

OCTOBER 2014



# Second 2014 Interim Management Statement



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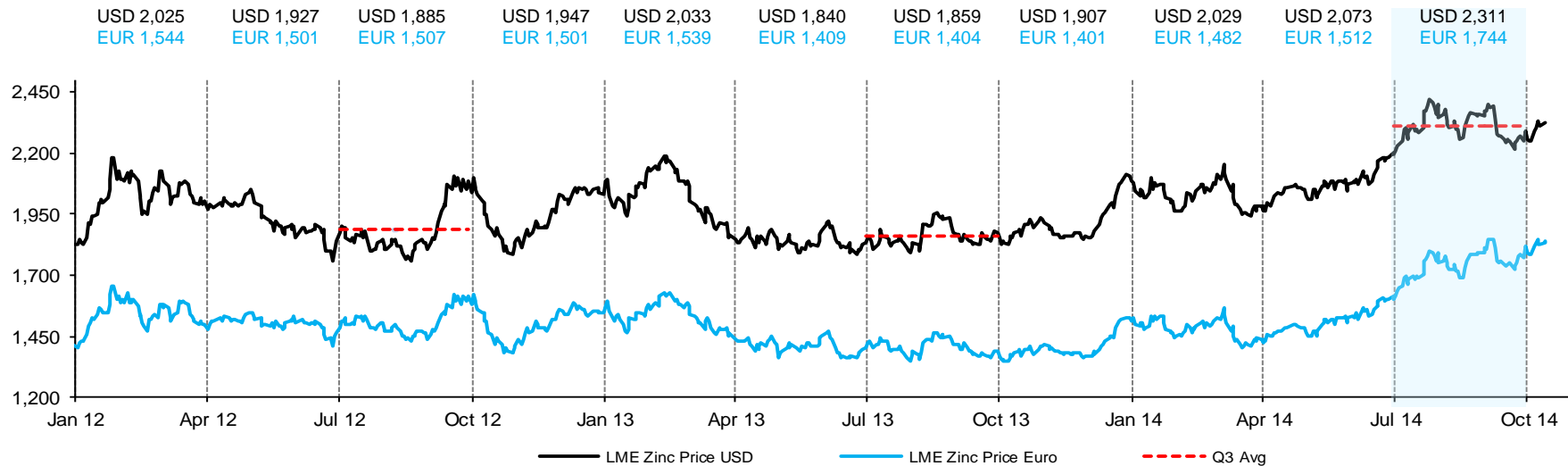
# Highlights

- **Continued solid operational performance for Metals Processing**
  - Zinc market metal production of 269,000 tonnes in Q3 2014, up 1% quarter-on-quarter; 821,000 tonnes in 9M 2014, up 4% year-on-year<sup>1</sup>
- **Improving operational performance for Mining**
  - Zinc in concentrate production (own mines) of 70,000 tonnes in Q3 2014, up 4% quarter-on-quarter; 210,000 tonnes in 9M 2014, up 3% year-on-year
- **Full year production guidance maintained**
- **Remain on track to deliver against previously announced annualised Project Lean savings target of EUR 75m by the end of 2014**
- Q3 2014 average zinc price of USD 2,311/t, up 11% quarter-on-quarter
  - Near term zinc price trading conditions remain volatile. **Nyrstar remains confident in the underlying fundamentals of the zinc market in the medium term**
- **Zinc premia and treatment charge outlook favourable for smelters**
- Nyrstar successfully **completed its Comprehensive Strategic Financing** to continue its strategy execution while enhancing the Company's financial position
- In early October Nyrstar **successfully completed the forward sale of a portion of the incremental future silver production of the redeveloped Port Pirie for AUD 120 million**, which is the second component of the funding package for the Redevelopment

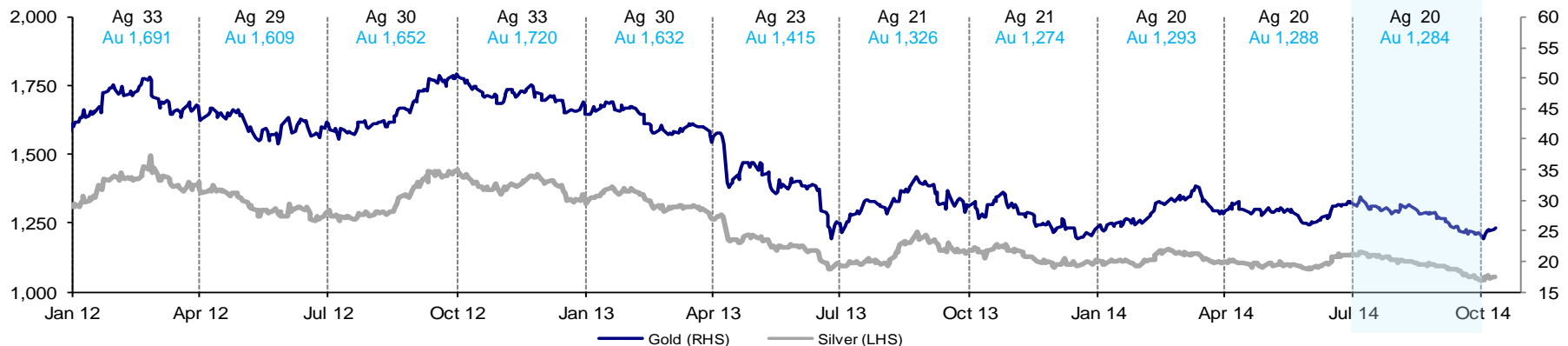
<sup>1</sup> Historical zinc metal production adjusted to reflect the closure of the zinc plant at Port Pirie in July 2014.

# Improving zinc price conditions; near term trading volatility remains

## LME zinc price

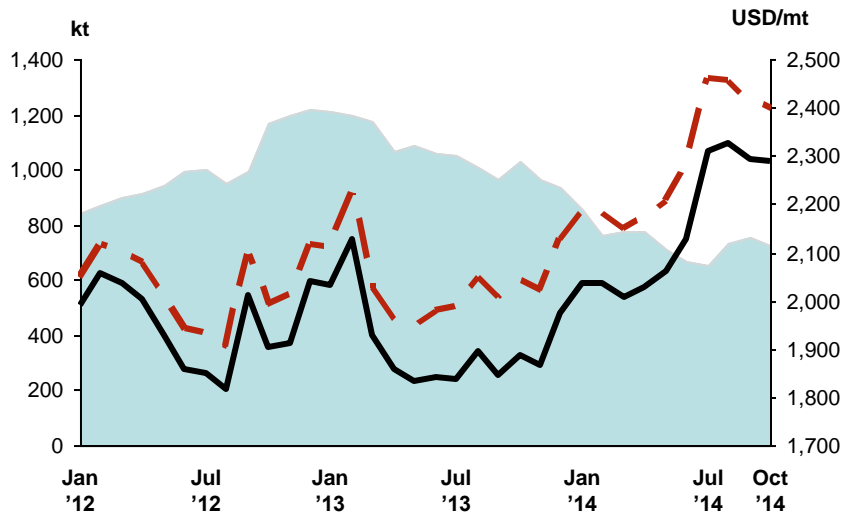


## LBMA silver & gold prices USD / OZ



# LME zinc inventories continue to decline while zinc prices improve in anticipation of a growing supply deficit

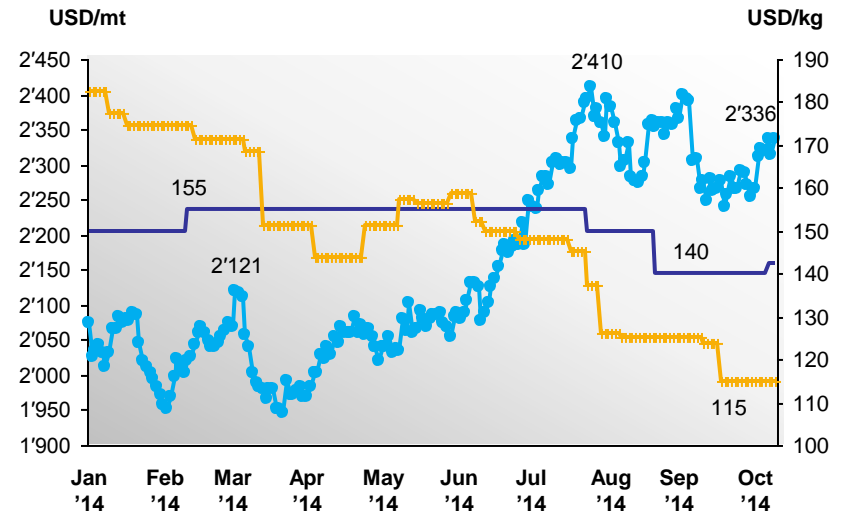
## LME zinc warehouse volumes vs. price



- LME warehouse volume
- LME zinc price, cash settlement
- - LME zinc price + zinc premium

- LME zinc stocks peaked in December 2012 at 1.235 Mmt and have since fallen 46%
- Questions around off-warrant inventories remain

## YTD zinc prices vs. premia evolution



- LME 3 Months Zinc Price
- MB Rotterdam Premium
- MB Shanghai Premium

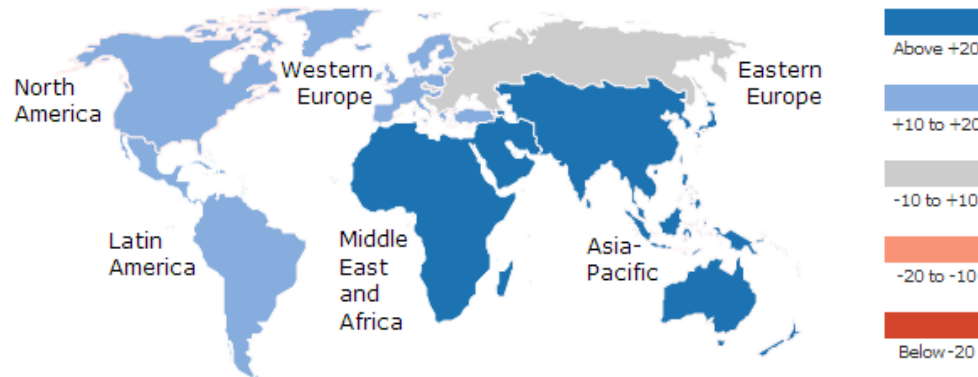
- Zinc price climbed significantly above last year's level, with the market anticipating a widening supply-demand gap
- Outlook for premia going forward is positive



# Global economic outlook: underlying fundamentals remains positive particularly for markets that drive metal demand

## Expectations of global business confidence by region

Balance of Respondents Expecting Conditions to Improve, %, Q3 2014



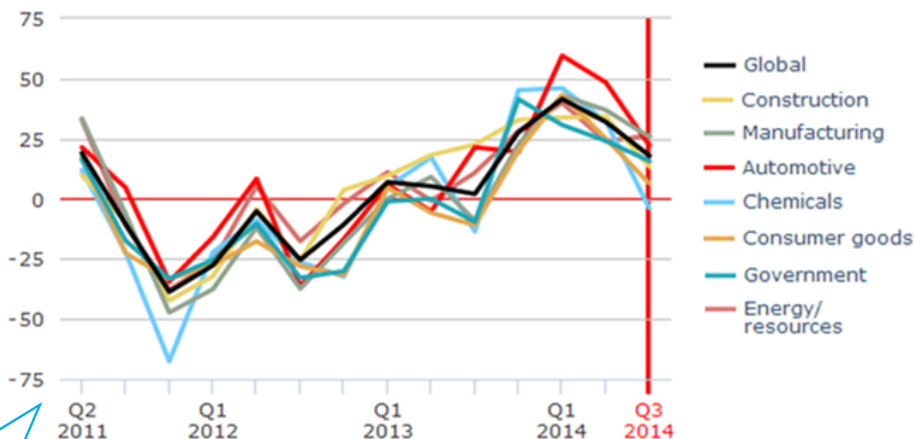
## Expectations of global business confidence over time

**BALANCE: +17.9%**

Worse: 18.2%

No change: 45.7%

Better: 36.1%



Source: Economist; Financial Times

**Market sentiment** (Source: August Economist/Financial Times "Global Business Barometer survey")

- In Q3 2014, 36% of respondent's believed the global economy would improve – down from > 50% in Q1 2014
- 46% believed it would stay the same and 18% saying it would get worse

## By Region

- Growth in Asia and Africa remains strong
- Improving confidence in North America and Europe
- Conflict in Eastern Europe and the Middle East negatively impacted sentiment

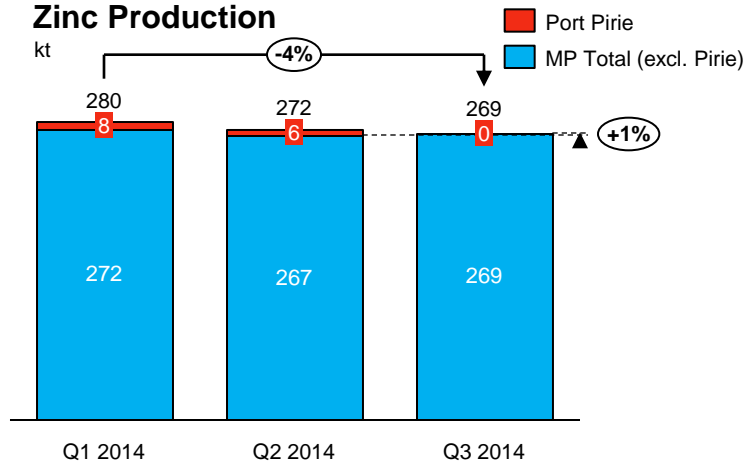
## By End-use market

- Automotive and manufacturing sectors expected to show the most improvement
- Construction and consumer goods growth solid
- Energy & resource sector remains positive
- Chemicals industry softening in light of increasing energy costs

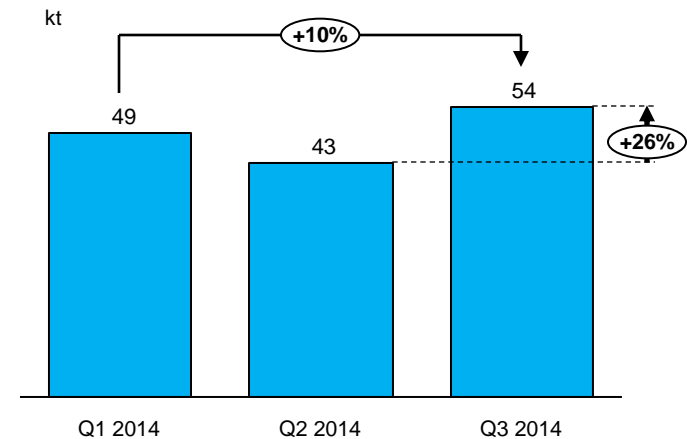
# Metals Processing: delivering solid operational performance

## Quarter on Quarter

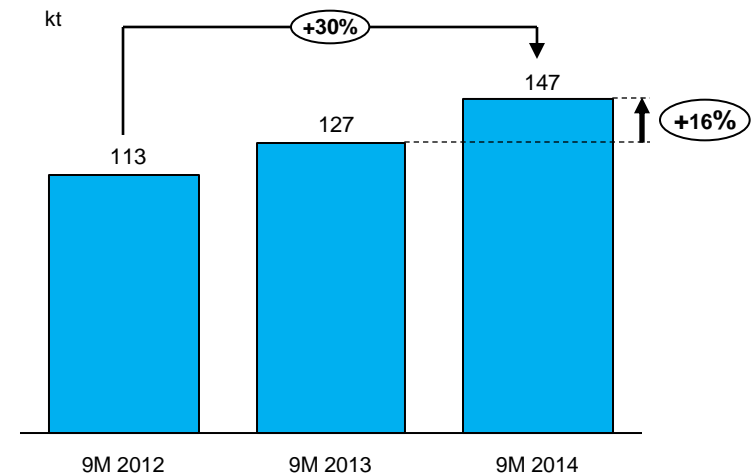
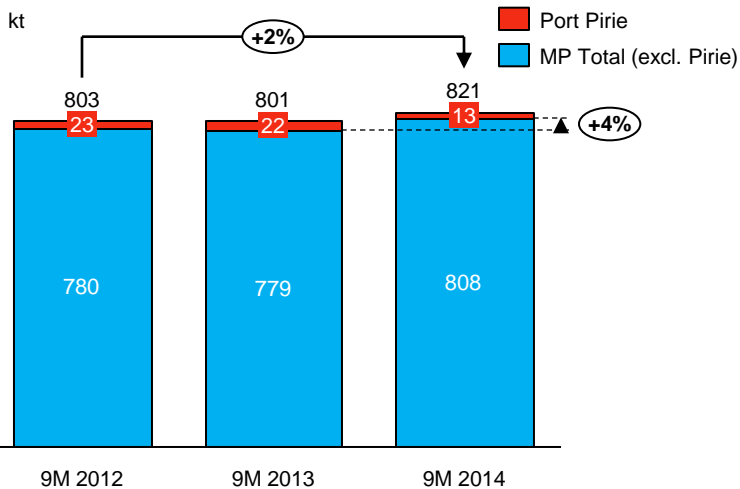
### Zinc Production



### Lead Production



## Year on Year



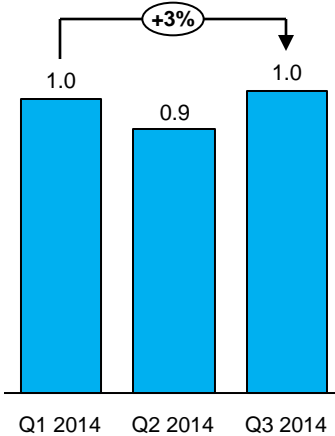


# Metals Processing: delivering solid operational performance

## Quarter on Quarter

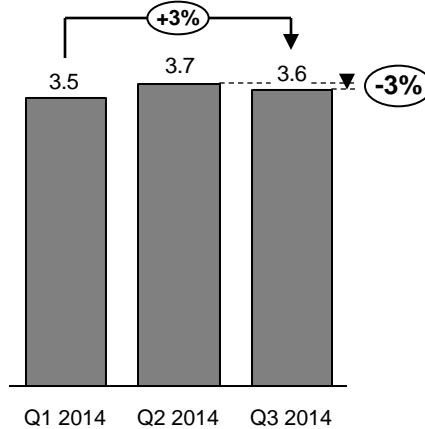
### Copper cathode

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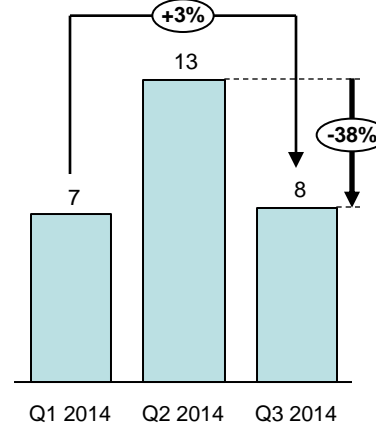
### Silver

m toz



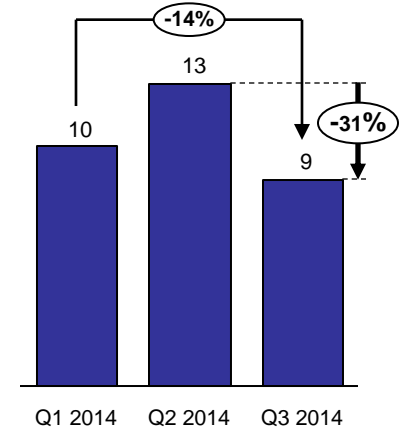
### Gold

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### Indium

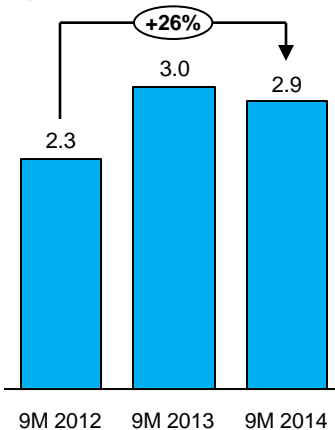
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## Year on Year

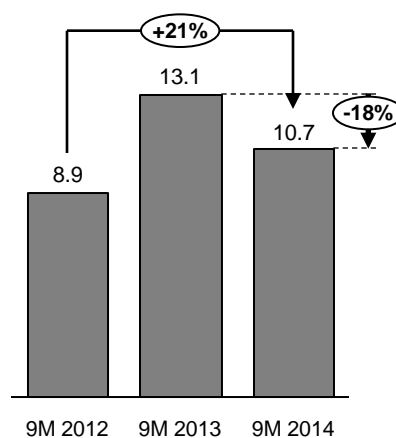
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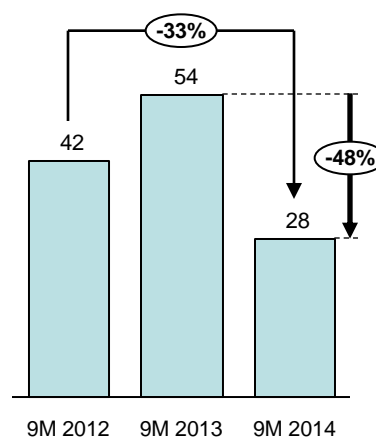
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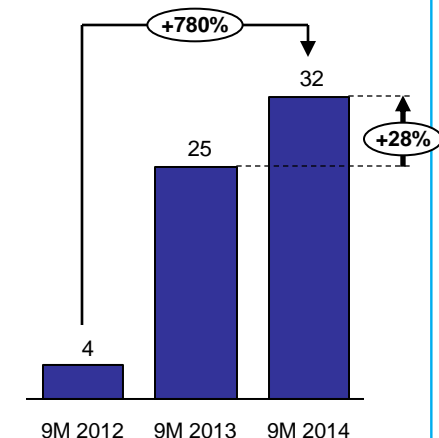
### Gold

k toz



### Indium

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# Port Pirie: total capital costs of AUD 514m unchanged; on track for commissioning during 2016

## Q3 highlights

### Construction

- Completion of site offices to accommodate construction management personnel
- Completion of site earthworks and service installation ahead of starting the first stage of the construction of a temporary accommodation camp for 400 contractors
- Commencement of new site workshop enabling existing building to be demolished to make way for the new oxidation furnace

### Procurement and contracting

- A significant number of key contracts were awarded including agreements for the construction of the temporary accommodation camp and the new site workshop; general and furnace piling; sulphuric acid plant piling and the sulphuric acid plant design and supply; as well as the blast furnace and copper crossing furnace ("CDF") engineering design services contract
- A review was also conducted on the furnace design and supply contract, and work remains on schedule

### Engineering

- Nearly 50% of the engineering work for the project was completed by the end of September; includes work on the site layout and equipment specifications
- A number of significant layout design reviews were conducted; includes work on the feed preparation area, infrastructure and furnace area
- A number of HAZOP reviews were also completed

## Temporary accommodation for contractors



## Geotechnical drilling underway for oxygen plant



## Start of floor replacement for new workshop



# Port Pirie: total capital costs of AUD 514m unchanged; on track for commissioning during 2016

## Q4 highlights

### ■ Construction

- First stage of the temporary accommodation camp is expected to be completed as is the new site workshop
- Demolition of the existing workshop in preparation for the installation of the new oxidation furnace
- Preparation of the construction area for the oxygen plant will commence
- Piling works for the sea water cooling system, water and gas services and infrastructure buildings will commence
- Installation of the Redevelopment plant connections will be completed during the planned blast furnace shut in November

### ■ On procurement and contracts

- Significant number of additional contracts are expected to be awarded including those for the oxygen plant (Build-Own-Operate); high voltage electrical recirculation; furnace waste heat boiler supply; evaporative cooling tower supply; electro static precipitator supply; coal grinding plant supply; furnace fans supply; coal injection plant supply; demineralised water plant supply; heat exchangers supply; and conveyor systems supply contract

### ■ On procurement and contracts

- Around 75% of the engineering work for the project is expected to be complete by year-end

# Other growth projects: SSR on track and on budget

## Deconstraining smelters

### Q3 highlights

- Post Century projects enter implementation phase: on track for completion in H1 2015
- Other deconstraining projects move into implementation phase; on track for completion in H1 2015



### Q4 targets

- Post Century demolition & plant modification works at Hobart & Budel
- Plant modifications at Auby to allow increased indium throughput & recovery
- Complete test campaign with respect to installation of oxygen enrichment in roasting
- Port Pirie (post-Redevelopment) projects to move from feasibility to development phase, and others to enter feasibility phase

## Adding fuming capacity

### Q3 highlights

- Work continued on redevelopment of Hoyanger fumer: on track to be completed by the end of 2014
- Continued evaluating options for additional fuming capacity in Europe; feasibility report on track to be completed by the end of 2014



### Q4 targets

- Commission redeveloped Hoyanger fumer
- Complete final feasibility report for additional fuming capacity in Europe and for this project to move into development phase

## Expanding minor metals

### Q3 highlights

- Zinc plant at Port Pirie closed on schedule; shipments of fumes to both Hobart and Auby received and successfully processed
- Expansion of indium metal production at Auby moved into implementation phase; on track to be completed by H2 2015
- Other projects progressed as scheduled



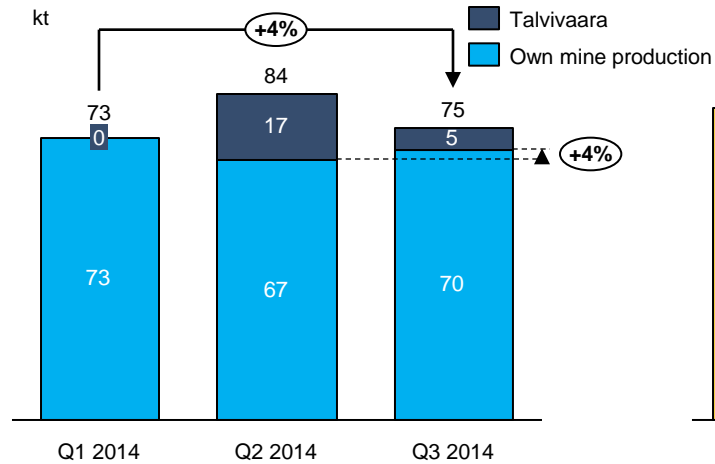
### Q4 targets

- Continue works with respect to the implementation phase of the expansion of indium metal production at Auby
- At Clarksville, complete final feasibility report for new facility to enable recovery of valuable historical residues for treatment at Nyrstar's fumers

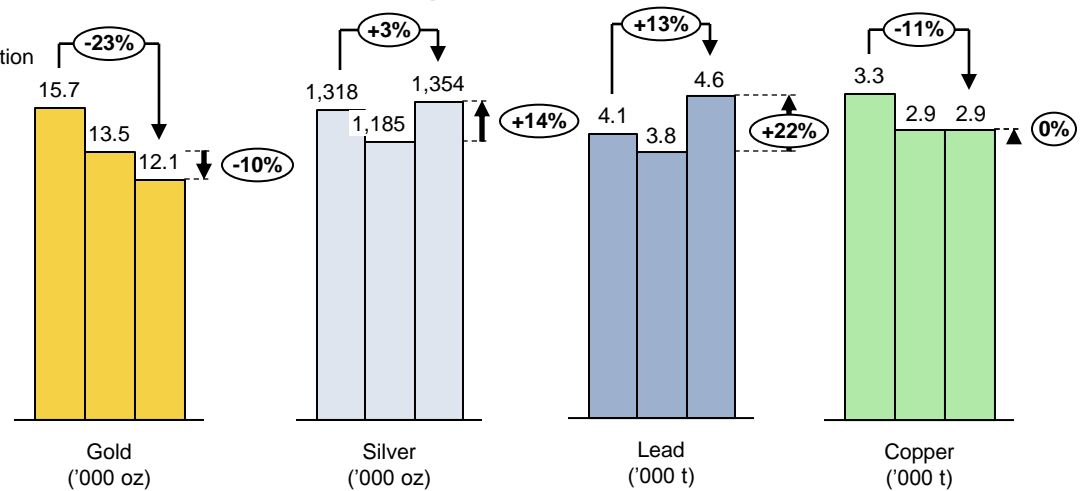
# Mining: improving operational performance

## Quarter on Quarter

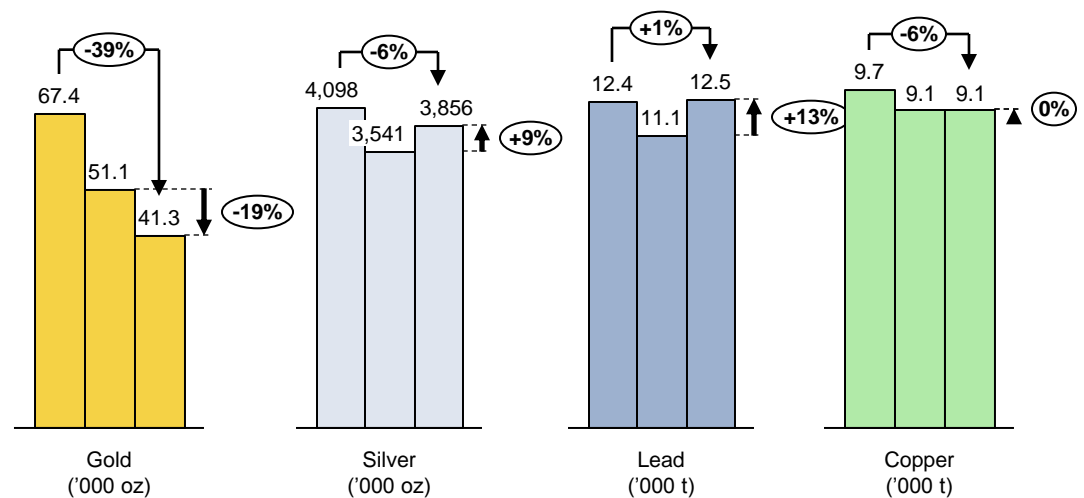
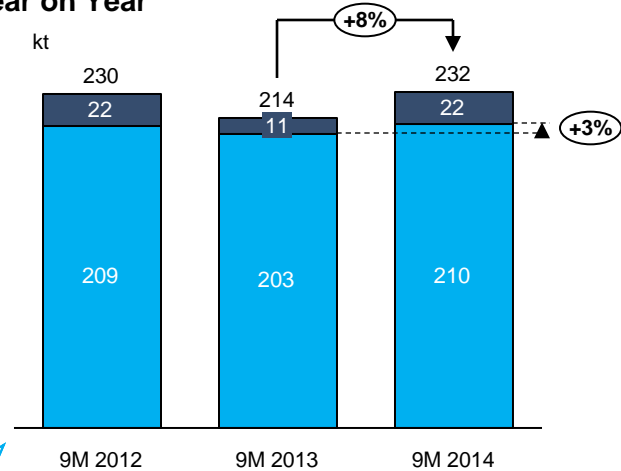
### Zinc in concentrate production



### Other metals in concentrate production



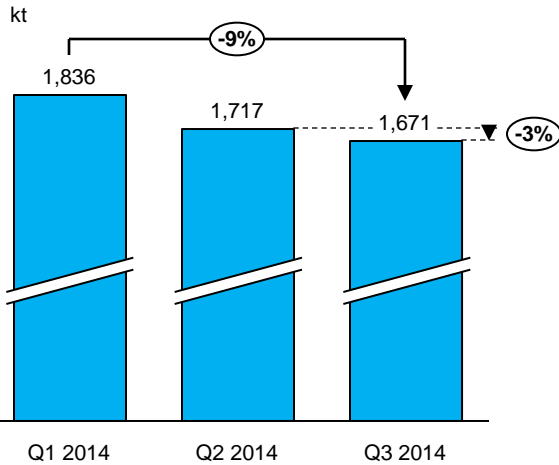
## Year on Year



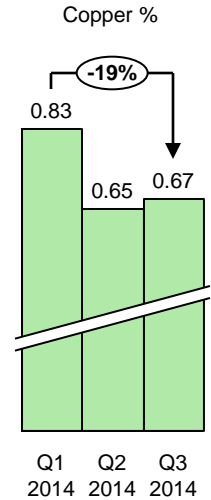
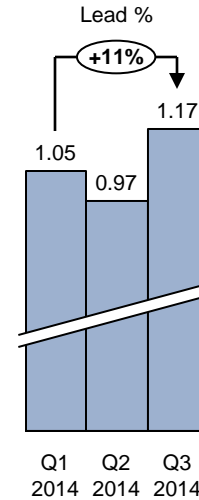
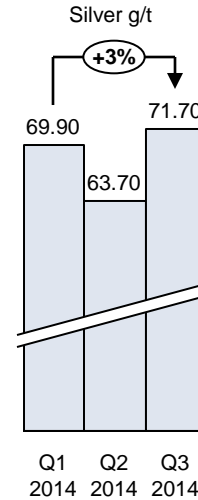
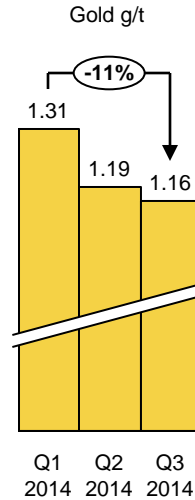
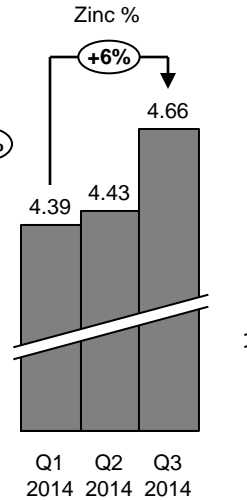
# Mining: improving operational performance

## Quarter on Quarter

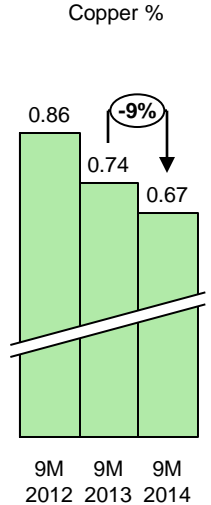
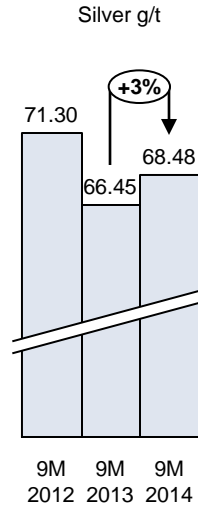
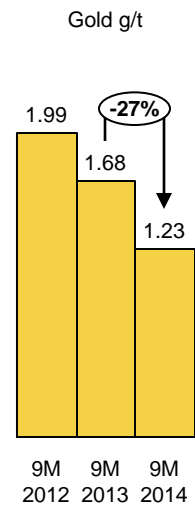
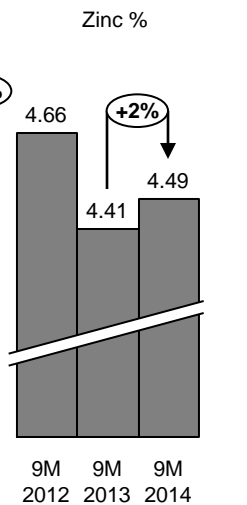
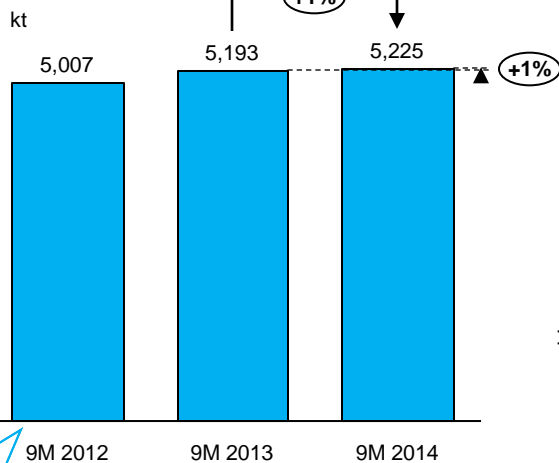
### Ore Milled Volume



### Mill head grades



## Year on Year





# Comprehensive Strategic Financing: completed

## Completed debut high yield EUR 350 million Notes Offering

- ✓ EUR 350 million Senior Unsecured Notes maturing in 2019 priced at 98.018% with a coupon of 8½% per year
- ✓ Notes received credit rating "B3 (stable)" by Moody's and "B- (stable)" by Standard & Poor's ratings services
- ✓ Extension of debt maturity profile
- ✓ Access to new capital market established

## Successfully completed EUR 252 million Rights Offering

- ✓ Raised new equity in successful 1:1 fully-underwritten Rights Offering
- ✓ New shares with preferential subscription rights for existing shareholders
- ✓ Nyrstar's share capital increased to EUR 34,004,508.80, and the number of shares representing Nyrstar's share capital increased to 340,045,088 shares
- ✓ Strengthen Nyrstar's balance sheet and fund investment needs

## Successfully completed ca. EUR 600 million targeted capital raise

- ✓ Use of proceeds:
  - ✓ EUR 147 million used to repurchase part of the outstanding 2015 retail bonds
  - ✓ EUR 100 million used to repurchase a portion of 2016 retail bonds
  - ✓ EUR 200 million CAPEX requirement over next 2 years for Nyrstar's continued transformation through SSR investments
  - ✓ EUR 68 million for Nyrstar's direct contribution to Port Pirie Redevelopment
  - ✓ Reduce Net debt (towards a medium term targeted Net debt / EBITDA ratio of 2.5x), and for general corporate purposes

# 2014 Guidance

## Production Mining

Metal in concentrate	Range
Zinc (own mines) <sup>1</sup>	280,000 – 310,000 tonnes
Lead	15,000 – 18,000 tonnes
Copper	12,000– 14,000 tonnes
Silver <sup>2</sup>	4,750,000 – 5,250, 000 troy ounces
Gold	65,000 – 70,000 troy ounces

## Metals processing

Metal	Range
Zinc	1.0–1.1 million tonnes

## Smelter planned maintenance shuts

Smelter & production step impacted	Timing and duration	Estimated impact
Auby – roaster	Q4: 2 weeks	nil
Port Pirie – lead plant	Q4: 4 weeks	4200-6000t

## CAPEX

	EURm
<b>Mining</b>	<b>105–115</b>
Sustaining	40 – 45
Exploration and Development and Growth	65 – 70
<b>Metals Processing</b>	<b>155–180</b>
Sustaining	75 – 80
Growth (SSR investment)	20 - 30
Port Pirie Redevelopment	60 -70
<b>Group</b>	<b>260-295</b>

- Disciplined CAPEX approach
- Non-growth CAPEX in 2014 expected to be flat or lower year on year
- Production guidance based on maximising EBITDA and free cash flow by targeting optimal balance between production and Sustaining CAPEX
- Estimated impact of maintenance shuts on 2014 production, have been taken into account when determining zinc metal guidance for 2014

<sup>1</sup> Excluding zinc deliveries under the Talvivaara Streaming Agreement.

<sup>2</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 Q3 2014, Campo Morado produced approximately 270,000 troy ounces of silver.

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# Appendix



# EBITDA sensitivity

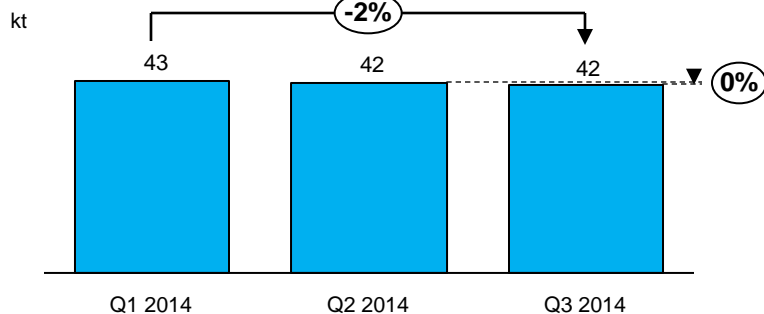
Parameter	Variable	Estimated annualised EBITDA impact	Estimated annual EBITDA impact
		EURm	EURm
		H1 2014	FY 2013
Zinc price	+/- USD100/t	+30 / -29	+28 / -28
Lead price	+/- USD100/t	+2 / -2	+2 / -2
Copper price	+/- USD500/t	+6 / -6	+6 / -6
Silver Price	+/- USD1/troy ounce	+4 / -4	+4 / -4
Gold Price	+/- USD100/troy ounce	+5 / -5	+6 / -6
USD / EUR	+/- EUR0.01	+18 / -18	+18 / -18
AUD / EUR	-/+ EUR0.01	-3 / +3	-3 / +3
Zinc TC	+/- USD25/dmt <sup>1</sup>	+29 / -29	+28 / -28
Lead TC	+/- USD25/dmt <sup>1</sup>	+5 / -5	+5 / -5

- Calculated by modeling Nyrstar's H1 2014 underlying operating performance. Each parameter is based on an average value observed during that period and is varied in isolation to determine the annual EBITDA impact
- Particular care needs to be taken when applying the sensitivities.

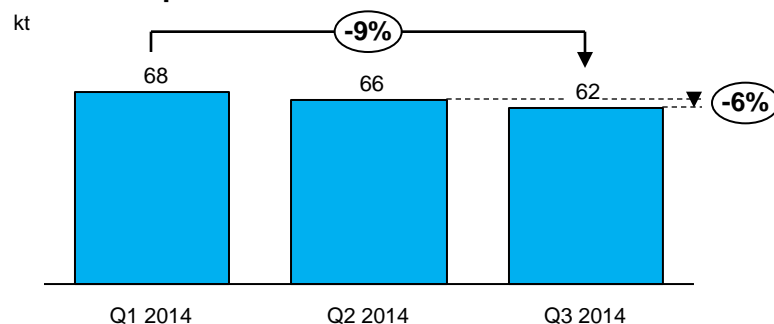
# Metals Processing: performance by site

## Quarter on Quarter

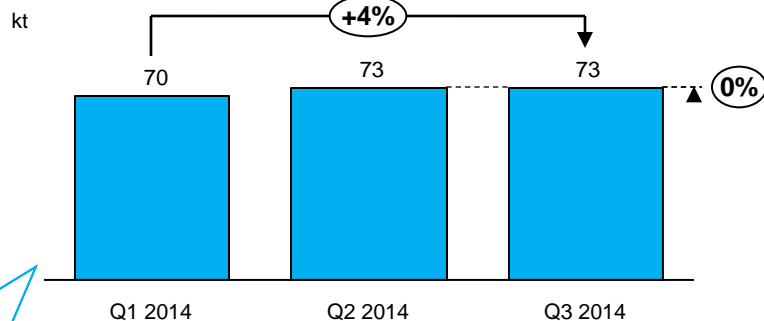
### Auby Zinc



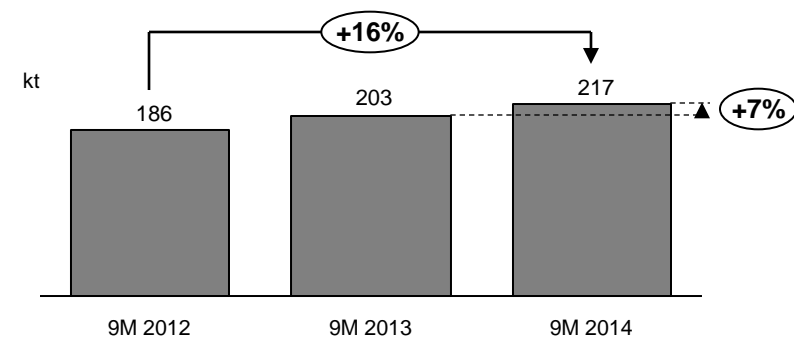
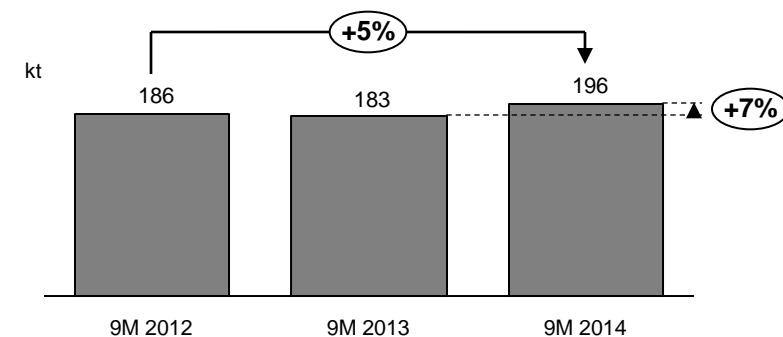
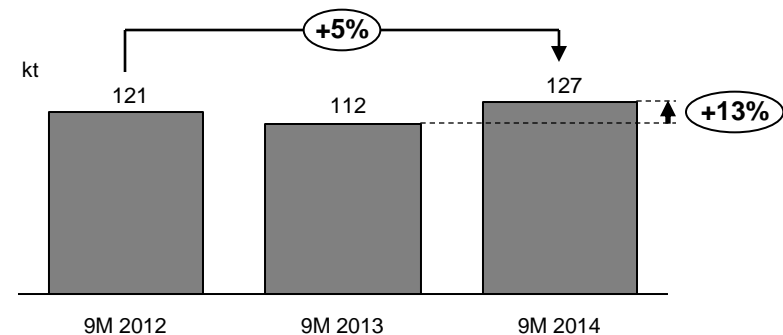
### Balen/Overpelt Zinc



### Budel Zinc



## Year on Year

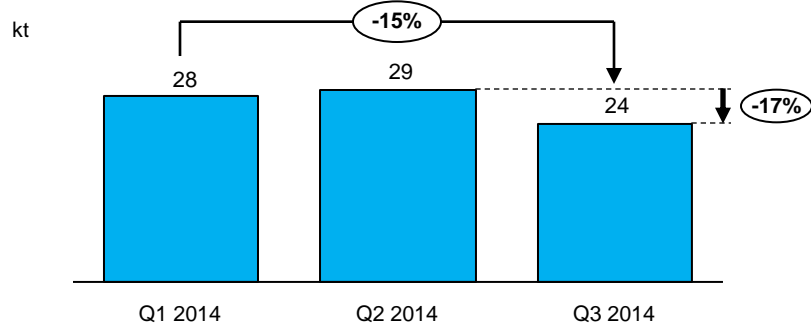




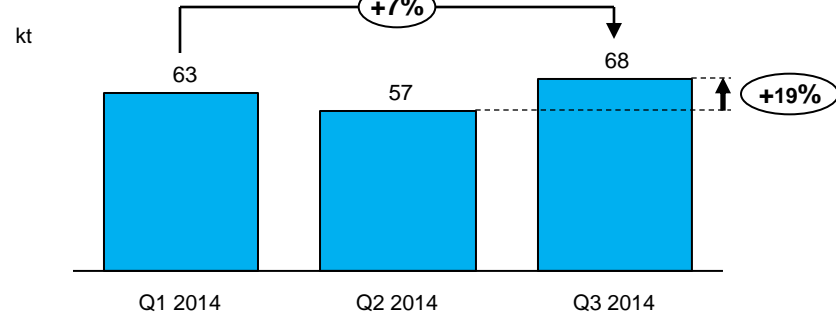
# Metals Processing: operational performance by site

## Quarter on Quarter

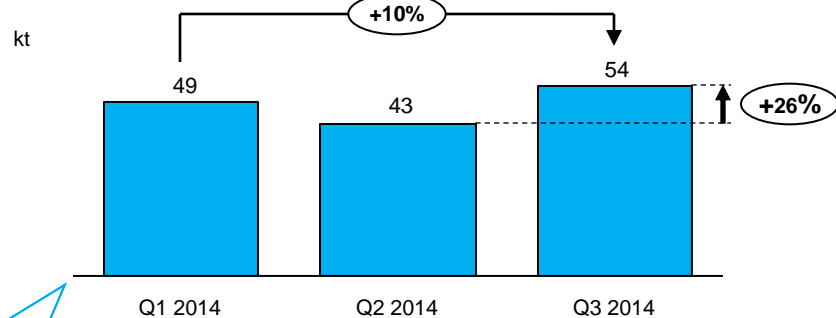
### Clarksville Zinc



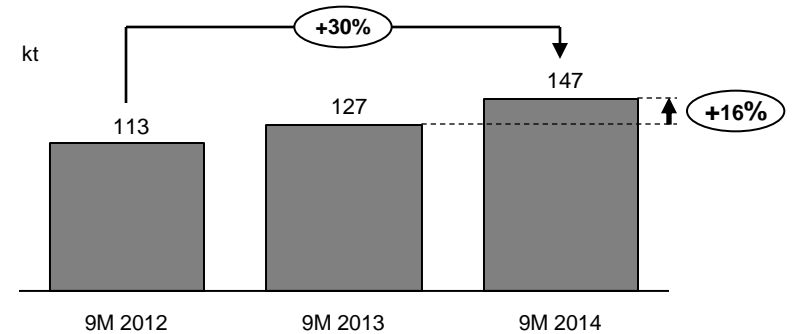
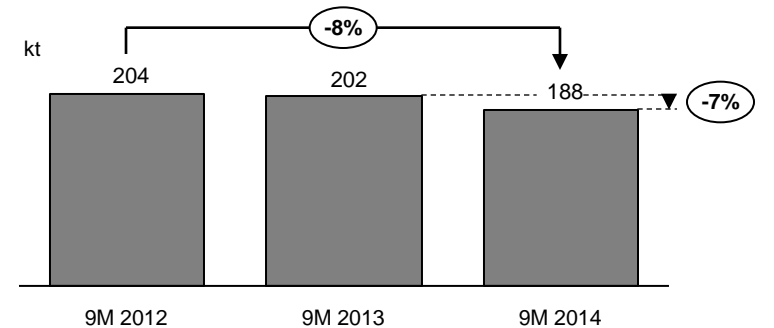
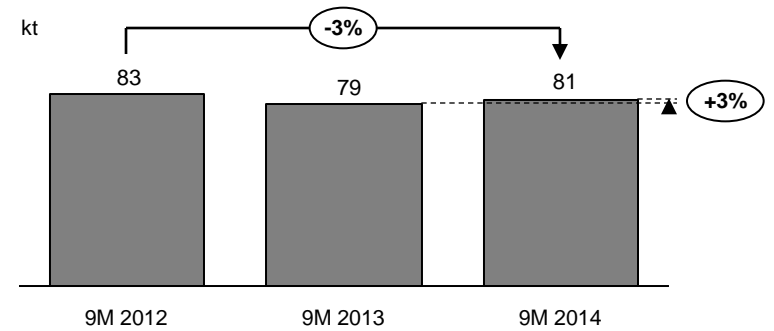
### Hobart Zinc



### Port Pirie Lead



## Year on Year

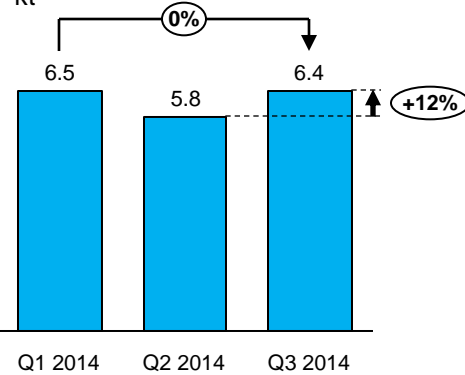


# Mining Segment: operational performance by site

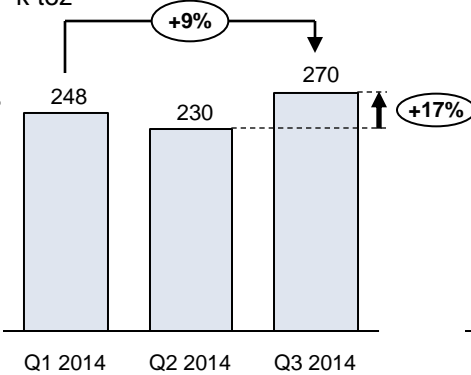
## Quarter on Quarter

### Campo Morado

Zinc in concentrate  
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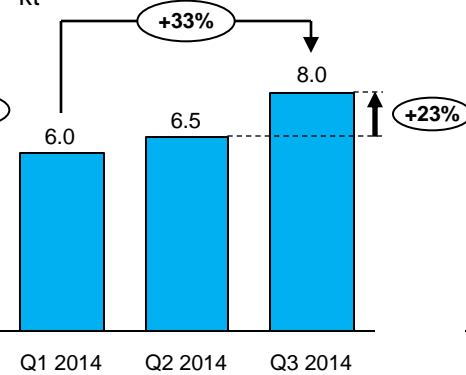


Silver in concentrate  
k toz

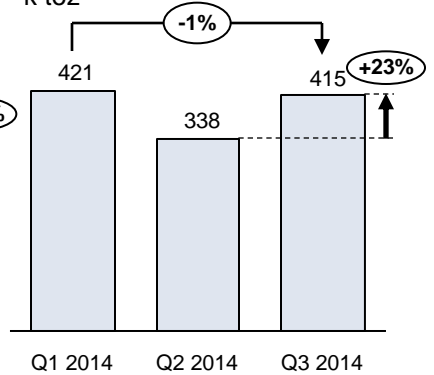


### El Mochito

Zinc in concentrate  
kt

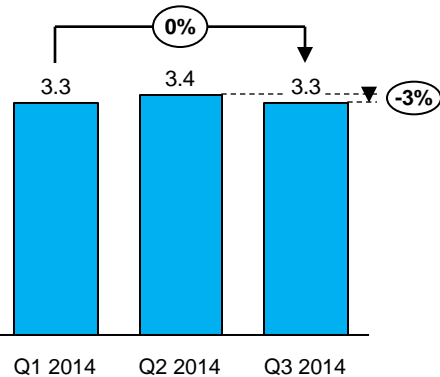


Silver in concentrate  
k toz

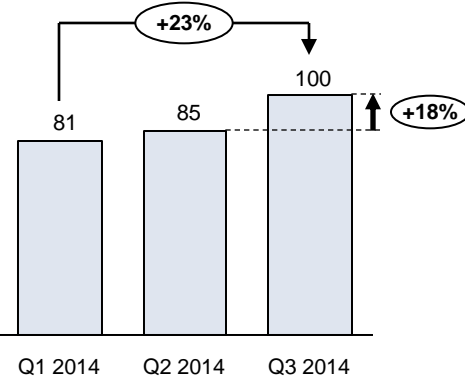


### Contonga

Zinc in concentrate  
kt

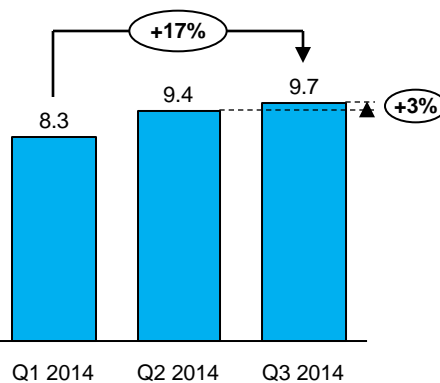


Silver in concentrate  
k toz

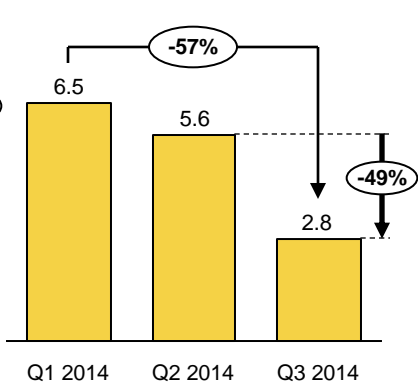


### El Toqui

Zinc in concentrate  
kt



Gold in concentrate  
k toz

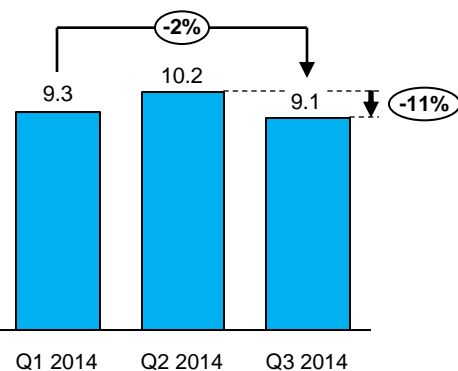


# Mining Segment: operational performance by site

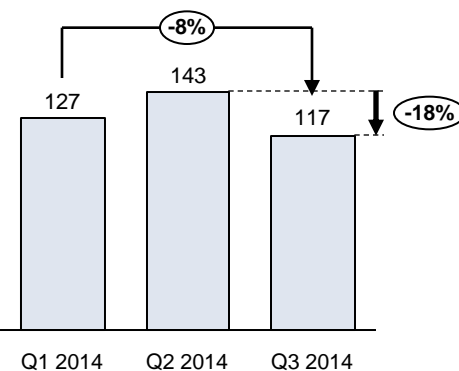
## Quarter on Quarter

### Langlois

Zinc in concentrate  
kt

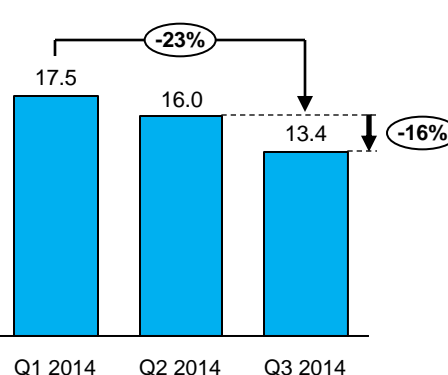


Silver in concentrate  
k toz



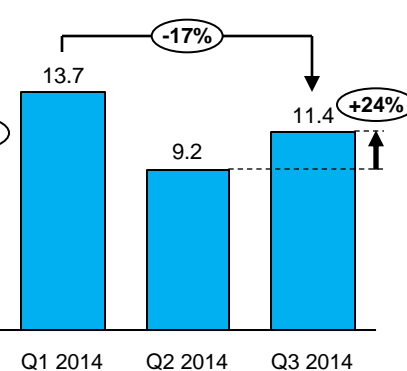
### East Tennessee mines

Zinc in concentrate  
kt



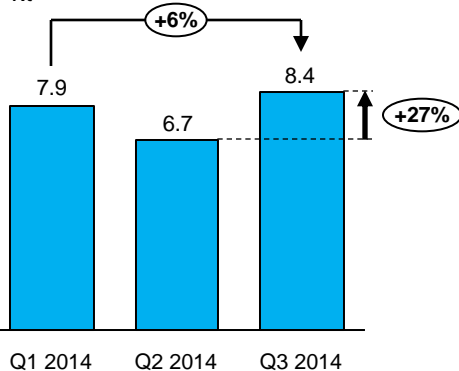
### Middle Tennessee mines

Zinc in concentrate  
kt

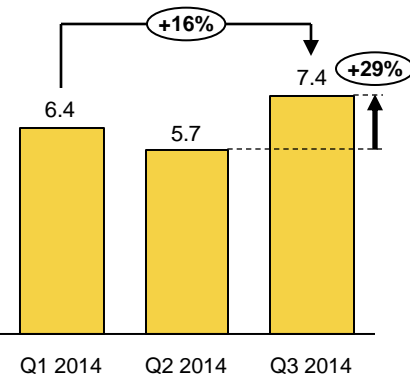


### Myra Falls

Zinc in concentrate  
kt



Gold in concentrate  
k toz

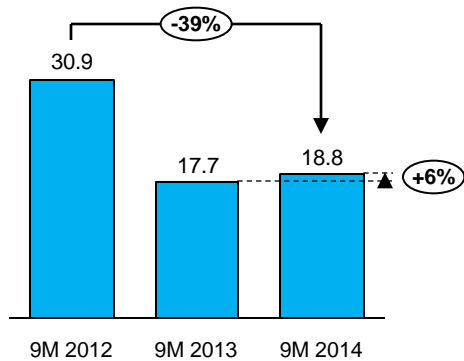


# Mining Segment: operational performance by site

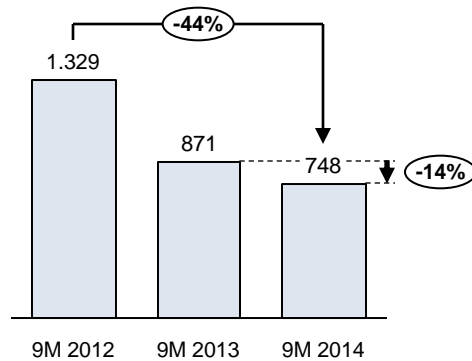
## Year on Year

### Campo Morado

Zinc in concentrate  
kt

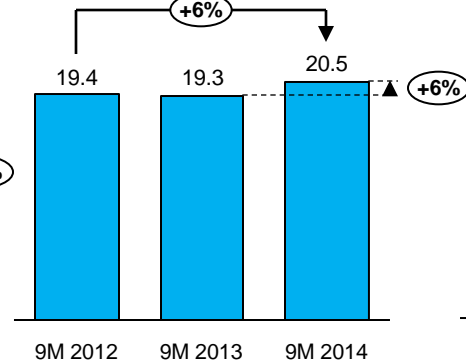


Silver in concentrate  
k toz

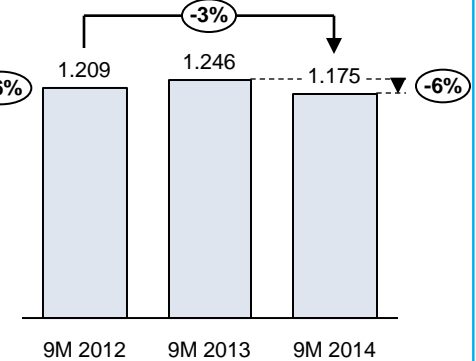


### El Mochito

Zinc in concentrate  
kt

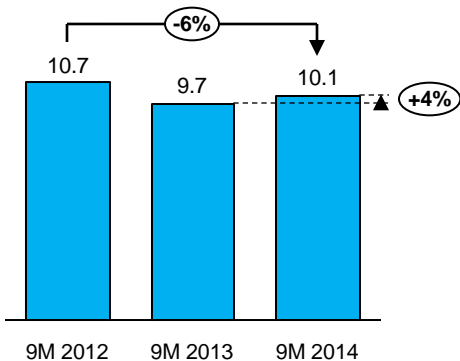


Silver in concentrate  
k toz

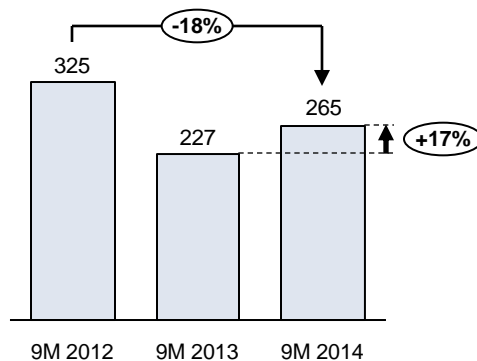


### Contonga

Zinc in concentrate  
kt

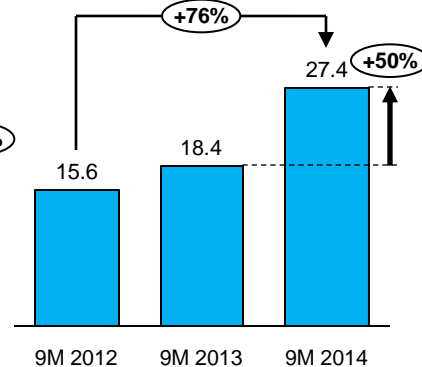


Silver in concentrate  
k toz

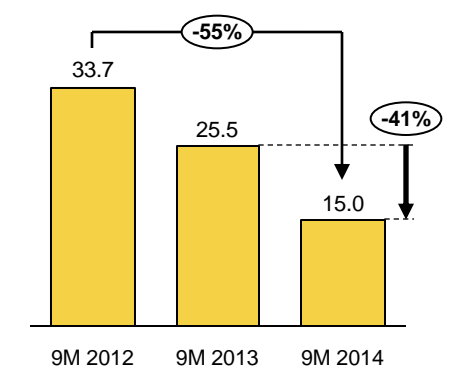


### El Toqui

Zinc in concentrate  
kt



Gold in concentrate  
k toz

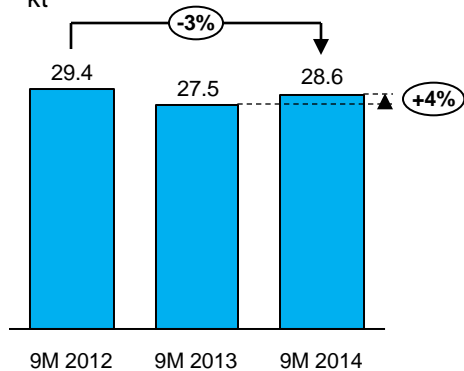


# Mining Segment: operational performance by site

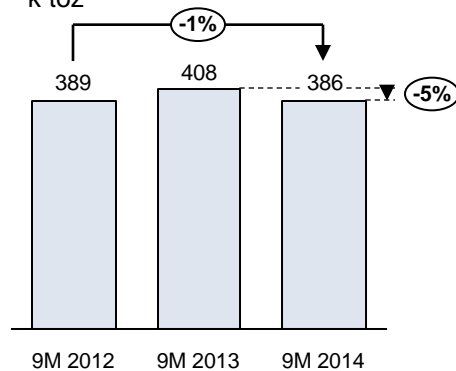
## Year on Year

### Langlois

Zinc in concentrate  
kt

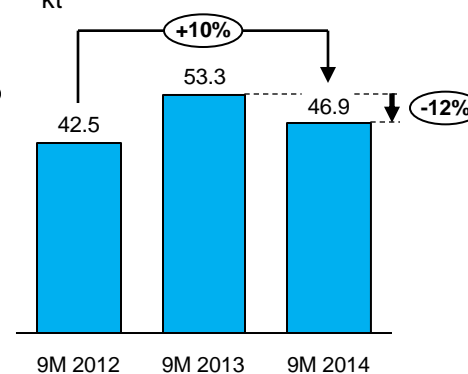


Silver in concentrate  
k toz



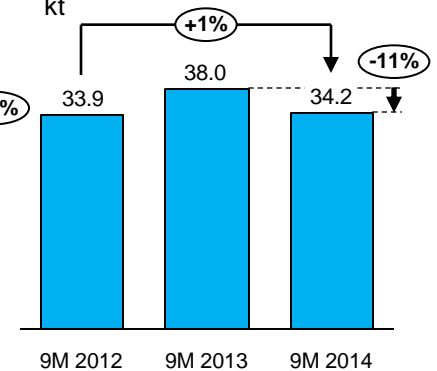
### East Tennessee mines

Zinc in concentrate  
kt



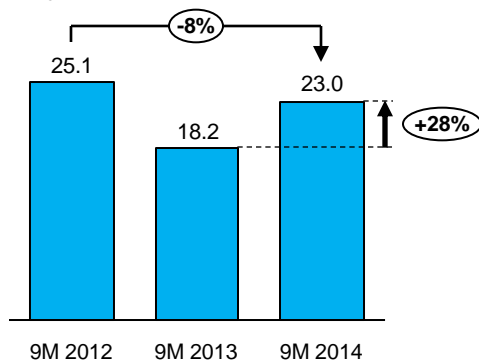
### Middle Tennessee mines

Zinc in concentrate  
kt



### Myra Falls

Zinc in concentrate  
kt



Gold in concentrate  
k toz

