

Regulated Information

## 2015 Second Interim Management Statement and CEO Update

22 October 2015

Nyrstar NV ("Nyrstar" or the "Company") announces today the quarterly results for Q3 2015 including an update from the new CEO Bill Scotting.

### HIGHLIGHTS:

- **Group safety and health performance continued to improve in Q3 2015 with days lost or under restricted duties declining by 25% compared to the same period in 2014**
- **Underlying EBITDA of EUR 215 million for the first 9 months of 2015, an improvement of 38% year-on-year, on the basis of a continued strong operational performance by the Metals Processing segment**
- **Decline in zinc prices in Q3 2015 partially offset by a continued strong US dollar; medium and long-term outlook for zinc remains positive**
- **Port Pirie Redevelopment continues to be on schedule for ramp-up in H2 2016 with total project cost forecast to increase by approximately 10% to AUD 563 million**
- **Ongoing review of the Mining segment; targeted annual cost and capex reductions of EUR 40 million from Q3 2015 run-rate levels; investment programme at Myra Falls now suspended; Campo Morado operations put on indefinite care and maintenance; further options being evaluated in light of the current market environment to continue focus on capital discipline**
- **The Company is in advanced stages of reviewing its capital structure and is actively evaluating both debt and equity capital market alternatives. The Company seeks not only to address the upcoming bond maturity in May 2016 but also to provide increased financial strength and operational flexibility. Nyrstar continues with the implementation of its strategy which reflects the current commodity price environment and expects to provide an update to the market during the course of the current quarter**

### Q3 2015 Results Update

Nyrstar delivered Underlying EBITDA for the first 9 months of 2015 of EUR 215 million, representing a 38% increase against the same period in 2014. The substantial EBITDA increase was primarily the result of strong Metals Processing performance combined with a weakening of the Euro against the U.S. dollar, which was partially offset by lower zinc prices over the same period.

Net debt increased to EUR 841 million due to growth capex primarily associated with the Port Pirie Redevelopment, negative cash flow in the Mining segment and lower utilisation of customer advances included in the deferred income line of the balance sheet. Net Debt/LTM EBITDA maintained within the target of 2.5x.

Despite a sharp fall in commodity prices in Q3 2015, which saw the zinc price fall by more than 25%, Nyrstar remains very positive on the medium to long term outlook for zinc as a supply challenged essential commodity for future global growth. With this backdrop, the strength of the US dollar against the Euro and a number of other currencies has continued to provide support to Nyrstar's earnings in what has become a challenging new commodity price environment.

The Metals Processing segment continued its strong operational and financial performance with 835kt of zinc produced for the first 9 months, at the high end of guidance, and EBITDA contribution of EUR 258 million, 73% up year-on-year. The Port Pirie Redevelopment is progressing according to schedule and is on track for ramp-up by the beginning of H2 2016. The projected cost to complete the project, firmed up by the completion of engineering work, denominated in Australian dollars, has been impacted by adverse foreign exchange movements and additional engineering and project management services required. The total project cost is now forecast to increase by approximately 10% to AUD 563 million. Metals Processing

growth pipeline projects, predominantly focusing on post-Century deconstraining projects, are all progressing on budget and schedule. We continue to review the timing of the remaining Metals Processing Growth Pipeline investments in light of group capex availability.

In the Mining segment, the Company has taken a proactive response to the low zinc price environment with current investment work at Myra Falls to be immediately suspended and deferred; Campo Morado to be placed on care & maintenance indefinitely; other suspension options remain under evaluation; and targeted annual operating cost and capex reductions of EUR 40 million to be achieved over the Q3 2015 run rate across the segment. The process for divesting non-core assets in Peru is continuing with options now being considered for the mining operations that have been placed under care and maintenance or suspension. For the first 9 months of 2015, the Mining segment, with Myra Falls and Campo Morado operations suspended, delivered 179kt of zinc in concentrate with full year zinc production now expected to come in at the low end of guidance (240kt).

## **Update from Bill Scotting, Chief Executive Officer of Nyrstar**

"Whilst Nyrstar has achieved a number of strategic milestones over recent years, we cannot continue to do business as usual. The recent sharp and accelerated deterioration in the commodity price environment experienced in Q3 2015 requires firm and decisive action and is a reminder that as a company we need to continue to focus on capital discipline, returns and our capacity to translate our strategy into business results. I am also acutely aware that shareholders should rightly hold us accountable for a clear and disciplined financial and operational plan.

Since commencing at Nyrstar in mid-August, I have been conducting a review of Nyrstar's strategy and priorities. While I believe that the strategy of operating mining and processing assets remains fundamentally appropriate, financial performance and business delivery require a step change improvement. This requires not only a reprioritisation of our investment program, but also lifting the bar in terms of the performance that is to be delivered by Nyrstar's assets and management.

Whilst we remain very pleased with the operations and progress in the Metals Processing segment, where we have seen consistent production performance and continued efficiency gains, it is evident that the Mining segment is in a difficult situation due to the past lack of investment in mine development and life of mine planning. Despite some signs of operational improvement in Q3, financial performance, impacted by a further weakening in commodity prices during the quarter, remains far below expectations. We believe that a number of the mining assets have potential, but at current prices, the Mining segment will need an extended period to regain operational strength and financial health. We are actively assessing the most appropriate means to do that in order to unlock shareholder value.

Given the current market environment, the Nyrstar Board and management continue to assess all capital market financing alternatives to address the upcoming maturity in the current environment and provide increased financial flexibility and allow the Company to continue with the implementation of its strategy. Despite recent weakness in the broader commodities sector, driven largely by macro and Chinese growth concerns, the Company believes that medium to long-term fundamentals for zinc remain strong and that the above measures will ensure Nyrstar is best positioned to capture the zinc upside."

## **CONFERENCE CALL**

Management will discuss this statement in a conference call with the investment community on 22 October 2015 at 09:00 am Central European Time. The presentation will be webcast live and will also be available in archive. The webcast can be accessed via: <http://edge.media-server.com/m/p/c5enh2gd>

## KEY FIGURES

EUR million unless otherwise indicated	9m 2015	9m 2014	% Change	Q3 2015	Q3 2014	% Change
<b>Revenue</b>						
Metals Processing	2,321	1,983	17%	848	674	26%
Mining	269	334	(20%)	57	113	(49%)
Other & Eliminations	(231)	(266)	(13%)	(47)	(90)	(47%)
<b>Total</b>	<b>2,359</b>	<b>2,051</b>	<b>15%</b>	<b>858</b>	<b>697</b>	<b>23%</b>
<b>EBITDA<sup>1</sup></b>						
Metals Processing	258	149	73%	75	41	83%
Mining	(17)	42	(140%)	(22)	16	(238%)
Other & Eliminations	(26)	(35)	(26%)	(6)	(11)	(45%)
<b>Total</b>	<b>215</b>	<b>156</b>	<b>38%</b>	<b>47</b>	<b>46</b>	<b>2%</b>
EBITDA margin (%)	9%	8%	13%	5%	7%	(29%)
<b>Capex</b>						
Metals Processing	201	82	145%	76	37	105%
Mining	73	70	4%	23	24	(4%)
Other & Eliminations	3	3	0%	1	1	0%
<b>Total</b>	<b>278</b>	<b>155</b>	<b>79%</b>	<b>101</b>	<b>63</b>	<b>59%</b>
<b>Debt and cash</b>						
Loans and borrowings, end of period	871	1,364	(36%)	871	1,364	(36%)
Cash and cash equivalents, end of period	30	782	(96%)	30	782	(96%)
Net debt, end of period	841	582	45%	841	582	45%
Net debt to LTM EBITDA ratio	2.5	2.5	0%	2.5	2.5	0%
<b>Metals Processing Production</b>						
Zinc metal ('000 tonnes)	835	821	2%	275	269	2%
Lead metal ('000 tonnes)	133	147	(10%)	48	54	(11%)
<b>Mining Production</b>						
Zinc in concentrate ('000 tonnes)	179	210	(15%)	53	70	(24%)
Lead in concentrate ('000 tonnes)	10.3	12.5	(18%)	2.0	4.6	(57%)
Gold ('000 troy ounces)	10.5	41.3	(75%)	3.0	12.1	(75%)
Silver ('000 troy ounces) <sup>2</sup>	2,098	3,856	(46%)	542	1,354	(60%)
Copper in concentrate ('000 tonnes)	4.6	9.1	(49%)	1.4	2.9	(52%)
<b>Market<sup>3</sup></b>						
Zinc price (USD/t)	2,035	2,140	(5%)	1,847	2,311	(20%)
Lead price (USD/t)	1,818	2,128	(15%)	1,716	2,181	(21%)
Silver price (USD/t.oz)	15.99	19.95	(20%)	14.91	19.76	(25%)
Gold price (USD/t.oz)	1,178	1,288	(9%)	1,125	1,284	(12%)
Average exchange rate (EUR/USD)	1.11	1.35	(18%)	1.11	1.33	(17%)
Average exchange rate (EUR/AUD)	1.46	1.48	(5%)	1.53	1.43	(20%)

<sup>1</sup> All references to EBITDA in the press release 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

<sup>2</sup> Until 31 December 2014, 75% of the silver produced by Campo Morado was subject to a streaming agreement with Silver Wheaton whereby \$4.02/oz was payable.

<sup>3</sup> Zinc, lead and copper prices are averages of LME daily cash settlement prices. Silver/Gold price is average of LBMA daily fixing / daily PM fixing, respectively

## GROUP FINANCIAL AND MACRO OVERVIEW

**Revenue** for the first 9 months of 2015 of EUR 2,359 million was up 15% period-on-period, driven principally by the Metals Processing segment, which benefited from the strength of the US dollar versus the Euro and improved benchmark zinc treatment charge terms. Both segments, Mining and Metals Processing, were influenced by the volatility on the commodity markets with an average zinc price of \$2,134 in H1, which declined in Q3 2015 to \$1,847. YTD average prices were down 9 months-over-9 months across all key metals for the Company. YTD average zinc, lead, silver and gold prices were down 5%, 15%, 20% and 9%, respectively.

**Group underlying EBITDA** of EUR 215 million for the first 9 months of 2015, an increase of 38% period-on-period, driven by strong operating performance in the Metals Processing segment, with the benefit of a strengthening USD over the Euro (up 18%), partially offset by reduced zinc prices.

**Capital expenditure** was EUR 278 million in the first 9 months of 2015, representing an increase of EUR 123 million period-on-period entirely driven by the execution of value accretive projects in Metals Processing (the Port Pirie Redevelopment (+EUR 89 million) and the Metals Processing growth pipeline investments (+EUR 30 million)) as well as targeted exploration and development work (+EUR 4 million) in Mining. Sustaining capital expenditure continues to be tightly managed across both segments.

**Net debt** at 30 September 2015 was EUR 841 million, representing an increase of EUR 259 million compared to 30 September 2014, as the net debt and cash balance at 30 September 2014 was assisted by cash inflows from the Comprehensive Strategic Refinancing, which raised over EUR 600 million from debt and equity capital markets. Part of the funds raised were subsequently utilized during Q4 2014 in repurchasing two thirds of the outstanding EUR 220 million 2015 bonds and EUR 100 million of the outstanding May 2016 bonds. Cash on hand at 30 September 2015 was EUR 30 million compared to EUR 782 million at 30 September 2014.

Additional debt reduction measures are being pursued and include reductions in sustaining capital expenditure in 2015 and 2016; deferral of certain Metals Processing Growth Pipeline investments; additional opex savings beyond the EUR 75 million achieved in 2014 and stringent working capital management.

### Exchange rate

Nyrstar's earnings and cash flows are influenced by movements in exchange rates of several currencies, particularly the US Dollar, the Euro, the Australian and the Canadian Dollar. Nyrstar's reporting currency is the Euro. Zinc, lead and other metals are sold throughout the world principally in US Dollars, while Nyrstar's cost base includes significant components denominated in Euros, Australian Dollars and Canadian Dollars.

The Euro weakened significantly against the US dollar in Q4 2014 and H1 2015 as the US economy continued to show signs of strong growth, combined with uncertainty surrounding the Greek bailouts and risk of further QE by the ECB. The average EUR/USD exchange rate in H1 2015 was 18.5% weaker than over the same period in 2014. In the middle of Q3 2015 the US dollar weakened 4% vs the Euro as investors became wary of a US interest rate hike that didn't materialize, with these gains given back to close the quarter relatively unchanged at 1.1203. A weaker Euro relative to the US dollar is positive for Nyrstar's earnings, and vice-versa.

### Zinc

The zinc price started the year at \$2,183 per tonne and moved lower in the first half with a soft economic start to the year and rising concerns over China. On a relative basis, the zinc price performance fared slightly better than the majority of base metals, as all prices declined throughout H1 2015. During Q3 2015, zinc prices came under significant pressure, declining around 20% to reach a 5 year low of \$1,601 per tonne on 28th September. During Q3 2015, zinc was the worst performer across base metals as fears of waning Chinese demand, combined with an influx of LME zinc stocks at warehouses in New Orleans weighed on investor confidence. Despite the uncertainty in global markets driven in part by poor economic data out of China and expectations of a US interest rate hike in the short term, consensus analyst expectations, are for zinc

fundamentals to steadily improve in the medium term with continued metal stock drawdowns and tightening concentrate supplies which are expected to see zinc prices increase considerably during 2016 and into 2017.

## **Safety, Health and Environment**

"Prevent Harm" is a core value of Nyrstar. The Company is committed to maintaining safe operations and to proactively managing risks including with respect to people and the environment. At Nyrstar, we work together for creating a workplace where all risks are effectively identified and controlled and everyone goes home safe and healthy each day of their working lives.

The amount of days lost or under restricted duties (DART) and cases requiring at least a medical treatment (RIR) continued to improve during Q3, with a significant decline of 27% in both cases compared to the same period in 2014.

On 1 September, Nyrstar commenced the global "Fit for Life – Nyrstar Health Challenge" that runs until mid-December 2015. This initiative promotes healthy lifestyles and over 1,000 Nyrstar employees and contractors in more than 200 teams are tracking their daily steps and closely watching their dietary habits.

No environmental events with material business consequences or long-term environmental impacts occurred during the third quarter of 2015.

## OPERATIONS REVIEW: METALS PROCESSING

EUR million unless otherwise indicated	9m 2015	9m 2014	% Change	Q3 2015	Q3 2014	% Change
Revenue	2,321	1,983	17%	848	674	26%
<b>EBITDA</b>	<b>258</b>	<b>149</b>	<b>73%</b>	<b>75</b>	<b>41</b>	<b>83%</b>
Sustaining	52	52	0%	18	20	(10%)
Growth	35	5	600%	12	3	300%
Port Pirie Redevelopment	114	25	356%	46	14	229%
<b>Metal Processing Capex</b>	<b>201</b>	<b>82</b>	<b>145%</b>	<b>76</b>	<b>37</b>	<b>105%</b>

The Metals Processing segment delivered an underlying EBITDA result of EUR 258 million in the first nine months of 2015, on the basis of continued strong operational performance, higher zinc market metal production and higher zinc benchmark treatment charges as well as favourable EUR/USD exchange rate.

Sustaining capital spend was flat 9 months-over-9 months and continues in line with guidance. The progress of the Port Pirie Redevelopment project as well as other growth projects is reflected in higher than prior year growth capital spend.

	9m 2015	9m 2014	% Change	Q3 2015	Q3 2014	% Change
<b>Zinc metal ('000 tonnes)</b>						
Auby	127	127	0%	42	42	0%
Balen/Overpelt	192	196	(2%)	62	62	0%
Budel	221	217	2%	74	73	1%
Clarksville	93	81	15%	29	24	21%
Hobart	202	188	7%	69	68	1%
Port Pirie	-	13	(100%)	-	-	
<b>Total</b>	<b>835</b>	<b>821</b>	<b>2%</b>	<b>275</b>	<b>269</b>	<b>2%</b>
<b>Lead metal ('000 tonnes)</b>						
Port Pirie	133	147	(10%)	48	54	(11%)
<b>Other products</b>						
Copper cathode ('000 tonnes)	3	3	0%	1	1	0%
Silver (million troy ounces)	10.4	10.7	(3%)	3.7	3.6	3%
Gold ('000 troy ounces)	43.3	28.4	54%	16.7	7.7	113%
Indium metal (tonnes)	28	32	(13%)	8	9	(11%)
Sulphuric acid ('000 tonnes)	1,093	1,057	3%	360	360	0%

The Metals Processing segment produced approximately 835kt of zinc metal in the first 9 months of 2015, representing a 2% increase on the same period in 2014. On an annualised basis the first 9 months of 2015 production is at the upper end of the 2015 full year guidance. The increase in zinc production 9 months-over-9 months was driven by fewer planned maintenance shuts during the first 9 months of 2015 and improved availability and utilisation of the roasting, leaching and cell house processes. Clarksville production increased by 15% 9 months-over-9 months as a result of no planned roaster shutdown during this period. Hobart production was up 7% 9 months-over-9 months as a result of the introduction of Port Pirie zinc containing fume to Hobart's feed book. Indium production was negatively impacted compared to the first 9 months of 2014 due to technical issues impacting recovery of metal in H1 2015 and a planned plant stop in Q3 2015.

Lead market metal production at Port Pirie was 10% lower compared to the first 9 months of 2014 due to a blast furnace outage in April and July 2015. The April outage was caused by a disruption of natural gas supply to the region of Port Pirie that extended for almost the entire month and in July by a leaking cooling water jacket requiring replacement. Gold production was up 54% over the first 9 months of 2014 as a function of higher gold in feed and a different mix of residues consumed. Silver production was lower than in the first 9 months of 2014, mainly due to a different feed mix consumed with slightly lower silver contained. Production of copper cathode was flat 9 months-over-9 months.

Metals Processing safety statistics in the first 9 months of 2015 continued to be at a record performance with the number of cases with days lost or under restricted duties (DART) and number of cases requiring treatment (RIR) reduced by 21% and 25% respectively compared to the same period in 2014. The Balen and Clarksville smelters had achieved one million working hours lost time injury (LTI) free at the end of August.



## OPERATIONS REVIEW: MINING

EUR million unless otherwise indicated	9m 2015	9m 2014	% Change	Q3 2015	Q3 2014	% Change
Revenue	269	334	(20%)	57	113	(49%)
<b>EBITDA</b>	<b>(17)</b>	<b>42</b>	<b>(140%)</b>	<b>(22)</b>	<b>16</b>	<b>(238%)</b>
Sustaining capex	26	27	(4%)	10	7	43%
Exploration and development capex	38	34	12%	11	13	(15%)
Growth capex	9	9	0%	2	4	(50%)
<b>Mining Capex</b>	<b>73</b>	<b>70</b>	<b>4%</b>	<b>23</b>	<b>24</b>	<b>(4%)</b>

Negative mining EBITDA of EUR 17 million in the first 9 months of 2015 was due to the suspension of operations at Campo Morado since the start of 2015 and Myra Falls since May 2015 and the average zinc price in Q3 2015 of USD 1,847 per tonne being below the Mining segment's average current cost of production.

Mining capital expenditure was EUR 73 million, flat year-over-year in Euro terms, but 14% below in US Dollar terms due to the postponement of non-essential sustaining capital projects across all mining operations. There was an increased focus on Exploration and Development activities for the segment with spending down only marginally compared to the same period in 2014 (down 4% in USD terms 9 months-over-9 months), despite the suspensions at Myra Falls and Campo Morado. Growth capex in the mining segment was for previously committed Campo Morado plant modifications (now halted) in the first quarter of 2015, and other minor site projects related to energy efficiency improvements.

'000 tonnes unless otherwise indicated	9m 2015	9m 2014	% Change	Q3 2015	Q3 2014	% Change
<b>Total ore milled</b>	<b>4,506</b>	<b>5,225</b>	<b>(14%)</b>	<b>1,367</b>	<b>1,671</b>	<b>(18%)</b>
<b>Zinc in Concentrate</b>						
Campo Morado	0	19	(100%)	-	6	(100%)
Contonga	9	10	(10%)	3	3	0%
El Mochito	17	21	(19%)	5	8	(38%)
El Toqui	29	27	7%	9	10	(10%)
Langlois	29	29	0%	11	9	22%
Myra Falls	9	23	(61%)	-	8	(100%)
East Tennessee	48	47	2%	15	13	15%
Middle Tennessee	37	34	9%	11	11	0%
<b>Total</b>	<b>179</b>	<b>210</b>	<b>(15%)</b>	<b>53</b>	<b>70</b>	<b>(24%)</b>
<b>Other metals</b>						
Lead in concentrate	10.3	12.5	(18%)	2.0	4.6	(57%)
Copper in concentrate	4.6	9.1	(49%)	1.4	2.9	(52%)
Silver ('000 troy oz)	2,098	3,856	(46%)	542	1,354	(60%)
Gold ('000 troy oz)	10.5	41.3	(75%)	3.0	12.1	(75%)

In the first 9 months of 2015, Nyrstar's mines produced approximately 179kt of zinc in concentrate, a decrease of 15% compared to the first 9 months of 2014 and was negatively impacted by the suspension of operations at Campo Morado at the beginning of the year and suspension at Myra Falls from May 2015.

During the first 9 months of 2015, Campo Morado had no production at the mine, with operations being suspended due to the on-going issues associated with security in the region. This was initially caused by an illegal blockade of the mine



entrance by non-affiliated union activists and over the course of the first quarter due to contractors and unionised mine workers being subjected to systematic intimidation. A small amount of Alimak vertical development was performed and there has been on-going work on the block model, metallurgical testing and mine plan over the course of the year to date in 2015.

Production at Myra Falls was affected by hydro-electric power supply problems (Q1 2015) due to a turbine failure and the decision in Q2 2015 to suspend operations from May 2015 to allow for a concentrated focus on infrastructure and operational reliability to allow for a future restart with substantially improved mine and plant operating conditions. Production for Q3 was zero; the first 9 months production was substantially reduced for all metals compared to the same period in 2014 primarily as a result of suspended mining and milling operations, lower head grades and recoveries for all metals except for zinc and the power interruptions.

At El Mochito, despite processing an increased volume of ore (up 5% for the first 9 months period-on-period), production of zinc, lead and silver during the first 9 of months 2015 was reduced by 19%, 22% and 29% respectively compared to the same period in 2014. This reduced production was due to the lower contribution of ore from chimneys (reducing by 56% for the first 9 months period-on-period), replaced by lower grade Mantos ore.

The Tennessee Mines reported a 5% increase in production 9 months-over-9 months. Mill head grades were up by 3% and 4% at Middle Tennessee and East Tennessee, respectively, due to higher grade stopes being mined, and a more consistent run schedule implemented at the Middle Tennessee mill. The ore milled volume over the first 9 months of 2015 has increased period-on-period by 2% at Middle Tennessee and decreased by 0.5% at East Tennessee due to a planned mill shutdown in Q3 2015. The planned mill shutdown was to replace the ball mill liner and the feed conveyor.

The volume of ore milled at Contonga during the first 9 months of 2015 increased by 8% period-on-period due to higher ore production from stopes and drifts in the lower ore zones of the mine between the -250 and -200 levels. The mined ore came from low zones with lower zinc head grades and higher copper, lead and silver mineralization. As a result of the head grades, zinc in concentrate was 7% lower, while copper, lead and silver were up by 5%, 185% and 30%, respectively compared to the first 9 months of 2014.

Mining safety performance in the first 9 months of 2015 was a record with the number of cases with days lost or under restricted duties (DART) and number of cases requiring treatment (RIR) reduced by 32% and 45% respectively compared to the same period in 2014.

## OTHER DEVELOPMENTS

### Port Pirie Redevelopment

During the first nine months of 2015, all major engineering work together with fabrication of the furnace and off gas process equipment has now been completed. The furnace and first acid plant shipments have been delivered to site.

Work on site is progressing well with all piling for the furnace, acid plant and oxygen plant completed and pile caps and foundations being close to complete. The installation of the furnace and numerous components (e.g. acid plant stack, process vessels and pipe racks) will occur in Q4 2015. The modular offsite fabrication of the acid plant and furnace buildings are also progressing according to schedule with offsite work ramping-up significantly throughout the rest of Q4 2015 and into 2016. Delivery of major modules from the module fabrication yards is expected to commence from late Q4 2015. In readiness for the installation of the various modules, a 2,600 tonne heavy lift mobile crane is currently being assembled on the site. The Port Pirie Redevelopment remains on schedule for commencement of commissioning in H1 2016, with ramp-up commencing in H2 2016.

The Port Pirie Redevelopment costs at completion are currently forecast to be AUD 563 million. The increased cost of AUD 49 million largely results from adverse foreign exchange impacts and additional engineering and project management services required.

Total capital expenditure of EUR 114 million has been incurred on the Port Pirie Redevelopment in the first 9 months of 2015. As at 30 September 2015, a running total of AUD 275 million of capex had been incurred on the Port Pirie Redevelopment and AUD 472 million had been committed (i.e. order values placed). The investment profile sees a substantial step-up in capex expenditure levels during Q4 2015 with the first tranche of the equity accounted perpetual notes expected to be issued in December 2015 with subsequent tranches expected to be issued on a monthly basis, with the majority of the AUD 292 million being drawn in Q1 2016.

## **Metals Processing Growth Pipeline Projects**

The upgrading of Nyrstar's zinc and lead smelter network represents a critical step in Nyrstar's value optimisation. Once these initiatives are completed, Nyrstar expects to be able to treat significantly increased volumes of more valuable zinc residues, including substantially all of its internally generated zinc residues through the redeveloped Port Pirie, as well as more complex and valuable zinc and lead concentrates.

Over the first nine months of 2015, Nyrstar has continued to progress the broader pipeline of growth projects and expects that seven of the currently identified projects across the Metals Processing segment will have been substantially implemented by the end of 2015. The nature of the investments is such that the timing of project development and implementation remains highly flexible. Project capital expenditure in 2015 has been focused on the de-constraining projects required as a result of the Century mine closure, with progress on both fuming at Hoyanger and minor metals projects also being made. Implementation timing of other value enhancing Growth Pipeline projects will be evaluated in light of balance sheet flexibility and detailed guidance will be provided at the time of the 2015 results release.

Significant progress has been made on the projects at Budel and Hobart, enabling the treatment of increased cadmium and zinc containing smelting residue volumes following the introduction of a more complex feedstock with the closure of the Century mine in Australia. Implementation of these projects is progressing in line with management expectations with commissioning having commenced in Q3 2015 and completion targeted in Q4 2015.

At the Auby smelter the expansion of indium refining capacity from 45 tonnes to approximately 70 tonnes is now 90% advanced with commissioning of new equipment in progress and expected to complete in Q4 2015. The side-leach project has also completed the feasibility phase.

Other de-constraining projects are progressing well and remain on schedule, including: lifting the silica constraint in concentrates at Auby to allow increased indium throughput and recovery with commissioning expected during Q4 2015; and commencing implementation of the expansion of cadmium capacity at Port Pirie with commissioning scheduled for Q3 2016. Work at the Hoyanger fumer is continuing with the site having successfully treated residues from both the Budel and Clarksville smelters. The Hoyanger fumer is continuing to ramp-up; metal recoveries are meeting expectations with the focus now on optimisation of production rate. Experience from the Hoyanger operation will be applied to the proposed expansion of fuming capacity in Europe.

Nyrstar's agreement in July 2015 with the Tasmanian Government on key terms for an AUD 29 million (EUR 20 million) funding and support package has enabled the Company to proceed with two minor metals projects at the Hobart smelter, including an upgrade of materials handling equipment and the addition of a side-leach plant allowing the smelter to treat zinc oxide from Nyrstar Port Pirie, splitting base metals (Zinc and Lead) from minor metals (Indium and Germanium) and enhancing the site's operational link with Nyrstar Port Pirie and the broader global Metals Processing network. Commissioning of these projects at Hobart is planned towards the end of 2017.

## **Mining Segment Cash Preservation**

Despite the current environment of low zinc prices which are below the Mining segment's current average cost of production, Nyrstar remains positive about the medium and long term outlook for the zinc industry and expects a dual deficit of raw material and metal supply to be evident from 2016 with a corresponding positive price response. The proactive actions that are being taken following the recent review of the Mining segment are to preserve the value of Nyrstar's zinc reserves in the ground and retain the option value that is available from the mining operations.

In addition to the move into a care & maintenance mode for Campo Morado and suspension of the investment programme at Myra Falls, operating costs and capex are to be reduced across the segment with a reduction of at least 10% against the Q3 2015 run rate (equivalent to approximately EUR 40 million on an annualized basis). Further mine suspension options are being assessed in the current price environment. Divestment options for non-core assets in Peru and the operations which are currently on care and maintenance or suspension are to be further explored. These decisions have not been taken lightly as the actions will unfortunately affect employees at our operations. In the coming weeks we will engage with all employees and put in place support services to assist people who may be affected as a result of these changes. The implications of these steps will be carefully considered in our regular impairment testing. Exploiting the potential that is evident in a number of the mining assets will require exploration and development funds that will only be available in a higher price environment. This may or may not lead to write downs of individual asset values which we expect to update the market with the full year 2015 results.

## **Campo Morado**

Since 5 January 2015, production at Campo Morado has been suspended as a precaution due to deteriorating security in the state. Production at the operation has been intermittently disrupted since 13 November 2014 due to issues associated with security in the region. This was initially because of an illegal blockade of the mine entrance by non-affiliated union activists and currently due to contractors and unionised mine workers being subjected to systematic intimidation.

Nyrstar has continued to work closely with senior Mexican government officials, state and federal police forces, community and private security consultants to devise a restart plan which enables the operation of the mine in a safe and secure environment. Given the uncertainty with regard to the restart of the mine due to the continued unstable security situation in the Mexican State of Guerrero, the bulk of the employees at Campo Morado were made redundant in Q2 2015.

As a consequence of the current security instability and the weakness in commodity prices, the Campo Morado mine will transition from suspension to indefinite care & maintenance during Q4 2015. Placing the mine on care & maintenance is expected to further reduce the ongoing cash requirements for the operation.

## **Myra Falls**

As communicated at the beginning of Q2 2015, following a comprehensive review of the operations at Myra Falls, management concluded that the most appropriate course of action was to temporarily suspend mining and milling operations. The temporary suspension which commenced during Q2 2015 was to allow work on site to focus on optimisation in readiness for a restart during H2 2016 with substantially improved mine and plant operating conditions.

The comprehensive operational review identified the site as having a world class ore body, but with a number of structural shortcomings including deficiencies in the integrity of site infrastructure, inefficient planning, operating and maintenance practices and inadequate mine development for future mining areas. All of these factors manifested into a significant deterioration in the financial performance of the site over the past year. A number of alternative operating scenarios to address these issues were evaluated, taking into account all associated operational and financial risks. The evaluation identified the temporary suspension as the most effective and practical operating scenario to enable all appropriate resources to be focused on addressing the structural shortcomings at the site in readiness for a restart. During Q2 2015, the removal of personnel not required during the suspension period was completed.

Given the weak commodity price environment and the on-going focus on portfolio optimisation and reduction of capital and operating expenditures, management has decided that the series of critical development milestones that were to be completed over the coming year are now to be placed on hold. The recommencement of work on these critical development milestones will be dependent on a sustained strengthening of commodity prices and in any event is not likely to occur within the next 12 months. Suspending this investment programme will result in a reduction of site personnel and further substantially reduce the cash requirements of the site.

## **2016 Maturity and Refinancing**

Nyrstar's core sources of funding are well supplemented by its access to a wide variety of other options, including metal streams and royalties, structured metal prepay and strategic partnerships with favourable prepayment terms. The Company is in advanced stages of reviewing its capital structure and is actively evaluating debt and equity capital market alternatives and expects to provide an update to the market during the course of the current quarter.

## **Production Guidance and Capital expenditure guidance**

Subject to additional savings from the reduction in activities at Campo Morado and Myra Falls, Nyrstar maintains all aspects of production and capex guidance for 2015 and the Port Pirie Redevelopment capex guidance for 2016. Management notes that zinc in concentrate production in the Mining segment will be at the low end of guidance for 2015.

## 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 5,500 people. Nyrstar is incorporated in Belgium and has its corporate office in Switzerland. Nyrstar is listed on 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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## MINING PRODUCTION ANNEX

Production KPI by Site		Ore milled ('000 tonnes)	Mill head grade					Recovery					Concentrate			Metal in concentrate				
PERIOD			Zinc (%)	Lead (%)	Copper (%)	Gold (g/t)	Silver (g/t)	Zinc (%)	Lead (%)	Copper (%)	Gold (%)	Silver (%)	Zinc (kt)	Lead (kt)	Copper (kt)	Zinc (kt)	Lead (kt)	Copper (kt)	Gold (k'toz)	Silver (m'toz)
2015	Campo Morado	17	3.99%	1.06%	0.67%	1.27	122.22	72.9%	-	61.3%	19.5%	30.9%	1	-	0.5	0.5	-	0.1	0.1	21
	Contonga	321	3.30%	0.32%	1.08%	-	39.36	86.8%	58.2%	73.5%	-	85.3%	24	1.1	10.2	9.2	0.6	2.5	-	346
	Coricancha	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	El Mochito	576	3.43%	1.71%	-	-	52.07	85.8%	76.0%	-	-	87.0%	40	11.6	-	16.9	7.5	-	-	838
	El Toqui	420	7.29%	0.83%	0.20%	0.56	19.69	94.1%	58.7%	-	66.6%	80.5%	69	3.4	-	28.8	2.0	-	5.0	214
	Langlois	381	8.18%	-	0.53%	0.16	47.98	94.3%	-	70.5%	70.4%	80.0%	67	-	5.5	29.4	-	1.4	1.4	470
	Myra Falls	145	6.91%	0.47%	0.69%	1.24	51.94	89.7%	23.5%	63.1%	69.5%	85.9%	17	0.5	2.7	9.0	0.2	0.6	4.0	209
	East Tennessee	1,468	3.64%	-	-	-	-	90.3%	-	-	-	-	94	-	-	48.2	-	-	-	-
	Middle Tennessee	1,178	3.27%	-	-	-	-	97.2%	-	-	-	-	69	-	-	37.5	-	-	-	-
	Tennessee Mines	2,646	3.47%	-	-	-	-	93.2%	-	-	-	-	163	-	-	85.6	-	-	-	-
Mining Total		4,506	4.32%	1.04%	0.86%	0.51	42.36	91.9%	61.9%	70.2%	67.7%	83.2%	382	16.4	19.0	179.5	10.3	4.6	10.5	2,098
2014	Campo Morado	531	4.74%	0.97%	0.94%	1.21	116.14	74.9%	-	67.5%	23.3%	37.8%	40	-	24.8	18.8	-	3.4	4.8	748
	Contonga	298	3.85%	0.17%	1.09%	-	32.72	88.0%	42.4%	74.2%	-	84.7%	21	0.4	9.3	10.1	0.2	2.4	-	265
	Coricancha	2	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1	-	-	0.5	5
	El Mochito	547	4.33%	2.22%	-	-	76.51	86.7%	78.7%	-	-	87.4%	41	14.7	-	20.5	9.6	-	-	1,175
	El Toqui	441	6.74%	0.60%	0.21%	1.37	21.67	91.9%	54.2%	-	76.9%	82.7%	55	2.7	-	27.4	1.4	-	15.0	254
	Langlois	395	7.74%	-	0.48%	0.16	41.42	93.6%	-	74.5%	72.6%	73.6%	55	-	5.9	28.6	-	1.4	1.5	386
	Myra Falls	377	6.80%	0.77%	0.71%	2.12	100.42	89.7%	43.8%	71.1%	75.9%	84.0%	44	3.8	8.6	23.0	1.3	1.9	19.5	1,023
	East Tennessee	1,475	3.50%	-	-	-	-	90.8%	-	-	-	-	74	-	-	46.9	-	-	-	-
	Middle Tennessee	1,160	3.17%	-	-	-	-	93.1%	-	-	-	-	54	-	-	34.2	-	-	-	-
	Tennessee Mines	2,635	3.35%	-	-	-	-	91.8%	-	-	-	-	128	-	-	81.0	-	-	-	-
Mining Total		5,225	4.49%	1.40%	0.86%	1.21	68.38	89.3%	57.8%	71.3%	59.4%	73.5%	385	21.7	48.7	209.5	12.5	9.1	41.3	3,856
% Change	Campo Morado	(97)%	(16)%	9%	(29)%	5%	5%	(3)%	-	(9)%	(16)%	(18)%	(98)%	-	(98)%	(100)%	-	(97)%	(98)%	(97)%
	Contonga	8%	(14)%	88%	(1)%	-	20%	(1)%	37%	(1)%	-	1%	14%	175%	10%	(10)%	200%	4%	-	31%
	Coricancha	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	El Mochito	5%	(21)%	(23)%	-	-	(32)%	(1)%	(3)%	-	-	(0)%	(2)%	(21)%	-	(19)%	(22)%	-	-	(29)%
	El Toqui	(5)%	8%	38%	(5)%	(59)%	(9)%	2%	8%	-	(13)%	(3)%	25%	26%	-	7%	43%	-	(67)%	(16)%
	Langlois	(4)%	6%	-	10%	-	16%	1%	-	(5)%	(3)%	9%	22%	-	(7)%	-	-	-	(7)%	22%
	Myra Falls	(62)%	2%	(39)%	(3)%	(42)%	(48)%	-	(46)%	(11)%	(8)%	2%	(61)%	(87)%	(69)%	(61)%	(85)%	(68)%	(79)%	(80)%
	East Tennessee	(0)%	4%	-	-	-	-	(1)%	-	-	-	-	27%	-	-	2%	-	-	-	-
	Middle Tennessee	2%	3%	-	-	-	-	4%	-	-	-	-	28%	-	-	9%	-	-	-	-
	Tennessee Mines	0%	4%	-	-	-	-	2%	-	-	-	-	27%	-	-	6%	-	-	-	-
Mining Total		(14)%	(4)%	(26)%	-	(58)%	(38)%	3%	7%	(2)%	14%	13%	(1)%	(24)%	(61)%	(15)%	(18)%	(49)%	(75)%	(46)%

## MINING PRODUCTION ANNEX

Production KPI by Site		Ore milled ('000 tonnes)	Mill head grade					Recovery					Concentrate			Metal in concentrate				
PERIOD			Zinc (%)	Lead (%)	Copper (%)	Gold (g/t)	Silver (g/t)	Zinc (%)	Lead (%)	Copper (%)	Gold (%)	Silver (%)	Zinc (kt)	Lead (kt)	Copper (kt)	Zinc (kt)	Lead (kt)	Copper (kt)	Gold (k'toz)	Silver (m'toz)
Q3 2015	Campo Morado	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Contonga	111	3.08%	0.41%	1.12%	-	46.01	85.5%	63.9%	72.7%	-	85.7%	6	0.5	3.5	2.9	0.3	0.9	-	140
	Coricancha	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	El Mochito	195	3.03%	0.97%	-	-	30.56	86.5%	70.9%	-	-	91.7%	10	2.0	-	5.1	1.3	-	-	175
	El Toqui	138	6.65%	0.42%	0.20%	0.88	19.78	92.8%	54.6%	-	64.5%	75.1%	17	0.6	-	8.5	0.3	-	2.5	66
	Langlois	122	9.20%	-	0.63%	0.17	52.72	94.6%	-	71.0%	75.6%	77.6%	19	-	2.2	10.6	-	0.5	0.5	160
	Myra Falls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	East Tennessee	465	3.55%	-	-	-	-	91.5%	-	-	-	-	24	-	-	15.1	-	-	-	-
	Middle Tennessee	337	3.25%	-	-	-	-	95.9%	-	-	-	-	16	-	-	10.5	-	-	-	-
	Tennessee Mines	802	3.42%	-	-	-	-	93.2%	-	-	-	-	41	-	-	25.6	-	-	-	-
Mining Total		1,367	4.18%	0.66%	0.98%	0.55	35.73	91.8%	64.1%	71.8%	69.7%	83.4%	93	3.2	5.7	52.7	2.0	1.4	3.0	542
Q3 2014	Campo Morado	177	4.82%	0.99%	0.89%	1.19	118.70	75.9%	-	66.6%	21.2%	40.0%	14	-	8.2	6.5	-	1.0	1.4	270
	Contonga	109	3.51%	0.20%	1.08%	-	32.86	87.3%	44.8%	75.1%	-	86.5%	7	0.2	3.6	3.3	0.1	0.9	-	100
	Coricancha	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	El Mochito	191	4.76%	2.41%	-	-	78.68	87.7%	76.2%	-	-	85.9%	16	5.4	-	8.0	3.5	-	-	415
	El Toqui	143	7.30%	0.62%	0.25%	0.99	25.21	92.9%	45.6%	-	62.0%	80.5%	19	0.8	-	9.7	0.4	-	2.8	93
	Langlois	132	7.33%	-	0.46%	0.16	40.83	94.0%	-	73.5%	66.6%	67.6%	17	-	1.8	9.1	-	0.4	0.5	117
	Myra Falls	115	8.18%	0.98%	0.69%	2.48	118.32	90.1%	54.6%	64.1%	80.6%	82.4%	16	1.6	2.1	8.4	0.6	0.5	7.4	359
	East Tennessee	435	3.43%	-	-	-	-	89.5%	-	-	-	-	21	-	-	13.4	-	-	-	-
	Middle Tennessee	370	3.27%	-	-	-	-	93.8%	-	-	-	-	18	-	-	11.4	-	-	-	-
	Tennessee Mines	805	3.36%	-	-	-	-	91.4%	-	-	-	-	39	-	-	24.7	-	-	-	-
Mining Total		1,671	4.66%	1.54%	0.85%	1.16	71.73	89.4%	57.8%	69.5%	54.1%	72.5%	128	7.9	15.7	69.7	4.6	2.9	12.1	1,354
% Change	Campo Morado	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Contonga	2%	(12)%	105%	4%	-	40%	(2)%	43%	(3)%	-	(1)%	(14)%	150%	(3)%	-	200%	-	-	40%
	Coricancha	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	El Mochito	2%	(36)%	(60)%	-	-	(61)%	(1)%	(7)%	-	-	7%	(38)%	(63)%	-	(38)%	(63)%	-	-	(58)%
	El Toqui	(3)%	(9)%	(32)%	(20)%	(11)%	(22)%	(0)%	20%	-	4%	(7)%	(11)%	(25)%	-	(10)%	-25%	-	(11)%	(29)%
	Langlois	(8)%	26%	-	37%	6%	29%	1%	-	(3)%	14%	15%	12%	-	22%	22%	-	25%	-	37%
	Myra Falls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	East Tennessee	7%	3%	-	-	-	-	2%	-	-	-	-	14%	-	-	15%	-	-	-	-
	Middle Tennessee	(9)%	(1)%	-	-	-	-	2%	-	-	-	-	(11)%	-	-	-	-	-	-	-
	Tennessee Mines	(0)%	2%	-	-	-	-	2%	-	-	-	-	5%	-	-	4%	-	-	-	-
Mining Total		(18)%	(10)%	(57)%	15%	(53)%	(50)%	3%	11%	3%	29%	15%	(27)%	(59)%	(64)%	(24)%	(57)%	(52)%	(75)%	(60)%