

## Regulated Information

### Port Pirie Transformation Update

#### **Nyrstar reaches important milestone in funding package for transformation of the Port Pirie smelter into an advanced metals recovery centre**

23 May 2013

Nyrstar today announced that it has signed an implementation agreement with the Australian Export Finance and Insurance Corporation ("EFIC"), the export credit agency of the Australian Federal Government, with respect to the EFIC supported tranche of the funding package for the proposed transformation of the Port Pirie smelter into an advanced metals recovery centre (the "**Transformation**").

As announced on 3 December 2012, Nyrstar had reached an in-principle agreement with the Australian Federal Government and the South Australian Government with respect to the funding of the Transformation. The capital investment required for the Transformation is estimated at AUD 350 million<sup>1</sup> (approximately EUR 280 million) and is to be financed by a funding package comprised of:

- AUD 100 million investment from Nyrstar
- AUD 100 million via a forward sale arrangement of some of the incremental free metal units to be produced at Port Pirie as a consequence of the Transformation
- AUD 150 million via structured investment to third party investors, benefiting from a guarantee from EFIC

Today's announcement represents an important milestone in the funding package for the Transformation. The implementation agreement provides a framework and timetable for this component of the funding package. The terms of the agreement remain confidential. Completion is subject to a number of conditions, including final Ministerial approval following completion of the final investment case. The support of EFIC continues to be a critical element in Nyrstar's investment decision and underlines both Nyrstar and EFIC's commitment to the Transformation.

This milestone provides further positive momentum for the Transformation and follows other recent important developments on the funding and support package:

- On 28 February, the State Government announced that the Transformation had been awarded major development status, facilitating an efficient development approval process.
- Nyrstar announced in its First 2013 Interim management Statement, that on 10 April 2013 it had sold forward to February 2014 (the expected date by which the Transformation funding package would be effected) 5.0 million troy ounces of silver at a price of approximately USD 28/toz. The current intention is that this position would be rolled into AUD 100 million forward sale component of the transformation funding package in February 2014.

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<sup>1</sup> All costs denominated in nominal 2012 AUD

- On 24 April, the South Australian Government confirmed its contribution of AUD 5 million towards the funding of Nyrstar's final investment case, expected to be completed by the end of 2013 (with a report due in Q1 2014).

## Transformation background

- **Creating a fundamentally different business model for Port Pirie** by transforming the operation from a primary lead smelter into an advanced metals recovery centre capable of processing a wider range of high margin metal bearing feed materials
- Expected to generate **financial returns comparable to the advanced materials processing sector** and provide a step change opportunity to further diversify earnings
- Leveraging a **unique opportunity** using **state of the art and proven technology** that is expected to meet stringent environmental standards
- **Maximising value across Nyrstar** with residues from Nyrstar's zinc smelters and complex, high quality concentrates from Nyrstar's mines providing a secure feed material source
- Representing **another step in pursuing Nyrstar's stated mission to capture the maximum value inherent in mineral resources**
- **Innovative funding and support package** agreed in principle with the Australian Federal Government and South Australian Government which **preserves Nyrstar's capacity to continue the execution of its mining integration strategy and deliver its organic growth pipeline**
- Final investment case expected to be completed by end 2013 and commissioning in early 2016

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## 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)

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