Transformation

In December 2012, Nyrstar announced it had reached an in-principle agreement with the Australian Federal Government and South Australian Government with respect to the funding of a transformation of the Port Pirie smelter. The Transformation, subject to the completion of a final investment case including detailed engineering studies and final project documentation, would include investment in new technology to upgrade the facility to an advanced poly-metallic processing and recovery facility, delivering returns that are expected to meet or exceed Nyrstar's stated investment criteria for mining acquisitions and comparable to margins generated in the advanced materials processing sector. This represents another step in pursuing Nyrstar's stated mission to capture the maximum value inherent in mineral resources and other feed materials through deep market insight and unique processing capabilities. Through a funding and support package agreed with the Australian Federal and South Australian State Governments, Nyrstar has ensured that an investment in the transformation will not limit Nyrstar's ability to continue to pursue its mining integration ambitions in parallel.

### Smelting Strategic Review

Nyrstar has commenced a Smelting Strategic Review aimed at identifying opportunities to sustainably improve profitability of zinc smelting business. Updates on the Smelting Strategic Review will be provided in due course.

### Unlocking Untapped Value

Nyrstar believes that there exists significant hidden value that is not released by current processes. This value can only be unlocked by continually challenging the way Nyrstar thinks about and works on its products and processes. Nyrstar successfully commissioned an indium metal plant at the Auby smelter during Q2 2012. The project was delivered on time and to budget, with production ramping-up during the course of H2 2012. Approximately 13 tonnes of indium metal was produced in 2012, with increased volumes expected in 2013. At the Port Pirie multi-metals smelter production of an intermediate tellurium concentrate commenced in H1 2012, as per previous guidance, with additional volumes produced in H2 2012. Both indium and tellurium have end uses in advanced electronics and solar cell applications. During Q3 2012, the Clarksville smelter began to produce germanium leach (an intermediate product), by processing germanium contained in Middle Tennessee Mine zinc concentrate. Germanium is used in fibre-optics and semi-conductors. The production and sale of indium metal, tellurium concentrate and germanium leach are expected to generate significant margins.

In addition following the identification and recovery of approximately 2.8 million troy ounces of historical silver refining losses from under the precious metals refinery floor at the Port Pirie smelter in 2011, a further 1.2 million troy ounces of silver were identified in adjacent areas in 2012.

### Deliver Sustainable Growth

Sustainable growth means that Nyrstar will seek growth by leveraging its existing mining and smelting footprint and through further value accretive acquisitions.

Delivering on Nyrstar's growth promises, the Langlois mine successfully completed its ramp-up by the end of H1 2012, in-line with previously stated guidance. During the half, the site successfully commissioned an on-line analyser and continued on-boarding and training new operators. In H2 2012, the Langlois mine continued its production expansion towards its nominal capacity of approximately 50,000 tonnes of zinc in concentrate per annum, producing approximately 22,000 tonnes (up 29% on H1) whilst also increasing its by-product production of copper, gold and silver.



During 2012 Nyrstar continued to develop its pipeline of organic and external projects, executing on internal growth initiatives and continuing to explore value accretive M&A opportunities.

## **Achieve Excellence in Everything We Do**

Nyrstar is a market driven business with an unrelenting focus on continuous improvement across all operations and functions. The main strategic goals that have been identified by Nyrstar to achieve excellence in everything it does is to ensure it makes market driven decisions, maintains sustainable effective operations, ensures excellence in communications and fosters challenging and supporting functional leadership across the entire business.

During 2012 Nyrstar commenced a detailed and comprehensive group wide review of its corporate offices, mining operations and smelting operations to identify opportunities to sustainably reduce operating costs. This included benchmarking the sites against one another, and against external indices, on an activity based level to assess the optimal level of resources required to perform core operating and support tasks. At the end of 2012, Nyrstar had identified to date EUR 50 million in incremental annualised sustainable operating cost savings to be achieved by the end of 2014. A detailed implementation plan has been developed to implement this savings program, known internally as Project Lean, which will be continually reviewed to assess progress against project milestones. Nyrstar has already executed a first phase of this project through the optimisation of Peruvian mining operations, which reduced the employee and contractor headcount by approximately 1,000. With a significant portion of savings expected to also be delivered within the Mining segment, Nyrstar expects Project Lean to enable the delivery of its medium term average zinc mining C1 cash cost target of less than USD 1,000 per tonne.

## **Living the Nyrstar Way**

The Nyrstar workforce has a unique culture which is referred to as the Nyrstar Way whereby employees are engaged and aligned to deliver sustainable performance improvements across Nyrstar's strategic priorities. The main strategic goals of living the Nyrstar Way are to build on the Nyrstar brand; manage critical risks throughout the business and to ensure world class safety and environmental performance across all of Nyrstar's operations.

## CAPITAL EXPENDITURE

Capital expenditure was approximately EUR 248 million in 2012, an increase of 8% from 2011 (EUR 229 million), despite a full year's of investment at the former Breakwater mines (acquired at the end of August 2011) that included the successful ramp-up of the Langlois mine. As estimated at Nyrstar's Half Year 2012 results, the level of spend achieved in 2012 was at the middle of Nyrstar's full year capital expenditure guidance (EUR 225 million to EUR 275 million). This was achieved by taking measures to reduce sustaining capital expenditure in H2 2012, thereby limiting spend in H2 2012 to EUR 130 million.

Expenditure at the mines of EUR 130 million, in line with full year 2012 guidance, represented a 25% increase from 2011 primarily due to a full year's capital investment at the former Breakwater mines (acquired in August 2012) and additional exploration and development spend across the Mining segment. Sustaining and compliance spend in 2012 was approximately EUR 56 million, a reduction of approximately 18% on 2011 due to improved capital management at the mines and lower ramp-up related spend (a higher portion of ramp-up spend at the Langlois mine, in addition to de-watering and rehabilitation of the Middle Tennessee Mines, occurred in 2011). EUR 69 million was spent on exploration and development in 2012. This included an element of catch-up spend on developing long term mine plans, as previous owners of some of the mines had significantly underinvested in mine planning activities during the Global Financial Crisis. In addition capital was also allocated to the exploration of new deposits such as a successful diamond drilling programme at El Toqui mine.

Capital expenditure in the Smelting segment in 2012 of EUR 113 million was in line with 2011 (EUR 112 million) and with full year 2012 guidance. This comprised approximately EUR 92 million of expenditure on sustaining, compliance and shutdowns, with the latter impacted by the unplanned shutdowns at the Port Pirie smelter in H2 2012. EUR 21 million spent on organic growth projects including the commissioning of the indium metal plant at Aubrey, a system to recover heat from the acid plant at Balen to reduce electricity and gas costs and the debottlenecking of the silver refinery at Port Pirie to improve the silver gross profit margin.

In addition, approximately EUR 5 million was invested at other operations and corporate offices.

Capital expenditure guidance for Nyrstar's Mining segment in 2013 is as follows:

Segment	Category	EUR million
Mining	Sustaining and compliance	40 – 45
	Exploration and Development	50 – 55
	Growth	15 – 20
	Total	105 – 120
Smelting	Sustaining and compliance	75 – 85
	Growth	20 – 25
	Total	95 – 110
<b>Group</b>	<b>Total</b>	<b>200 – 230</b>

The overall level of spend planned in 2013 is significantly lower than the result achieved in 2012. Nyrstar is confident in its ability to achieve this plan as it undertook a detailed review of the capital allocated across its mines and smelters during H2 2012, and critically challenged the level of sustaining spend in the context of setting production goals, improving underlying EBITDA and free cash flow and adequately managing critical risks.

Growth spend, planned as EUR 15 – 20 million in the Mining segment and EUR 20 – 25 million in the Smelting segment, is allocated to the design, feasibility activities, implementation and commissioning of projects which are aligned to the Nyrstar strategy and will either improve the recovery of metals, improve mine and mill grades, increase throughput and/or reduce costs. Within the Smelting segment, approximately EUR 10 million has been allocated to completing the final investment case, including detailed engineering studies, for the transformation of the Port Pirie smelter into an advanced poly-metallic processing and recovery facility (as announced in December 2012).

## **CASH FLOW AND NET DEBT**

In 2012 cash flows from operating activities generated an inflow of EUR 361 million, which comprised a EUR 199 million cash inflow from operating activities before working capital changes. The remaining inflow was primarily due to improvements in working capital management and the cash received in H1 2012 from the sale of 2.8 million troy ounces of silver bearing material that was recovered in Port Pirie in 2011 (approximately EUR 78 million) were primary drivers of this inflow.

Cash outflows from investing activities in 2012 of EUR 214 million mainly relates to capital expenditure and the cash inflow from the sale of Nyrstar's 50% share in the ARA Sydney joint venture for EUR 32 million. This compares to an outflow of EUR 891 million in 2011, which included the acquisition of Farallon Mining EUR 280 million (net of cash) and of Breakwater Resources for approximately EUR 390 million (net of cash),

Cash outflows from financing activities in 2012 amounted to EUR 133 million, compared to an inflow of EUR 775 million in 2011. The cash outflow in 2012 was primarily driven by interest payments, the repayment of short-term borrowings and a EUR 0.16 per share distribution to shareholders. The significant inflow in 2011 included the EUR 490 million<sup>14</sup> gross proceeds of the rights offering that closed in March 2011, and the EUR 525 million (excluding transaction costs) raised in May 2011 with the placement of 5.375% bonds due 2016. As of 31 December 2012, the full amount of Nyrstar's successfully refinanced EUR 400 million revolving structured commodity trade finance facility remained undrawn (fully undrawn as of 31 December 2011).

Net debt at 31 December 2012 was EUR 681 million (31 December 2011: EUR 718 million), with a gearing level of 37.0%<sup>15</sup> at the end of 2012 compared to 35.0% at the end of 2011.

## **TAXATION**

Nyrstar recognised an income tax benefit of EUR 14 million in 2012 compared to a tax expense of EUR 8 million in 2011. The effective tax rate was approximately 13% in 2012 compared to 18% in 2011. Nyrstar has accumulated tax losses in some of the jurisdictions where it operates and deferred tax benefits have been recognized to the extent it is likely that future taxable amounts will be available. Nyrstar expects to benefit from these deferred tax benefits through a decrease in its actual cash tax payments until such deferred tax benefits are used up or expire.

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<sup>14</sup> Associated costs of the capital increase amounted to EUR 16 million (net proceeds from capital increase of EUR 474 million)

<sup>15</sup> Gearing: net debt to net debt plus equity at end of period

## OTHER SIGNIFICANT EVENTS IN 2012

### ARA

In February Nyrstar and Sims Metal Management successfully completed the sale of Australian Refined Alloys' secondary lead producing facility in Sydney, Australia (ARA Sydney) to companies associated with Renewed Metal Technologies for a total sale price of approximately EUR 60 million. Nyrstar achieved a profit on the sale of its 50% share of ARA Sydney of EUR 26.8 million, in line with the estimated figure provided in the FY2011 results release. Nyrstar and Sims Metal Management retain a secondary lead producing facility, Simstar Metals, in Melbourne, Australia which will continue to be operated as a 50/50 joint venture.

### Capital distribution

On 23 February 2012 the board of directors proposed to distribute to the shareholders a (gross) amount of EUR0.16 per share, and to structure the distribution as a capital reduction with reimbursement of paid-up capital. The proposal was submitted to an extraordinary general shareholders' meeting at the time of the annual general shareholders' meeting on 25 April 2012. The quorum requirement for deliberation and voting on the agenda items of the extraordinary general meeting was not met. As such, a second extraordinary general meeting was held on 22 May 2012 and the proposal was approved. As the distribution is structured as a capital reduction with reimbursement of paid-up capital, the payment is subject to the special statutory creditor protection procedure set out in Article 613 of the Belgian Company Code. On 7 June 2012 the approval of the capital distribution was published in the Belgian Official Gazette. The ex-dividend date was the 8 August 2012, with the payment date of 13 August 2012.

### Galva 45

On 9 October 2012 Nyrstar sold its entire 66% share in Galva 45 SA, a French company specialising in galvanizing manufactured steel parts for cash proceeds of EUR 2.2 million resulting in a loss on the income statement of EUR 0.1 million.

### Structured commodity trade finance facility refinancing

In November Nyrstar successfully completed the refinancing of its multi-currency Structured Commodity Trade Finance Facility. The EUR 400 million facility includes an accordion to increase its size to EUR 750 million on a pre-approved but uncommitted basis. The syndication for the new facility was considerably over-subscribed, and following the scaling back of allocations was closed with the targeted limit of EUR 400 million. The new facility has a maturity of 4 years (with a run-off period during the fourth year). As with the previous facility, the amount that Nyrstar may draw-down under the new facility is determined by reference to the value of Nyrstar's inventories and receivables (the borrowing base) and accordingly adjusts as commodity prices change. The new facility has a margin of 1.85% above EURIBOR, leveraging on the strength of the secured borrowing base and the underlying exchange traded commodity.

### Proposed distribution

The Board of directors will propose to shareholders at the Annual General Meeting to be held in Brussels on 24 April 2013 a gross distribution of EUR 0.16 per share and to structure the distribution as a capital reduction. This reflects the Board's continued confidence in the Nyrstar's financial strength and the medium to long-term prospects for the markets in which it operates.

## Sensitivities

Nyrstar's results are significantly affected by changes in metal prices, exchange rates and treatment charges. Sensitivities to variations in these parameters are depicted in the following table, which sets out the estimated impact of a change in each of the parameters on Nyrstar's full year underlying EBITDA based on the actual results and production profile for the year ending 31 December 2012.

12 months ending 31 December 2012		
Parameter	Variable	Estimated EBITDA impact in EUR million
Zinc Price	+/- USD 100/t	+ 35 / -34
Lead Price	+/- USD 100/t	+ 2 / -2
Copper Price	+/- USD 500/t	+ 6 / -6
Silver Price <sup>21</sup>	+/- USD 1/toz	+ 4 / -4
Gold Price	+/- USD 100/toz	+ 8 / -8
USD / EUR	+/- EUR 0.01	+ 18 / -18
AUD / EUR	-/+ EUR 0.01	- 3 / +3
Zinc treatment charge	+/- USD 25/dmt <sup>16</sup>	+ 25 / -25
Lead treatment charge	+/- USD 25/dmt	+ 4 / -4

The above sensitivities were calculated by modelling Nyrstar's 2012 underlying operating performance. Each parameter is based on an average value observed during that period and is varied in isolation to determine the annualised EBITDA impact.

Sensitivities are:

- Dependent on production volumes and the economic environment observed during the reference period.
- Not reflective of simultaneously varying more than one parameter; adding them together may not lead to an accurate estimate of financial performance.
- Expressed as linear values within a relevant range. Outside the range listed for each variable, the impact of changes may be significantly different to the results outlined.

These sensitivities should not be applied to Nyrstar's results for any prior periods and may not be representative of the EBITDA sensitivity of any of the variations going forward.

<sup>16</sup> dmt = dry metric tonnes of concentrate



## UNDERLYING SEGMENT INFORMATION

### Year Ending 31 December 2012

EUR million unless otherwise indicated	Mining	Smelting	Other and eliminations	Group
Zinc in concentrate ('000 tonnes)	312	-	-	312
Gold ('000 troy ounces)	94.6	-	-	94.6
Silver ('000 troy ounces)	5,517	-	-	5,517
Copper in concentrate ('000 tonnes)	13.0	-	-	13.0
Zinc market metal ('000 tonnes)	-	1,084	-	1,084
Lead metal ('000 tonnes)	-	158	-	158
Total Segment Revenue	481	2,684	(95)	3,070
Underlying EBITDA	129	135	(44)	220
Capital expenditure	130	113	5	248
Treatment charges	(100)	338	-	238
Free metal	403	242	-	645
Premiums	-	115	-	115
By-products	226	221	-	447
Other	(20)	(64)	(5)	(89)
Underlying gross profit	509	852	(5)	1,356
Employee benefits expense	(135)	(218)	(57)	(410)
Energy expenses	(47)	(275)	(1)	(323)
Other expenses	(199)	(224)	18	(405)
Underlying operating costs	(380)	(717)	(40)	(1,138)

### Year Ending 31 December 2011

EUR million unless otherwise indicated	Mining	Smelting	Other and eliminations	Group
Zinc in concentrate ('000 tonnes)	207	-	-	207
Gold ('000 troy ounces)	49.9	-	-	49.9
Silver ('000 troy ounces)	3,673	-	-	3,673
Copper in concentrate ('000 tonnes)	7.7	-	-	7.7
Zinc market metal ('000 tonnes)	-	1,125	-	1,125
Lead metal ('000 tonnes)	-	195	-	195
Total Segment Revenue	358	3,096	(107)	3,348
Underlying EBITDA	72	235	(42)	265
Capital expenditure	104	112	13	229
Treatment charges	(71)	386	-	316
Free metal	288	245	-	534
Premiums	-	120	-	120
By-products	135	282	-	417
Other	(9)	(98)	5	(102)
Underlying gross profit	345	937	5	1,286
Employee benefits expense	(77)	(202)	(61)	(339)
Energy expenses	(29)	(277)	(1)	(307)
Other expenses	(168)	(223)	15	(376)
Underlying operating costs	(273)	(702)	48	(1,022)

## RECONCILIATION OF UNDERLYING RESULTS

The following table sets out the reconciliation between the "Result from operating activities before exceptional items" to Nyrstar's "EBITDA" and "Underlying EBITDA".

"EBITDA" is a non-IFRS measure that includes the result from operating activities, before depreciation and amortisation, plus Nyrstar's share of the profit or loss of equity accounted investees.

"Underlying EBITDA" is an additional non-IFRS measure of earnings, which is reported by Nyrstar to provide greater understanding of the underlying business performance of its operations. Underlying EBITDA excludes items related to restructuring measures, M&A related transaction expenses, impairment losses, material income or expenses arising from embedded derivatives recognised under IAS 39 and other items arising from events or transactions that management considers to be clearly distinct from the ordinary activities of Nyrstar.

EUR million unless otherwise indicated	FY 2012	FY 2011	H2 2012	H1 2012
Result from operating activities before exceptional items	(6)	122	(9)	3
Depletion, depreciation and amortisation expense	218	145	116	102
Share of (loss) / profit of equity accounted investees	(1)	1	1	(2)
Restructuring expenses <sup>(a)</sup>	(17)	(9)	(15)	(2)
M&A related transaction expense <sup>(b)</sup>	(3)	(15)	(2)	(1)
Profit on the disposal of subsidiaries <sup>(c)</sup>	27	-	-	27
<b>EBITDA</b>	<b>218</b>	<b>244</b>	<b>91</b>	<b>127</b>
<b>Underlying adjustments</b>				
Add back:				
Restructuring expenses <sup>(a)</sup>	17	9	15	2
M&A related transaction expense <sup>(b)</sup>	3	15	2	1
(Loss) / profit on the disposal of subsidiaries <sup>(c)</sup>	(27)	-	-	(27)
Net loss / (gain) on Hobart Smelter embedded derivatives <sup>(d)</sup>	9	(4)	1	8
<b>Underlying EBITDA</b>	<b>220</b>	<b>265</b>	<b>109</b>	<b>111</b>

The items excluded from the "Result from operating activities before exceptional items and depletion, depreciation and amortisation" in arriving at "Underlying EBITDA" are as follows:

(a) Restructuring expenses of EUR 17 million in 2012 (2011: EUR 9 million) were incurred mainly in relation to the announced cost savings programme, known internally as Project Lean, which is expected to deliver its full targeted benefits by the end of 2014.

(b) The M&A related transaction expenses include the acquisition and disposal related direct transaction costs (e.g. advisory, accounting, tax, legal or valuation fees paid to external parties). The M&A related transaction expenses in 2012 amounted to EUR 3 million (2011: EUR 15 million).

(c) During 2012, the joint venture between Nyrstar and SimsMM (ARA joint venture) sold Australian Refined Alloys' secondary lead producing facility in Sydney, Australia (ARA Sydney) to companies associated with Renewed Metal Technologies for a total sale price of EUR 60 million (AUD 80 million) plus working capital. Nyrstar's share of the sales proceeds was EUR 32.5 million, including a working capital adjustment, with a gain on the sale of EUR 27 million.

(d) The Hobart Smelter's electricity contract contains an embedded derivative which has been designated as a qualifying cash flow hedge. To the extent that the hedge is effective, changes in its fair value are recognised directly in equity, whilst to the extent the hedge is ineffective changes in fair value are recognised in the consolidated income statement. As the hedge is partially ineffective, the positive change in fair value of EUR 9 million in 2012 (2011: EUR 4 million gain) on the ineffective portion of the hedge was recorded as a cost in energy expenses within the consolidated income statement. The impact on the income statement has been reversed from EBITDA for the purpose of calculating the Nyrstar's underlying EBITDA.

## MINING PRODUCTION ANNEX

### Production under Nyrstar ownership

'000 tonnes unless otherwise indicated	FY 2012	FY 2011	% change	H2 2012	H1 2012	% change
<b>Total ore milled</b>						
Campo Morado	733	699	5%	369	364	1%
Contonga	368	257	43%	204	164	24%
Coricancha	115	162	(29)%	72	44	64%
El Mochito	748	279	168%	363	385	(6)%
El Toqui	533	206	159%	288	246	17%
Langlois	517	13	3877%	300	216	39%
Myra Falls	522	181	188%	269	253	6%
East Tennessee	1,877	1,532	23%	1,052	825	28%
Middle Tennessee	1,511	1,187	27%	810	701	16%
Tennessee Mines	3,388	2,719	25%	1,862	1,525	22%
<b>Total ore milled</b>	<b>6,924</b>	<b>4,516</b>	<b>53%</b>	<b>3,727</b>	<b>3,198</b>	<b>17%</b>
<b>Zinc mill head grade (%)</b>						
Campo Morado	6.91%	7.85%	(12)%	6.25%	7.58%	(18)%
Contonga	4.52%	4.38%	3%	4.51%	4.53%	(0)%
Coricancha	1.99%	1.60%	24%	2.00%	1.97%	2%
El Mochito	4.07%	4.28%	(5)%	4.25%	3.91%	9%
El Toqui	4.34%	5.10%	(15)%	4.28%	4.41%	(3)%
Langlois	8.12%	7.00%	16%	8.05%	8.21%	(2)%
Myra Falls	6.88%	9.00%	(24)%	5.95%	7.87%	(24)%
East Tennessee	3.44%	3.41%	1%	3.46%	3.40%	2%
Middle Tennessee	3.39%	2.86%	19%	3.44%	3.33%	3%
Tennessee Mines	3.42%	3.12%	10%	3.45%	3.37%	2%
<b>Lead mill head grade (%)</b>						
Contonga	0.57%	0.58%	(2)%	0.53%	0.63%	(16)%
Coricancha	0.94%	1.10%	(15)%	0.97%	0.88%	10%
El Mochito	2.08%	2.24%	(7)%	2.19%	1.98%	11%
El Toqui	0.27%	0.20%	35%	0.30%	0.25%	20%
Myra Falls	0.53%	0.60%	(12)%	0.53%	0.53%	-
<b>Copper mill head grade (%)</b>						
Campo Morado	1.16%	1.07%	8%	1.23%	1.08%	14%
Contonga	0.75%	0.57%	32%	0.80%	0.69%	16%
Coricancha	0.26%	0.20%	30%	0.28%	0.23%	22%
Langlois	0.53%	0.56%	(5)%	0.52%	0.55%	(5)%
Myra Falls	0.96%	1.10%	(13)%	0.79%	1.14%	(31)%
<b>Gold mill head grade (g/t)</b>						
Campo Morado	1.95	2.13	(8)%	1.97	1.94	2%
Coricancha	3.40	3.50	(3)%	3.36	3.46	(3)%
El Toqui	3.76	2.50	50%	3.95	3.53	12%
Langlois	0.15	-	-	0.14	0.16	(13)%
Myra Falls	1.22	1.22	-	1.20	1.25	(4)%
<b>Silver mill head grade (g/t)</b>						
Campo Morado	147.43	146.67	1%	150.92	143.90	5%
Contonga	48.35	59.25	(18)%	47.19	49.80	(5)%
Coricancha	137.73	117.40	17%	152.88	113.02	35%
El Mochito	77.72	78.16	(1)%	83.86	71.94	17%
El Toqui	9.10	9.40	(3)%	8.57	9.72	(12)%
Langlois	41.55	-	-	39.81	43.97	(9)%
Myra Falls	43.44	47.76	(9)%	38.02	49.22	(23)%

'000 tonnes unless otherwise indicated	FY 2012	FY 2011	% change	H2 2012	H1 2012	% change
<b>Zinc recovery (%)</b>						
Campo Morado	79.1%	83.6%	(5)%	75.6%	82.7%	(9)%
Contonga	89.9%	89.6%	0%	89.5%	90.5%	(1)%
Coricancha	81.0%	78.9%	3%	79.4%	83.5%	(5)%
El Mochito	84.1%	84.9%	(1)%	83.5%	84.8%	(2)%
El Toqui	84.9%	86.6%	(2)%	82.0%	88.4%	(7)%
Langlois	93.0%	92.4%	1%	92.9%	93.2%	(0)%
Myra Falls	88.8%	82.7%	7%	88.9%	88.7%	0%
East Tennessee	93.7%	93.8%	(0)%	93.6%	93.9%	(0)%
Middle Tennessee	93.7%	91.0%	3%	92.8%	94.6%	(2)%
Tennessee Mines	93.7%	92.6%	1%	93.3%	94.2%	(1)%
<b>Lead recovery (%)</b>						
Contonga	70.5%	64.8%	9%	72.0%	68.7%	5%
Coricancha	77.1%	76.4%	1%	78.3%	75.0%	4%
El Mochito	78.9%	82.1%	(4)%	78.6%	79.3%	(1)%
El Toqui	67.5%	52.9%	28%	78.5%	54.7%	44%
Myra Falls	41.2%	35.2%	17%	45.9%	36.2%	27%
<b>Copper recovery (%)</b>						
Campo Morado	65.3%	69.0%	(5)%	62.9%	67.7%	(7)%
Contonga	55.1%	54.4%	1%	54.0%	56.4%	(4)%
Coricancha	55.1%	36.5%	51%	54.0%	564.0%	(90)%
Langlois	73.0%	73.9%	(1)%	73.7%	72.1%	2%
Myra Falls	74.2%	76.6%	(3)%	71.2%	77.3%	(8)%
<b>Gold recovery (%)</b>						
Campo Morado	34.8%	35.7%	(3)%	33.6%	36.0%	(7)%
Coricancha	91.4%	83.0%	10%	92.0%	90.5%	2%
El Toqui	79.6%	78.8%	1%	79.8%	79.3%	1%
Langlois	81.7%	-	-	81.7%	81.7%	-
Myra Falls	65.8%	71.1%	(7)%	64.1%	67.6%	(5)%
<b>Silver recovery (%)</b>						
Campo Morado	49.8%	55.9%	(11)%	45.8%	53.9%	(15)%
Contonga	78.8%	80.4%	(2)%	76.3%	81.9%	(7)%
Coricancha	95.0%	93.2%	2%	95.0%	95.1%	(0)%
El Mochito	86.5%	85.0%	2%	87.6%	85.5%	2%
El Toqui	67.7%	67.0%	1%	62.3%	73.9%	(16)%
Langlois	78.0%	-	-	78.6%	77.2%	2%
Myra Falls	79.1%	79.6%	(1)%	76.8%	81.5%	(6)%
<b>Total zinc concentrate</b>						
Campo Morado	84	95	(12)%	37	47	(21)%
Contonga	29	19	53%	16	13	23%
Coricancha	4	4	-	2	1	100%
El Mochito	50	18	178%	25	25	-
El Toqui	44	20	120%	23	21	10%
Langlois	73	2	3550%	42	31	35%
Myra Falls	59	27	119%	27	32	(16)%
East Tennessee	97	78	24%	54	42	29%
Middle Tennessee	76	50	52%	40	35	14%
Tennessee Mines	173	128	35%	95	78	22%
<b>Own Mine Total</b>	<b>515</b>	<b>312</b>	<b>65%</b>	<b>135</b>	<b>247</b>	<b>(45)%</b>
Talvivaara Stream	48	57	(16)%	22	25	(12)%
<b>Total zinc concentrate</b>	<b>564</b>	<b>369</b>	<b>53%</b>	<b>289</b>	<b>272</b>	<b>6%</b>

'000 tonnes unless otherwise indicated	FY 2012	FY 2011	% change	H2 2012	H1 2012	% change
<b>Total lead concentrate</b>						
Contonga	2.5	1.7	47%	1.3	1.2	8%
Coricancha	1.5	2.7	(44)%	1.0	0.6	67%
El Mochito	20.4	7.6	168%	10.4	10.0	4%
El Toqui	0.9	0.4	125%	0.3	0.6	(50)%
Myra Falls	3.3	0.8	313%	2.0	1.3	54%
<b>Total lead concentrate</b>	<b>28.6</b>	<b>13.2</b>	<b>117%</b>	<b>15.1</b>	<b>13.7</b>	<b>10%</b>
<b>Total copper concentrate</b>						
Campo Morado	40.2	38.7	4%	20.3	19.9	2%
Contonga	5.8	3.2	81%	3.3	2.5	32%
Coricancha	0.8	0.8	-	0.5	0.2	150%
Langlois	9.7	0.3	3133%	5.3	4.4	20%
Myra Falls	16.0	6.1	162%	6.5	9.5	(32)%
<b>Total copper concentrate</b>	<b>72.5</b>	<b>49.1</b>	<b>48%</b>	<b>36.0</b>	<b>36.5</b>	<b>(1)%</b>
<b>Zinc in Concentrate</b>						
Campo Morado	40	46	(13)%	17	23	(26)%
Contonga	15	10	50%	8	7	14%
Coricancha	2	2	-	1	1	-
El Mochito	26	10	160%	13	13	-
El Toqui	20	9	122%	10	10	-
Langlois	39	1	3800%	22	17	29%
Myra Falls	32	15	113%	14	18	(22)%
East Tennessee	61	49	24%	34	26	31%
Middle Tennessee	48	32	50%	26	22	18%
Tennessee Mines	109	80	36%	60	49	22%
<b>Own Mine Total</b>	<b>282</b>	<b>172</b>	<b>64%</b>	<b>86</b>	<b>135</b>	<b>(36)%</b>
Talvivaara Stream	30	35	(14)%	14	16	(13)%
<b>Total</b>	<b>312</b>	<b>207</b>	<b>51%</b>	<b>160</b>	<b>151</b>	<b>6%</b>
<b>Lead in concentrate</b>						
Contonga	1.5	1.0	50%	0.8	0.7	14%
Coricancha	0.8	1.3	(38)%	0.5	0.3	67%
El Mochito	12.4	4.9	153%	6.3	6.1	3%
El Toqui	0.4	0.2	100%	0.1	0.3	(67)%
Myra Falls	1.1	0.4	175%	0.7	0.5	40%
<b>Total</b>	<b>16.2</b>	<b>7.8</b>	<b>108%</b>	<b>8.4</b>	<b>7.9</b>	<b>6%</b>
<b>Copper in concentrate</b>						
Campo Morado	5.6	5.2	8%	2.9	2.7	7%
Contonga	1.5	0.8	88%	0.9	0.6	50%
Coricancha	0.2	0.2	-	0.1	0.1	-
Langlois	2.0	0.1	1900%	1.1	0.9	22%
Myra Falls	3.8	1.6	138%	1.5	2.2	(32)%
<b>Total</b>	<b>13.0</b>	<b>7.7</b>	<b>69%</b>	<b>6.5</b>	<b>6.5</b>	<b>-</b>
<b>Gold ('000 troy oz)</b>						
Campo Morado	15.9	17.0	(6)%	7.7	8.2	(6)%
Coricancha	11.5	14.8	(22)%	7.1	4.4	61%
El Toqui	51.6	13.0	297%	29.3	22.1	33%
Langlois	2.0	-	-	1.1	0.9	22%
Myra Falls	13.6	5.1	167%	6.7	6.9	(3)%
<b>Total</b>	<b>94.6</b>	<b>49.9</b>	<b>90%</b>	<b>51.9</b>	<b>42.5</b>	<b>22%</b>
<b>Silver ('000 troy oz)</b>						
Campo Morado	1,728	1,836	(6)%	816	912	(11)%
Contonga	450	393	15%	236	213	11%
Coricancha	491	583	(16)%	339	152	123%
El Mochito	1,627	598	172%	858	770	11%
El Toqui	113	43	163%	56	57	(2)%
Langlois	528	-	-	300	228	32%
Myra Falls	580	220	164%	254	326	(22)%
<b>Total</b>	<b>5,517</b>	<b>3,673</b>	<b>50%</b>	<b>2,858</b>	<b>2,658</b>	<b>8%</b>



## MINING PRODUCTION ANNEX

### Production of former Breakwater mines for 2012 and 2011 (irrespective of ownership)

000 tonnes unless otherwise indicated	FY 2012	FY 2011	% change	H2 2012	H1 2012	% change
<b>Ore Milled (000'tonnes)</b>						
El Mochito	748	714	5%	363	385	(6)%
El Toqui	533	599	(11)%	288	246	17%
Langlois	517	13	3877%	300	216	39%
Myra Falls	522	494	6%	269	253	6%
<b>Zinc mill head grade (%)</b>						
El Mochito	4.07%	4.26%	(4)%	4.25%	3.91%	9%
El Toqui	4.34%	5.50%	(21)%	4.28%	4.41%	(3)%
Langlois	8.12%	7.00%	16%	8.05%	8.21%	(2)%
Myra Falls	6.88%	8.00%	(14)%	5.95%	7.87%	(24)%
<b>Lead mill head grade (%)</b>						
El Mochito	2.08%	2.20%	(5)%	2.19%	1.98%	11%
El Toqui	0.27%	0.20%	35%	0.30%	0.25%	20%
Myra Falls	0.53%	0.60%	(12)%	0.53%	0.53%	-
<b>Copper mill head grade (%)</b>						
Langlois	0.53%	0.56%	(5)%	0.52%	0.55%	(5)%
Myra Falls	0.96%	1.10%	(13)%	0.79%	1.14%	(31)%
<b>Gold mill head grade (g/t)</b>						
El Toqui	3.76	2.30	63%	3.95	3.53	12%
Langlois	0.15	-	-	0.14	0.16	(13)%
Myra Falls	1.22	1.10	11%	1.20	1.25	(4)%
<b>Silver mill head grade (g/t)</b>						
El Mochito	77.72	81.13	(4)%	83.86	71.94	17%
El Toqui	9.10	9.30	(2)%	8.57	9.72	(12)%
Langlois	41.55	-	-	39.81	43.97	(9)%
Myra Falls	43.44	45.30	(4)%	38.02	49.22	(23)%
<b>Zinc recovery (%)</b>						
El Mochito						
El Toqui	84.9%	86.8%	(2)%	82.0%	88.4%	(7)%
Langlois	93.0%	82.7%	12%	92.9%	93.2%	(0)%
Myra Falls	88.8%	91.9%	(3)%	88.9%	88.7%	0%
<b>Lead recovery (%)</b>						
El Mochito	78.9%	83.1%	(5)%	78.6%	79.3%	(1)%
El Toqui	67.5%	48.5%	39%	78.5%	54.7%	44%
Myra Falls	41.2%	34.5%	19%	45.9%	36.2%	27%
<b>Copper recovery (%)</b>						
Langlois	73.0%	73.9%	(1)%	73.7%	72.1%	2%
Myra Falls	74.2%	77.5%	(4)%	71.2%	77.3%	(8)%

000 tonnes unless otherwise indicated	FY 2012	FY 2011	% change	H2 2012	H1 2012	% change
<b>Gold recovery (%)</b>						
El Toqui	79.6%	79.5%	0%	79.8%	79.3%	1%
Langlois	81.7%	-	-	81.7%	81.7%	-
Myra Falls	65.8%	70.0%	(6)%	64.1%	67.6%	(5)%
<b>Silver recovery (%)</b>						
El Mochito	86.5%	86.3%	0%	87.6%	85.5%	2%
El Toqui	67.7%	68.3%	(1)%	62.3%	73.9%	(16)%
Langlois	78.0%	-	-	78.6%	77.2%	2%
Myra Falls	79.1%	80.4%	(2)%	76.8%	81.5%	(6)%
<b>Zinc concentrate (000'tonnes)</b>						
El Mochito	50	49	2%	25	25	-
El Toqui	44	61	(28)%	23	21	10%
Langlois	73	2	3550%	42	31	35%
Myra Falls	59	66	(11)%	27	32	(16)%
<b>Lead concentrate (000'tonnes)</b>						
El Mochito	20.4	21.3	(4)%	10.4	10.0	4%
El Toqui	0.9	0.9	-	0.3	0.6	(50)%
Myra Falls	3.3	1.9	74%	2.0	1.3	54%
<b>Copper concentrate (000'tonnes)</b>						
Langlois	9.7	0.3	3133%	5.3	4.4	20%
Myra Falls	16.0	16.4	(2)%	6.5	9.5	(32)%
<b>Zinc in Concentrate (000'tonnes)</b>						
El Mochito	26	26	-	13	13	-
El Toqui	20	29	(31)%	10	10	-
Langlois	39	1	3800%	22	17	29%
Myra Falls	32	36	(11)%	14	18	(22)%
<b>Lead in concentrate (000'tonnes)</b>						
El Mochito	12.4	13.1	(5)%	6.3	6.1	3%
El Toqui	0.4	0.5	(20)%	0.1	0.3	(67)%
Myra Falls	1.1	0.8	38%	0.7	0.5	40%
<b>Copper in concentrate (000'tonnes)</b>						
Langlois	2.0	0.1	1900%	1.1	0.9	22%
Myra Falls	3.8	4.2	(10)%	1.5	2.2	(32)%
<b>Gold ('000 troy oz)</b>						
El Toqui	51.6	33.5	54%	29.3	22.1	33%
Langlois	2.0	-	-	1.1	0.9	22%
Myra Falls	13.6	12.4	10%	6.7	6.9	(3)%
<b>Silver ('000 troy oz)</b>						
El Mochito	1,627	1,555	5%	858	770	11%
El Toqui	113	123	(8)%	56	57	(2)%
Langlois	528	-	-	300	228	32%
Myra Falls	580	574	1%	254	326	(22)%

## FORWARD-LOOKING STATEMENTS

This release includes forward-looking statements that reflect Nyrstar's intentions, beliefs or current expectations concerning, among other things: Nyrstar's results of operations, financial condition, liquidity, performance, prospects, growth, strategies and the industry in which Nyrstar operates. These forward-looking statements are subject to risks, uncertainties and assumptions and other factors that could cause Nyrstar's actual results of operations, financial condition, liquidity, performance, prospects or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. Nyrstar cautions you that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which Nyrstar operates may differ materially from those made in or suggested by the forward-looking statements contained in this news release. In addition, even if Nyrstar's results of operations, financial condition, liquidity and growth and the development of the industry in which Nyrstar operates are consistent with the forward-looking statements contained in this news release, those results or developments may not be indicative of results or developments in future periods. Nyrstar and each of its directors, officers and employees expressly disclaim any obligation or undertaking to review, update or release any update of or revisions to any forward-looking statements in this report or any change in Nyrstar's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based, except as required by applicable law or regulation.

## About Nyrstar

Nyrstar is an integrated mining and metals business, with market leading positions in zinc and lead, and growing positions in other base and precious metals; essential resources that are fuelling the rapid urbanisation and industrialisation of our changing world. Nyrstar has mining, smelting, and other operations located in Europe, the Americas, China and Australia and employs over 7,000 people. Nyrstar is incorporated in Belgium and has its corporate office in Switzerland. Nyrstar is listed on NYSE Euronext Brussels under the symbol NYR. For further information please visit the Nyrstar website, [www.nyrstar.com](http://www.nyrstar.com)

## For further information contact:

Jaideep Thatai      Manager Investor Relations  
Geert Lambrechts      Manager Corporate Communications

T: +41 44 745 8103      M: +41 79 722 3089      [jaideep.thatai@nyrstar.com](mailto:jaideep.thatai@nyrstar.com)  
T: +32 14 449 646      M: +32 473 637 892      [geert.lambrechts@nyrstar.com](mailto:geert.lambrechts@nyrstar.com)

## Selected Nyrstar Consolidated Financial Information

For the year ended

31 December 2012

### Management responsibility statement

We hereby certify that, to the best of our knowledge, the selected consolidated financial information for the year ended 31 December 2012, which has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and with the legal requirements applicable in Belgium, give a true and fair view of the

- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated statement of financial position
- Consolidated statement of changes in equity
- Consolidated statement of cash flows
- Segment reporting

for the reporting year 2012, and that the commentary on pages 1 to 31 offers a fair and balanced review of overall performance of the business during 2012.

Brussels, 6 February 2013



Roland Junck  
Chief Executive Officer



Heinz Eigner  
Chief Financial Officer

### Financial Audit statement

The statutory auditor Deloitte Bedrijfsrevisoren burg. CVBA / Réviseurs d'Entreprises SCRL civile, represented by Gert Vanhees, has issued an unqualified audit opinion on the IFRS consolidated financial statements and has confirmed that the IFRS accounting data included in this annual announcement does not include any apparent inconsistencies with the IFRS consolidated financial statements. The accounting data included in this annual announcement incorporates other financial information which has not been audited.

The selected consolidated financial information in this press release are extracted from the 2012 audited financial statements which were published on 7 February 2013 for submission to the Annual General Meeting of shareholders on 24 April 2013. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and with the legal requirements applicable in Belgium.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

EUR million	Note	2012	2011
<b>Revenue</b>	7	<b>3,069.8</b>	<b>3,347.6</b>
Raw materials used		(1,627.3)	(2,000.6)
Freight expense		(86.2)	(60.8)
<b>Gross profit</b>		<b>1,356.3</b>	<b>1,286.2</b>
Other income		25.3	13.7
Employee benefits expense	11	(409.6)	(339.3)
Energy expenses		(332.1)	(303.6)
Stores and consumables used		(194.8)	(152.1)
Contracting and consulting expense		(170.8)	(145.8)
Other expense	14	(62.3)	(91.9)
Depreciation, amortisation and depletion	15, 16, 20	(218.4)	(145.2)
<b>Result from operating activities before exceptional items</b>		<b>(6.4)</b>	<b>122.0</b>
M&A related transaction expense	10	(2.6)	(14.6)
Restructuring expense	29	(16.9)	(9.0)
Impairment loss	17	(18.2)	-
Loss on the disposal of subsidiaries	9	(0.1)	-
<b>Result from operating activities</b>		<b>(44.2)</b>	<b>98.4</b>
Finance income	12	1.2	5.2
Finance expense	12	(91.2)	(66.3)
Net foreign exchange (loss) / gain	12	(0.9)	5.6
<b>Net finance expense</b>		<b>(90.9)</b>	<b>(55.5)</b>
Share of (loss) / profit of equity accounted investees	18	(1.3)	1.3
Gain on the disposal of equity accounted investees	18	26.7	-
<b>(Loss) / profit before income tax</b>		<b>(109.7)</b>	<b>44.2</b>
Income tax benefit / (expense)	13	14.4	(8.1)
<b>(Loss) / profit for the year</b>		<b>(95.3)</b>	<b>36.1</b>
Attributable to:			
Equity holders of the parent		(92.4)	36.0
Non-controlling interest		(2.9)	0.1
(Loss) / earnings per share for profit attributable to the equity holders of the Company during the period (expressed in EUR per share)			
basic	34	(0.57)	0.24
diluted	34	(0.57)	0.24

See the 2012 audited financial statements, published on 7 February 2013, for the notes

## CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS) / INCOME

For the year ended 31 December

EUR million	Note	2012	2011
<b>(Loss) / profit for the year</b>		<b>(95.3)</b>	<b>36.1</b>
Other comprehensive (loss) / income			
Foreign currency translation differences		(11.2)	30.8
Defined benefit plans - actuarial losses	30	(14.3)	(8.5)
(Losses) / gains on cash flow hedges	21	(10.9)	25.8
Change in fair value of investments in equity securities	19	(4.9)	(2.1)
Income tax relating to the above items	13	4.6	(5.1)
Reclassifications to profit or loss:			
Reclassification of reverse acquisition reserve		7.6	-
Reclassification of foreign currency translation differences		(13.2)	-
Losses / (gains) on cash flow hedges		3.7	(7.8)
Income tax relating to the above items		-	2.3
<b>Other comprehensive (loss) / income for the year, net of tax</b>		<b>(38.6)</b>	<b>35.4</b>
<b>Total comprehensive (loss) / income for the year</b>		<b>(133.9)</b>	<b>71.5</b>
Attributable to:			
Equity holders of the parent		(131.0)	71.4
Non-controlling interest		(2.9)	0.1

See the 2012 audited financial statements, published on 7 February 2013, for the notes



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	as at 31 Dec 2012	as at 31 Dec 2011
Property, plant and equipment	15	1,730.2	1,725.7
Intangible assets	16	133.4	138.6
Investments in equity accounted investees	18	29.0	47.9
Investments in equity securities	19	37.9	32.1
Zinc purchase interest	20	237.2	249.2
Deferred income tax assets	13	77.4	75.4
Other financial assets	21	25.1	36.5
Other assets	23	3.9	5.0
<b>Total non-current assets</b>		<b>2,274.1</b>	<b>2,310.4</b>
Inventories	22	747.1	565.7
Trade and other receivables	24	221.1	313.9
Prepayments		14.4	22.8
Current income tax assets		6.2	4.6
Other assets	23	4.0	15.3
Other financial assets	21	47.0	52.3
Cash and cash equivalents	25	188.1	177.4
<b>Total current assets</b>		<b>1,227.9</b>	<b>1,152.0</b>
<b>Total assets</b>		<b>3,502.0</b>	<b>3,462.4</b>
Share capital and share premium	26	1,676.9	1,704.1
Reserves	27	(207.5)	(184.9)
Accumulated losses		(308.2)	(204.8)
<b>Total equity attributable to equity holders of the parent</b>		<b>1,161.2</b>	<b>1,314.4</b>
Non-controlling interest		-	4.3
<b>Total equity</b>		<b>1,161.2</b>	<b>1,318.7</b>
Loans and borrowings	28	867.2	864.4
Deferred income tax liabilities	13	142.5	202.4
Provisions	29	210.5	197.6
Employee benefits	30	85.4	75.1
Other financial liabilities	21	2.1	0.1
Other liabilities	23	59.3	47.4
<b>Total non-current liabilities</b>		<b>1,367.0</b>	<b>1,387.0</b>
Trade and other payables	31	641.2	415.2
Current income tax liabilities		16.8	40.0
Loans and borrowings	28	1.3	31.3
Provisions	29	24.3	32.1
Employee benefits	30	53.5	52.2
Other financial liabilities	21	11.3	38.6
Deferred income	32	218.6	127.4
Other liabilities	23	6.8	19.9
<b>Total current liabilities</b>		<b>973.8</b>	<b>756.7</b>
<b>Total liabilities</b>		<b>2,340.8</b>	<b>2,143.7</b>
<b>Total equity and liabilities</b>		<b>3,502.0</b>	<b>3,462.4</b>

31 December 2011 has been adjusted for revisions to the provisional accounting for the acquisition of Breakwater Resources Ltd.

See the 2012 audited financial statements, published on 7 February 2013, for the notes

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million		Share capital	Share premium	Reserves (note 27)	Accumulated losses	Total amount attributable to shareholders	Non-controlling interest	Total equity
As at 1 Jan 2012		1,352.0	352.1	(184.9)	(204.8)	<b>1,314.4</b>	4.3	<b>1,318.7</b>
Loss for the year		-	-	-	(92.4)	<b>(92.4)</b>	(2.9)	<b>(95.3)</b>
Other comprehensive loss		-	-	(28.9)	(9.7)	<b>(38.6)</b>	-	<b>(38.6)</b>
Total comprehensive loss		-	-	(28.9)	(102.1)	<b>(131.0)</b>	(2.9)	<b>(133.9)</b>
Change in par value	26	-	-	1.2	(1.2)	-	-	-
Treasury shares		-	-	5.1	(3.9)	<b>1.2</b>	-	<b>1.2</b>
Net movement in non-controlling interests as result of disposal of subsidiaries	9	-	-	-	-	-	(1.4)	<b>(1.4)</b>
Distribution to shareholders (capital decrease)	26	(27.2)	-	-	-	<b>(27.2)</b>	-	<b>(27.2)</b>
Share-based payments		-	-	-	3.8	<b>3.8</b>	-	<b>3.8</b>
<b>As at 31 Dec 2012</b>		<b>1,324.8</b>	<b>352.1</b>	<b>(207.5)</b>	<b>(308.2)</b>	<b>1,161.2</b>	-	<b>1,161.2</b>

EUR million		Share capital	Share premium	Reserves (note 27)	Accumulated losses	Total amount attributable to shareholders	Non-controlling interest	Total equity
As at 1 Jan 2011		1,176.9	78.5	(258.3)	(169.0)	<b>828.1</b>	4.2	<b>832.3</b>
Profit for the year		-	-	-	36.0	<b>36.0</b>	0.1	<b>36.1</b>
Other comprehensive income		-	-	41.2	(5.8)	<b>35.4</b>	-	<b>35.4</b>
Total comprehensive income		-	-	41.2	30.2	<b>71.4</b>	0.1	<b>71.5</b>
Capital increase	26	1,043.6	(569.5)	-	-	<b>474.1</b>	-	<b>474.1</b>
Change in par value		(843.1)	843.1	46.7	(46.7)	-	-	-
Treasury shares		-	-	(14.5)	(24.8)	<b>(39.3)</b>	-	<b>(39.3)</b>
Convertible bond	26	0.1	-	-	-	<b>0.1</b>	-	<b>0.1</b>
Distribution to shareholders (capital decrease)	26	(25.5)	-	-	-	<b>(25.5)</b>	-	<b>(25.5)</b>
Share-based payments		-	-	-	5.5	<b>5.5</b>	-	<b>5.5</b>
<b>As at 31 Dec 2011</b>		<b>1,352.0</b>	<b>352.1</b>	<b>(184.9)</b>	<b>(204.8)</b>	<b>1,314.4</b>	<b>4.3</b>	<b>1,318.7</b>

See the 2012 audited financial statements, published on 7 February 2013, for the notes

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

EUR million	Note	2012	2011
(Loss) / profit for the year		(95.3)	36.1
Adjustment to:			
Depreciation, amortisation and depletion	15, 16, 20	218.4	145.2
Income tax (benefit) / expense	13	(14.4)	8.1
Net finance expense	12	90.9	55.5
Share of loss / (profit) in equity accounted investees	18	1.3	(1.3)
Impairment loss	17	18.2	-
Equity settled share based payment transactions		6.1	5.5
Other non-monetary items		6.7	(8.3)
Loss on the disposal of subsidiaries	9	0.1	-
Gain on disposal of equity accounted investees	18	(26.7)	-
Gain on sale of property, plant and equipment	15	(6.4)	(3.5)
Cash flow from operating activities before working capital changes		<b>198.9</b>	<b>237.3</b>
Change in inventories		(199.0)	31.6
Change in trade and other receivables		80.6	(69.9)
Change in prepayments		8.2	(10.1)
Change in deferred income		98.8	20.4
Change in trade and other payables		238.2	38.9
Change in other assets and liabilities		3.0	(76.2)
Change in provisions and employee benefits		(20.4)	(43.0)
Income tax paid		(46.9)	(7.8)
<b>Cash flow from operating activities</b>		<b>361.4</b>	<b>121.2</b>
Acquisition of property, plant and equipment	15	(246.1)	(220.2)
Acquisition of intangible assets	16	(1.7)	(8.5)
Proceeds from sale of property, plant and equipment		8.3	5.4
Proceeds from sale of intangible assets		1.3	-
Acquisition of subsidiary, net of cash acquired	8	-	(670.0)
Acquisition of investment in equity securities		(9.9)	(7.6)
Payments of loans to equity accounted investees	21	(2.7)	-
Distribution from equity accounted investees		0.7	4.9
Proceeds from sale of equity accounted investees	18	32.4	-
Proceeds from sale of subsidiary	9	2.2	-
Interest received		1.5	5.3
<b>Cash flow used in investing activities</b>		<b>(214.0)</b>	<b>(890.7)</b>
Capital increase	26	-	474.1
Repurchase of own shares	26	-	(44.5)
Proceeds from borrowings		8.2	541.6
Repayment of borrowings		(42.4)	(132.7)
Interest paid		(73.1)	(38.6)
Distribution to shareholders		(26.1)	(24.7)
<b>Cash flow (used in) / from financing activities</b>		<b>(133.4)</b>	<b>775.2</b>
<b>Net increase in cash held</b>		<b>14.0</b>	<b>5.7</b>
Cash at beginning of year	25	177.4	160.6
Exchange fluctuations		(3.3)	11.1
<b>Cash at end of year</b>	25	<b>188.1</b>	<b>177.4</b>

See the 2012 audited financial statements, published on 7 February 2013, for the notes

## Segment reporting (Note 7)

The Group's operating segments (Smelting and Mining) reflect the approach of the Nyrstar Management Committee (NMC) towards evaluating the financial performance and allocating resources to the Group's operations. The NMC has been identified as the chief operating decision making group. The NMC assesses the performance of the operating segments based on a measure of 'Underlying EBITDA'.

'Underlying EBITDA' is a non-IFRS measure of earnings, which is used internally by management to assess the underlying performance of Group's operations and is reported by Nyrstar to provide greater understanding of the underlying business performance of its operations. Underlying EBITDA excludes items related to restructuring expense, M&A related transaction expense, material income or expense arising from embedded derivatives recognized under IAS 39: 'Financial Instruments: Recognition and Measurement' and other items arising from events or transactions that management considers to be clearly distinct from the ordinary activities of Nyrstar.

The components of gross profit are non-IFRS measures which are used internally by management and are the following:

Mining's Payable/ free metal contribution is the metal price received for the payable component of the primary metal contained in concentrate before it is further processed by a smelter.

Smelting's Payable/free metal contribution is the value of the difference received between the amount of metal that is paid for in a concentrate and the total zinc recovered from the sale by a smelter.

Treatment charges are the fees charged for the processing of primary (concentrates) and secondary raw materials for the production of metal which is a positive gross profit element for the smelters and a deduction in the gross profit for mines.

Smelters' premiums Contribution is the premium charged on top of the base LME price for the sales of refined zinc and lead metals.

By-products are secondary products obtained in the course of producing zinc or lead and include primarily sulphuric acid, silver, gold, indium, copper and cadmium.

Other are other costs and revenues associated with smelting or mining operations that do not relate to the above categories.

The 'Smelting' segment comprises of the Group's Smelting operations. The 'Mining' segment comprises of the Group's Mining operations and the zinc streaming agreement with the Talvivaara mine (Finland). 'Other & Eliminations' contains Galva 45 (France), corporate activities as well as the eliminations of the intra-group transactions including any unrealised profits resulting from intercompany transactions.

For the twelve months ended Dec 2012,  
EUR million

	Mining	Smelting	Other and eliminations	Total
Revenue from external customers	400.3	2,683.7	(14.2)	<b>3,069.8</b>
Inter-segment revenue	80.9	-	(80.9)	-
<b>Total segment revenue</b>	<b>481.2</b>	<b>2,683.7</b>	<b>(95.1)</b>	<b>3,069.8</b>
Payable metal / free metal contribution	403.0	242.1	-	<b>645.1</b>
Treatment charges	(100.2)	338.5	-	<b>238.3</b>
Premiums	-	115.2	-	<b>115.2</b>
By-products	226.1	220.9	-	<b>447.0</b>
Other	(20.2)	(64.3)	(4.8)	<b>(89.3)</b>
<b>Gross profit</b>	<b>508.7</b>	<b>852.4</b>	<b>(4.8)</b>	<b>1,356.3</b>
Employee expenses	(134.6)	(218.0)	(57.0)	<b>(409.6)</b>
Energy expenses	(47.5)	(274.8)	(0.9)	<b>(323.2)</b>
Other expenses	(198.6)	(191.6)	(35.5)	<b>(425.7)</b>
<b>Direct operating costs</b>	<b>(380.7)</b>	<b>(684.4)</b>	<b>(93.4)</b>	<b>(1,158.5)</b>

Non-operating and other	0.6	(32.6)	53.8	21.8
<b>Underlying EBITDA</b>	<b>128.6</b>	<b>135.4</b>	<b>(44.4)</b>	<b>219.6</b>
Depreciation, amortisation and depletion				(218.4)
M&A related transaction expense				(2.6)
Restructuring expense				(16.9)
Impairment loss				(18.2)
Embedded derivatives				(8.9)
Loss on the disposal of subsidiaries				(0.1)
Gain on the disposal of equity accounted investees				26.7
Net finance expense				(90.9)
Income tax benefit				14.4
<b>Loss for the year</b>				<b>(95.3)</b>
Capital expenditure	(129.9)	(112.5)	(5.4)	(247.8)

For the twelve months ended Dec 2011, EUR million	Mining	Smelting	Other and eliminations	Total
Revenue from external customers	229.6	3,096.4	21.6	3,347.6
Inter-segment revenue	128.4	-	(128.4)	-
<b>Total segment revenue</b>	<b>358.0</b>	<b>3,096.4</b>	<b>(106.8)</b>	<b>3,347.6</b>
Payable metal / free metal contribution	288.6	245.5	-	534.1
Treatment charges	(70.4)	386.5	-	316.1
Premiums	-	119.6	-	119.6
By-products	135.4	282.3	-	417.7
Other	(8.6)	(97.2)	4.5	(101.3)
<b>Gross profit</b>	<b>345.0</b>	<b>936.7</b>	<b>4.5</b>	<b>1,286.2</b>
Employee expenses	(76.7)	(201.5)	(61.1)	(339.3)
Energy expenses	(28.6)	(277.4)	(1.1)	(307.1)
Other expenses	(129.7)	(180.9)	(33.2)	(343.8)
<b>Direct operating costs</b>	<b>(235.0)</b>	<b>(659.8)</b>	<b>(95.4)</b>	<b>(990.2)</b>
Non-operating and other	(38.0)	(42.0)	49.0	(31.0)
<b>Underlying EBITDA</b>	<b>72.0</b>	<b>234.9</b>	<b>(41.9)</b>	<b>265.0</b>
Depreciation, amortisation and depletion				(145.2)
M&A related transaction expense				(14.6)
Restructuring expense				(9.0)
Embedded derivatives				3.5
Net finance expense				(55.5)
Income tax expense				(8.1)
<b>Profit for the year</b>				<b>36.1</b>
Capital expenditure	(103.5)	(111.7)	(13.5)	(228.7)