

Regulated Information

## Nyrstar announces First Half 2015 Results

23 July 2015

- **H1 2015 EBITDA of EUR 168 million, significant 53% improvement year-over-year on the back of continued strong operational performance in Metals Processing and continued US dollar strength**
- **Port Pirie Redevelopment continues to be on budget and schedule**
- **Net debt flat year-over-year with Net Debt / EBITDA substantially improving from 3.1 to 2.0**
- **Decisive steps taken on Mining programme with reduction in capital and operational improvements implemented and substantial headcount reductions at the suspended Campo Morado and Myra Falls mines**
- **Net loss of EUR 250 million for the period, primarily as a result of an impairment charge of EUR 418 million related to the Mining segment assets**
- **Appointment of Bill Scotting, with over 30 years of industry experience and a proven track record in the mining and metals industry, as Nyrstar's new Chief Executive Officer, effective as of 17 August 2015**

Commenting on the first half 2015 results, Heinz Eigner, Acting Chief Executive Officer and Chief Financial Officer of Nyrstar, said:

"Group underlying EBITDA of EUR 168 million, an increase of 53% from H1 2014, driven by strong operating performance in the Metals Processing segment with higher benchmark zinc treatment charges; an increased zinc price (up 4%) which was partially offset by reduced precious metals prices, gold and silver down 7% and 17% respectively; and a strengthening USD over the Euro (up 18%).

The strength of the U.S. dollar against the euro has continued to provide support to Nyrstar's earnings in a relatively volatile zinc price environment. The zinc price, which averaged US\$2,080 in Q1 2015, staged a short lived rally in May 2015 to reach a high of US\$2,405 and then quickly retraced its gains. Despite the pullback in metal prices over the last couple of months, largely on the back of deterioration in the macro environment in Europe and Asia, Nyrstar, like most industry commentators, remains confident that the market fundamentals for zinc are supportive for a sustained price rise in the near term.

The Metals Processing segment is continuing its strong operational and financial performance with production at the high end of guidance, a record EBITDA contribution for the half of EUR 183 million, 69% up vs H1 2014, and the Port Pirie Redevelopment and the Metals Processing growth pipeline projects all progressing on budget and schedule.

We remain fully focused on improving the Mining segment performance where, despite some clear signs of operational improvement at the Tennessee and Langlois mines, performance remains below expectations and will as previously communicated need an extended period to regain operational and financial strength. In H1 2015, a number of key steps were taken, including an organisational restructure and the appointment of a new senior mining leadership team focused on establishing standards, systems and key performance indicators for each of the operations. We remain committed to a clear target of creating a sustainable cash flow positive segment. The segment's reported performance was notably negatively impacted with the temporary suspension at Myra Falls and the on-going suspension of operations at Campo Morado. These issues have been considered as part of the impairment testing the Company committed to perform during Q2 and have resulted in a non-cash, pre-tax impairment of EUR 418 million.

The appointment of Bill Scotting as our new Chief Executive Officer, from 17 August 2015, brings a strong track record of managing mining operations to the Company. Bill will be well positioned to support John Galassini and the mining leadership team with the operational and financial improvements for the segment. His appointment is an ideal addition to Nyrstar's management committee and we look forward to working with him to deliver and create value for our shareholders.

Tragically and despite the substantial and consistent safety gains that have been made in the Mining segment over recent years, the El Mochito mine suffered a fatality when a contractor was fatally injured in an underground mining incident. We seek to achieve zero harm across our operations and this tragedy is a terrible reminder that we can never place too high a priority on ensuring safe workplace practices.

Looking forward, in H2 2015 under Bill's leadership we will continue our focus on the execution and delivery of the initiatives and targets that we have outlined to the market. This includes the deployment of the Port Pirie Redevelopment which remains scheduled for commissioning by the end of H1 2016; key Metals Processing Growth Pipeline projects; and the continuation of the Mining segment turnaround programme with renewed vigour and purpose. Despite the uncertainty and volatility in the global economy during the first half of the year, the outlook for zinc fundamentals remains strong and is expected to steadily improve in the near term as zinc mine supply fails to keep pace with demand growth."

## **CONFERENCE CALL**

Management will discuss this statement in a conference call with the investment community on 23 July 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/cecq77t9>

## KEY FIGURES

EUR million unless otherwise indicated	H1 2015	H1 2014	% Change
<b>Income Statement Summary</b>			
Revenue	1,501	1,354	11%
Gross Profit	717	637	13%
Direct operating costs	(552)	(527)	5%
Non-operating and other	4	(0)	-
Metal Processing EBITDA	183	108	69%
Mining EBITDA	6	26	(77%)
Other & Eliminations EBITDA	(20)	(24)	(17%)
<b>EBITDA<sup>1</sup></b>	<b>168</b>	<b>110</b>	<b>53%</b>
Underlying adjustments	(6)	(3)	100%
Depreciation, depletion and amortisation	(126)	(124)	2%
Impairment loss / Impairment reversal	(418)	(0)	-
Net finance expense	(58)	(60)	(3%)
Income tax benefit	189	12	1,475%
Profit/(loss) for the period	(250)	(66)	279%
Basic EPS (EUR)	(0.76)	(0.33)	130%
Capex	177	93	90%

<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

## Cash Flow and Net Debt

Cash flow from operating activities before working capital changes	129	111	16%
Working capital and other changes	(143)	56	(355%)
Net debt, end of period	667	653	2%
Net Debt to EBITDA ratio <sup>2</sup>	2.0	3.1	(35%)
Gearing <sup>3</sup>	46.1%	43.9%	

## Metals Processing Production

Zinc metal ('000 tonnes)	560	552	1%
Lead metal ('000 tonnes)	85	93	(9%)

## Mining Production

Zinc in concentrate ('000 tonnes)	127	140	(9%)
Lead in concentrate ('000 tonnes)	8.3	7.9	5%
Gold ('000 troy ounces)	7.5	29.2	(74%)
Silver ('000 troy ounces) <sup>4</sup>	1,556	2,502	(38%)
Copper in concentrate ('000 tonnes)	3.2	6.2	(48%)

## Market<sup>5</sup>

Zinc price (USD/t)	2,134	2,051	4%
Lead price (USD/t)	1,873	2,101	(11%)
Silver price (USD/t.oz)	17	20	(17%)
Gold price (USD/t.oz)	1,206	1,291	(7%)
Average exchange rate (EUR/USD)	1.12	1.37	(18%)
Average exchange rate (EUR/AUD)	1.43	1.50	(5%)

<sup>2</sup> Net Debt to EBITDA ratio is calculated as Net Debt at the end of the period divided by last 12 months EBITDA

<sup>3</sup> Gearing is calculated as net debt to net debt plus equity at end of period

<sup>4</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>5</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

**Group gross profit** for H1 2015 of EUR 717 million was up 13% on H1 2014, driven principally by the Metals Processing segment, which benefited from the strength of the US dollar versus Euro and improved benchmark zinc treatment charge terms. Both segments, Mining and Metals Processing, benefited from higher zinc prices, which were up 4% year-on-year; however, this was offset in part by lower by-product income due to lower average prices. YTD average silver and gold prices were down 17% and 7% respectively, together with YTD average lead and copper prices which were down 11% and 14% respectively.

**Direct operating costs** for H1 2015 of EUR 552 million were up EUR 25 million (5%) on H1 2014, due to the negative EUR 53 million translation effect on US Dollar, Swiss Franc and Australian Dollar denominated operating costs translated to Euro, with a partial offset from lower mining costs as a result of the suspension of operations at Campo Morado and delivery of further sustainable cost saving measures within Metals Processing and at Corporate level through consolidation of commercial functions into the operating segments.

**Group underlying EBITDA** in H1 2015 of EUR 168 million, represents an increase of 53% from H1 2014 driven by strong Metals Processing performance supported by stronger US dollar versus Euro and improved benchmark zinc treatment charge terms.

**Depreciation, depletion and amortisation** expense for H1 2015 of EUR 126 million were in line year-on-year.

**Non-cash, pre-tax impairment losses** of EUR 418 million were recognised in H1 2015. The main component of the total non-cash, pre-tax impairment loss was the full write-down of the carrying value of the Campo Morado mine of EUR 376 million due to uncertainty related to the restart of the mine due to continued unstable security situation in the Mexican State of Guerrero combined with the application of the most recent operational and commercial assumptions to the Mineral Resource block model and the ensuing life of mine plan. Smaller reductions to the carrying values were recorded for the El Toqui, Langlois and Myra Falls mines and for the equity accounted investment in Ironbark Zinc Limited driven primarily by the application of the most recent commercial assumptions.

As at 30 June 2015, the carrying value of the assets related to the Metals Processing segment and Mining segment were EUR 1,055 million and EUR 624 million respectively. The impairments recognized on the Mining segment assets in H1 2015 represent approximately a 40% reduction in their carrying value compared to the carrying value prior to the impairment.

The carrying value of Nyrstar's Mining segment assets depends on future profitability and cash generation of Nyrstar's mines. The future cash generation is directly linked to the profitable extraction of mineral reserves and resources. Estimates of mineral reserves and resources are based on certain operational, commercial, commodity price and exchange rate assumptions. Adverse changes in these assumptions could lead to further impairment write downs being required in the future. Conversely, should these assumptions improve Nyrstar may be required to reverse, either partly or fully, the previously recognised impairment write downs on its Mining segment assets.

Nyrstar remains compliant with all the financial covenants in all of its existing loan agreements.

**Net finance expense** for H1 2015 of EUR 58 million was down 3% on prior year.

**Income tax benefit** for the six months period ended 30 June 2015 of EUR 189 million (2014: EUR 12 million) representing an effective tax rate of 43.1% (2014: 14.9%) based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The effective tax rate is impacted by the results of impairment testing undertaken in the period and the associated recognition of deferred tax assets. Further, the effective tax rate has been impacted by losses incurred by the Group for which no tax benefit has been recognised.

**Loss after tax** result in H1 2015 of EUR 250 million, compared to a net loss of EUR 66 million in H1 2014, primarily as a result of an impairment charge related to the Mining segment assets.

**Capital expenditure** was EUR 177 million in H1 2015, representing an increase of 90% from H1 2014 (EUR 93 million) driven by a substantial increase in spend at the Port Pirie Redevelopment (EUR 69 million), Metals Processing growth pipeline investments (EUR 22 million) and mining exploration and development (EUR 27 million). Sustaining capital expenditure continues to be tightly managed across the segments.

**Cash flow from operating activities before working capital changes** of EUR 129 million in H1 2015 was up 16% compared to EUR 111 million in H1 2014 and cash out-flow from changes in working capital and other balance sheet movements in H1 2015 of EUR (143) million was down 355% compared to an in-flow of EUR 56 million in H1 2014, resulting in total cash out-flow from operating activities for H1 2015 of EUR 14 million compared to EUR 167 million in-flow for H1 2014. The increase in net working capital requirements was driven by a combination of increase in trade receivables, lower trade payables and movements in metal at risk hedge positions together with strength of the U.S. dollar against the Euro.

**Net debt** at the end of H1 2015 was EUR 667 million, representing a 2% increase from EUR 653 million at the end of H1 2014. Cash on hand at the end of H1 2015 was EUR 204 million compared to EUR 310 million at H1 2014 due to increased working capital requirements and the investment on the Port Pirie Redevelopment and Metals Processing growth pipeline projects.

On 30 June 2015, Nyrstar completed the refinancing of its Structured Commodity Trade Finance Facility (SCTF). The new facility has a maturity of 4 years and replaces the previous EUR 400 million facility.

## Exchange rate

Nyrstar's earnings and cash flows are influenced by movements in exchange rates of several currencies, particularly the U.S. Dollar, the Euro, the Australian Dollar and the Swiss Franc. Nyrstar's reporting currency is the Euro. Zinc, lead and other metals are sold throughout the world principally in U.S. Dollars, while the costs of Nyrstar are primarily in Euros, Australian Dollars and Swiss Francs.

The Euro has depreciated against the U.S. dollar in H1 2015 with expectations of continued quantitative easing by the European Central Bank and expectations of US Federal Reserve rate increases in H2 2015. The average EUR/USD exchange rate in H1 2015 was 18% weaker than over the same period in 2014 and is expected by the majority of commentators to weaken further during 2015. A weaker Euro relative to the US dollar is a positive move for Nyrstar's earnings.

## Zinc

The zinc price started the year at \$2,184 per tonne and moved down in the first quarter with a soft economic start to the year. On a relative basis, the zinc price performance was better than the rest of the base metals complex where prices declined throughout Q1 2015. During Q1 2015, zinc prices declined over the course of January and February and reached a low of \$1,985 per tonne on 17 March. At the end of April and into the start of May, the zinc price rallied and reached a high of \$2,405 per tonne on 6 May 2015. A broad based sell off across the base metals complex was initiated later in May and was sustained through June with the zinc price closing the half year at \$1,994 per tonne. Over the course of H1 2015, the zinc price averaged \$2,134 per tonne. Despite the uncertainty for global markets driven in part by volatility in Chinese equity markets and the continuing Greek financial crisis, analyst expectations, including CRU and Wood Mackenzie, are for zinc fundamentals to steadily improve in the near term with continued metal stock drawdowns and tightening concentrate supplies over the course of 2015 which is expected to see zinc prices increase considerably during H2 2015 and into 2016.

## 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 life.

Tragically on 16 June 2015, an El Mochito contractor was fatally injured in an incident involving underground mobile equipment that he was operating. A multidisciplinary team has completed a full Incident Cause Analysis Method (ICAM) investigation process. Nyrstar's Employee Assistance Program (EAP) was initiated to assist the El Mochito workers and the family of the deceased.

The Group's DART and RIR significantly improved as a result of a more mature safety culture and systems across both segments. H1 2015 Days away from work, restricted or transferred rate (DART) 6.4 reduced by 30% against 2014 and the recordable injury rate (RIR) 11.3 was reduced by 15% against 2014.

No environmental events with material business consequences or long-term environmental impacts occurred during the period.

## OPERATIONS REVIEW: METALS PROCESSING

EUR million unless otherwise indicated	H1 2015	H1 2014	% Change
Treatment charges	233	174	34%
Free metal contribution	142	124	15%
Premiums	86	75	15%
By-Products	105	102	3%
Other	(45)	(46)	(2%)
<b>Gross Profit</b>	<b>520</b>	<b>430</b>	<b>21%</b>
Employee expenses	(110)	(102)	8%
Energy expenses	(118)	(117)	1%
Other expenses /income	(99)	(88)	13%
<b>Direct Operating Costs</b>	<b>(327)</b>	<b>(307)</b>	<b>7%</b>
Non-operating and other	(10)	(15)	(33%)
<b>EBITDA</b>	<b>183</b>	<b>108</b>	<b>69%</b>
Sustaining	34	32	6%
Growth	22	2	1000%
Port Pirie Redevelopment	69	11	527%
<b>Metal Processing Capex</b>	<b>125</b>	<b>45</b>	<b>178%</b>
DOC/tonne (EUR) <sup>6</sup>	<b>508</b>	<b>477</b>	<b>6%</b>

The Metals Processing segment delivered an underlying EBITDA result of EUR 183 million in H1 2015, driven principally by the favourable EUR/USD exchange rate, a higher zinc market metal production, higher realised zinc price, and higher Zn benchmark treatment charges.

Underlying Gross Profit increased by 21% to EUR 520 million in H1 2015, mainly due to the beneficial effect on income of a weaker EUR/USD exchange rate. Zinc benchmark treatment charges increased by 10% compared to H1 2014 and the higher production rate resulted in a higher volume of concentrates consumed compared to H1 2014.

The total Premium gross profit contributions increasing by 15% compared to H1 2014, were largely driven by favourable foreign exchange impacts and higher volumes, offsetting lower average realised premia rates. Benchmark premia have been under pressure since the beginning of the year, due to slower demand into China and high Euro denominated zinc prices impacting European specialty grade sales.

By-product gross profit contributions were positively impacted by foreign exchange impacts, offset by lower precious metals prices compared to H1 2014. The delay of indium bearing concentrate shipments for Aubrey, coupled with lower recoveries and Indium prices further negatively impacted by-product gross profit.

Direct Operating costs per tonne increased by 6% due to the stronger US dollar and Australian dollar against the Euro and a number of energy credits recognised in H1 2014 relating to 2013. Energy credits in H1 2015 were in line with normal course of business.

Sustaining capital spend is in line with guidance. The continued progress of the Port Pirie Redevelopment project as well as other growth projects is reflected in higher than prior year growth capital levels.

<sup>6</sup> DOC/tonne calculated based on segmental direct operating costs and total production of Zinc and Lead Market Metal



EUR DOC/tonne <sup>6</sup>	H1 2015	H1 2014	% Change
Auby	495	503	(2%)
Balen	480	435	10%
Budel	356	390	(9%)
Clarksville	501	461	9%
Hobart	454	418	9%
Port Pirie <sup>7</sup>	710	680	4%
<b>DOC/tonne</b>	<b>508</b>	<b>477</b>	<b>6%</b>

	H1 2015	H1 2014	% Change
<b>Zinc metal ('000 tonnes)</b>			
Auby	85	85	0%
Balen/Overpelt	130	134	(3%)
Budel	147	144	2%
Clarksville	64	57	12%
Hobart	134	120	12%
Port Pirie	-	13	(100%)
<b>Total</b>	<b>560</b>	<b>552</b>	<b>1%</b>
<b>Lead metal ('000 tonnes)</b>			
Port Pirie	85	93	(9%)
<b>Other products</b>			
Copper cathode ('000 tonnes)	2	2	-
Silver (million troy ounces)	6.7	7.2	(7%)
Gold ('000 troy ounces)	26.7	20.2	35%
Indium metal (tonnes)	20	24	(17%)
Sulphuric acid ('000 tonnes)	733	697	5%

The Metals Processing segment produced approximately 560kt of zinc metal in H1 2015 which is a 1% increase on H1 2014 and represents a half-year zinc plant cathode production record. On an annualised basis the H1 2015 production is at the upper end of 2015 full year external guidance. The increase on H1 2014 was mainly driven by a larger number of planned maintenance shuts compared to H1 2015 and operational improvements relating to improved availability and utilisation of the roasting, leaching and cell house processes. These improvements offset operational issues experienced at the Balen smelter in H1 2015. Other planned maintenance shuts in Budel and Hobart were completed in H1 2015 as expected. The planned 7 week maintenance shutdown of roaster F4 at the Balen smelter that was originally planned for Q3 2015 has been postponed to H1 2016. Indium production was negatively impacted compared to H1 2014 due to technical issues impacting recovery of metal into the finished product.

As previously announced, due to a blast furnace outage caused by a disruption of natural gas supply to the region of Port Pirie, that extended for almost the entire month of April, lead market metal production at Port Pirie was 9% lower compared to H1 2014 production levels. Gold production was up by 35% against H1 2014 as a function of higher gold in feed and a different mix of residues consumed. Silver production was lower than H1 2014, mainly due to a different feed mix consumed with slightly lower silver contained. Production of copper cathode was relatively stable.

Metals Processing safety statistics in H1 2015 were at a record low with the number of cases with days lost or under restricted duties (DART) and number of cases requiring treatment (RIR) reduced by 43% and 39% respectively against the same period in 2014. Half of the metals processing operations were running without any lost time injuries during H1 2015.

<sup>7</sup> Per tonne of lead metal and zinc contained in fume

## OPERATIONS REVIEW: MINING

EUR million unless otherwise indicated	H1 2015	H1 2014	% Change
Treatment charges	(43)	(39)	10%
Payable metal contribution	206	168	23%
By-Products	48	90	(47%)
Other	(14)	(12)	17%
<b>Gross Profit</b>	<b>197</b>	<b>208</b>	<b>(5%)</b>
Employee expenses	(77)	(69)	12%
Energy expenses	(24)	(25)	(4%)
Other expenses	(93)	(78)	19%
<b>Direct Operating Costs</b>	<b>(193)</b>	<b>(171)</b>	<b>13%</b>
Non-operating and other	2	(11)	(118%)
<b>EBITDA</b>	<b>6</b>	<b>26</b>	<b>(77%)</b>
Sustaining capex	17	20	(15%)
Exploration and development capex	27	21	29%
Growth capex	6	5	20%
<b>Mining Capex</b>	<b>50</b>	<b>46</b>	<b>9%</b>
DOC/tonne (USD) <sup>8</sup>	68	66	3%

Mining EBITDA of EUR 6 million was impacted by the suspension of operations at Campo Morado and Myra Falls.

Gross profit for the mining segment of EUR 197 million in H1 2015 was down EUR 11 million (5%) year-over-year, attributable to lower by-products prices and the suspension of operations at Campo Morado and Myra Falls, with partial offset from the beneficial effect on income from a weaker EUR/USD exchange rate.

Mining segment direct operating costs decreased in US dollar terms through targeted cost control measures and variable cost savings at Campo Morado with the suspension of operations. However, these cost savings were offset by the weaker EUR/USD exchange rate which resulted in higher segment operating costs in Euro terms. Towards the end of H1 2015, Nyrstar concluded substantial headcount reductions at Myra Falls and Campo Morado which is expected to result in further operating cost reductions in H2 2015.

The positive movement in Non-operating and other expenses for the period of EUR 2 million represents the capitalisation of costs attributable to concentrate inventory produced but not sold in H1 2015, which compares to an expense of EUR 11 million in the same period last year representing the amortisation of costs attributable to concentrate inventory sold during H1 2014, but produced in the prior period.

Mining capital expenditure was EUR 50 million, broadly in line with H1 2014 in Euro terms, but 11% below in US Dollar terms with the postponement of non-essential sustaining capital projects at the suspended Campo Morado operations. There was an increased focus and higher investment in Exploration and Development activities for the segment (up 29%). Growth capex was for previously committed Campo Morado plant modifications in the first quarter, and other site projects related to energy efficiency improvements and exploration.

<sup>8</sup> Mining DOC/tonne calculated based on segmental direct operating costs in USD and total production of ore milled

DOC USD/tonne ore milled	H1 2015	H1 2014	% Change
Campo Morado	n/a	81	-
Contonga	75	62	21%
El Mochito	65	74	(12%)
El Toqui	85	78	9%
Langlois	95	115	(17%)
Myra Falls	n/a	136	-
Tennessee Mines	41	42	(2%)
<b>Average DOC/tonne ore milled</b>	<b>68</b>	<b>66</b>	<b>3%</b>

The average direct operating cost in USD per tonne of ore milled increased by 3%, primarily due to the suspension of operations at Campo Morado and Myra Falls. Unit costs at Contonga and El Toqui increased year-over-year with the use of additional mine contractors to address difficult ground conditions. El Mochito and Tennessee mines achieved higher ore volumes milled and improved their cost management. At the Langlois mine, targeted cost control and innovative mine planning resulted in a 17% reduction in the unit operating costs.

'000 tonnes unless otherwise indicated	H1 2015	H1 2014	% Change
<b>Total ore milled</b>	<b>3,139</b>	<b>3,554</b>	<b>(12%)</b>
<b>Zinc in Concentrate</b>			
Campo Morado	0	12	(100%)
Contonga	6	7	(14%)
El Mochito	12	13	(8%)
El Toqui	20	18	11%
Langlois	19	20	(5%)
Myra Falls	9	15	(40%)
East Tennessee	33	33	0%
Middle Tennessee	27	23	17%
<b>Total</b>	<b>127</b>	<b>140</b>	<b>(9%)</b>
<b>Other metals</b>			
Lead in concentrate	8.3	7.9	5%
Copper in concentrate	3.2	6.2	(48%)
Silver ('000 troy oz)	1,556	2,502	(38%)
Gold ('000 troy oz)	7.5	29.2	(74%)

In H1 2015, Nyrstar's mines produced approximately 127kt of zinc in concentrate, a decrease of 9% compared to H1 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 H1 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.

Production at Myra Falls in H1 2015 was affected by hydro-electric power supply problems 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. The zinc mill head grade in H1 2015 increased by 11% versus H1 2014 due to mining of a different ore zone under the mine plan with substantially lower lead and precious metals. Zinc recoveries were in-line with the same period last year; however, lead,

copper and gold recoveries were negatively influenced by the lower head grades for these metals. Production was substantially reduced for all metals against the same period in 2014 primarily as a result of the power interruptions, suspended mining and milling operations and lower head grades and recoveries for all metals except for zinc.

Despite processing an increased volume of ore, production of zinc and silver at El Mochito during H1 2015 was reduced compared to the same period in 2014. This reduced production was due to lower grade ore being processed from the upper portion of the Port Royal ore zone under the mine plan.

The Tennessee Mines reported an increase in zinc in concentrate production in H1 2015 compared to H1 2014. The increased production resulted from improved average zinc mill head grades, up by 5% at both Middle Tennessee and East Tennessee due to higher grade stopes being mined, and a more consistent run schedule implemented at the Middle Tennessee mill.

The volume of ore milled at Contonga during H1 2015 increased by 11% year-on-year due to higher ore production from stopes, drifts and a relatively sizeable portion of stockpiled ore sourced from Contongo and the Pucarrajo mine. Despite the higher ore production, zinc in concentrate was 14% lower as a result of a lower zinc mill head grade compared to the same period last year. The lower zinc head grade was due to the use of lower grade stockpiled ore during the half.

Tragically on 16 June 2015, an El Mochito contractor was fatally injured as consequence of an underground incident involving the mobile equipment that he was operating. A multidisciplinary team have completed a full investigation process in cooperation with the Honduran authorities and Nyrstar's Employee Assistance Program (EAP) was initiated to assist the El Mochito workers and the family of the deceased.

Mining safety statistics in H1 2015 were a record low in the North American region with DART at 9.5 and RIR at 13.4, a 50% reduction against 2014 performance. The mining segment safety statistics as a whole were negatively impacted by the El Mochito fatality; however, there was improvement year-over-year with RIR and DART reduced to 11.6 and 7.7 respectively from 15.1 and 10.4 in 2014.

## OTHER DEVELOPMENTS

### Chief Executive Officer Appointment

Following a comprehensive global search process, the Board of Directors identified Mr. Bill Scotting as the obvious choice for the role of Chief Executive Officer to lead Nyrstar in the next stage of its journey. Bill Scotting accepted Nyrstar's offer in April 2015 and will become the new Chief Executive Officer, effective 17 August 2015. Bill Scotting joins Nyrstar from ArcelorMittal where he has held the position of Chief Executive Mining. Mr Scotting joined Mittal Steel in 2002 and prior to his current role held the positions of Head of Strategy and Head of Performance Enhancement.

The new CEO of Nyrstar has close to 30 years of experience in the metals and mining industry in strategic, operations management, technical and consulting roles. He started his career as a metallurgist with BHP in Australia and has also worked at McKinsey & Company and CRU International. He holds a Masters of Business Administration (with distinction) from Warwick Business School in the United Kingdom as well as a Bachelor of Science Degree in Metallurgy from the University of Newcastle in Australia.

### Non-Cash Impairment of Certain Mining Segment Assets

At the Annual General Meeting on 29 April 2015, the Company communicated that it will perform impairment testing of all of its mining assets within H1 2015 and will report the results of such testing by no later than the H1 2015 results. The testing was carried-out applying the most recent macroeconomic assumptions and updated life of mine plans for all of Nyrstar's mines. Commodity price and foreign exchange forecasts were developed from externally available forecasts from a large number of different market commentators. Given the wide range of forecast metal prices and considering the current uncertainty relative to economic growth in some parts of the world, a broad range of externally available forecasts were utilised in establishing the robust composite price sets whereby equal weighting was applied to each of the individual forecasts in order to exclude any bias. The 30 June 2015 testing resulted in a non-cash, pre-tax impairment loss of EUR 418 million. The main component of the total non-cash, pre-tax impairment loss was the full write-down of the carrying value of the Campo Morado mine of EUR 376 million due to uncertainty related to the restart of the mine due to continued unstable security situation in the Mexican State of Guerrero combined with the application of the most recent operational and commercial assumptions to the Mineral Resource block model and the ensuing life of mine plan. Smaller reductions to the carrying values were recorded for the El Toqui, Langlois and Myra Falls mines and for the equity accounted investment in Ironbark Zinc Limited driven primarily by the application of the most recent commercial assumptions.

As at 30 June 2015, the carrying value of the assets related to the Metals Processing segment and Mining segment were EUR 1,055 million and EUR 624 million respectively. The impairments recognized on the Mining segment assets in H1 2015 represent approximately a 40% reduction in their carrying value compared to the carrying value prior to the impairment.

The carrying value of Nyrstar's Mining segment assets depends on future profitability and cash generation of Nyrstar's mines. The future cash generation is directly linked to the profitable extraction of mineral reserves and resources. Estimates of mineral reserves and resources are based on certain operational, commercial, commodity price and exchange rate assumptions. Adverse changes in these assumptions could lead to further impairment write downs being required in the future. Conversely, should these assumptions improve Nyrstar may be required to reverse, either partly or fully, the previously recognised impairment write downs on its Mining segment assets.

Nyrstar remains compliant with all the financial covenants in all of its existing loan agreements

### Port Pirie Redevelopment

Significant progress continued on the Port Pirie Redevelopment in Q2 2015 with construction of site permanent facilities advancing, all major key supply contracts awarded and approximately 90% of the engineering work for the project completed by the end of Q2 2015.

Capital expenditure guidance remains unchanged at EUR 200 - 220 million for 2015. Overall, capital costs for the project also remain as previously guided at AUD 514 million and work on site progresses on schedule and on budget for commissioning during 2016.

## **Metals Processing Growth Pipeline Projects**

During H1 2015 Nyrstar continued to progress the broader pipeline of growth projects across the Metals Processing segment. Solid progress was made on progressing projects at Budel and Hobart that will enable the treatment of increased cadmium and zinc 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 scheduled for H2 2015.

Nyrstar's agreement 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 enabling the smelter to treat zinc oxide from Nyrstar Port Pirie, splitting base metals (Zinc and Lead) from minor metals (Indium and Germanium), enhancing the site's operational link with Nyrstar Port Pirie and the broader global Metals Processing network.

The side leach project in Auby has moved to Feasibility phase. In Auby the expansion of Indium refining also continued with implementation scheduled in H2 2015.

Other de-constraining projects progressed on schedule during the quarter, including: increasing the silica constraint in concentrates to allow increased indium throughput and recovery at Auby (with commissioning expected in H2 2015); and the expansion of cadmium capacity at Port Pirie with implementation scheduled for Q3 2016.

As advised in Q1 2015, Nyrstar has decided to extend the implementation timeline for the various growth projects across the Metals Processing segment by 9 to 12 months. Consequently, the Metals Processing growth capex guidance for 2015 has been reduced from EUR 70-90 million to EUR 35-45 million.

## **Campo Morado**

Production at the Campo Morado operation has been suspended since 5 January 2015. Originally due to an illegal blockade of the mine entrance by non-affiliated union activists and later due to contractors and unionised mine workers being subjected to systematic intimidation.

Nyrstar is continuing 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. Progress has been made and the work is on-going. 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 with a total of approximately 70 staff remaining on site for administration, security, mine development and maintenance.

During this period of suspension Nyrstar is continuing to work on advancing the Mineral Resource block model and the ensuing mine plan, metallurgical testing, engineering and design for the planned mill upgrade and environmental safeguards.

## **Myra Falls**

As previously 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 is to temporarily suspend mining and milling operations. The temporary suspension will allow work on site to focus on optimisation in readiness for a restart with substantially improved mine and plant operating conditions.

The comprehensive operational review identified a number of structural shortcomings across the site 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 12 months. 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.

Management is developing a series of critical milestones to be completed during the suspension period. These include the removal of personnel not required during the suspension period which was completed at the end of H1 2015; an organisational review of the management structure with associated personnel changes; the restoration and upgrade of site power infrastructure; execution of a focussed mine development plan into the Western zones of the mine and re-establishment of basic competencies in the areas of mine planning, optimum infrastructure maintenance practices, technical expertise and resources engaged to help transition the operation into an efficient and profitable mine.

Restart of operations will be contingent on the completion of the critical milestones during the suspension period as outlined above and is not expected to occur in 2015. At this stage we are not able to provide a definitive restart date for operations. Appropriate engagement with all affected internal and external stakeholders has been commenced and will continue throughout the suspension period. Management remains confident that working together with all stakeholders the structural shortcomings of the site will be resolved and production activities will resume to extract the maximum value from the world class ore body at Myra Falls. Overall, the site remains completely committed to safety and environmental stewardship.

## **Coricancha**

In May 2015, Nyrstar entered into a two-year option agreement to sell the Coricancha mining complex, located 90 kilometers east of Lima, Peru, to Great Panther Silver Limited - a Canadian precious metals mining and exploration company with operations in Latin America. The Coricancha mining complex was acquired by Nyrstar in October 2009 and has been on care and maintenance since August 2013.

Under the terms of the option agreement, Nyrstar received a cash payment from Great Panther of US\$ 1.5 million upon signing and a second option payment of US\$ 1.5 million is due on the first anniversary of signing to extend the option for a second year. Should Great Panther exercise the option on or before the second anniversary, the companies would enter into a Share Purchase Agreement whereupon Great Panther would make a cash payment of USD 5 million for 100 percent of the shares of Nyrstar Coricancha, S.A. (plus the second option payment if not already paid). There is a further contingent payment of USD 4 million payable to Nyrstar under certain conditions.

Under the option agreement, Great Panther will undertake certain exploration activities during the two-year option period of USD 2 million in the first year and USD 3 million in the second year.

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

Nyrstar maintains all aspects of production and capex guidance.



## SENSITIVITIES

Nyrstar's results continue to be significantly affected during the course of H1 2015 by changes in metal prices, exchange rates and treatment charges. Sensitivities to variations in these parameters are depicted in the below table, which sets out the estimated impact of a change in each of the parameters on Nyrstar's H1 2015 underlying EBITDA based on the actual results and production profile for the half year ending 30 June 2015.

6 months ended 30 June 2015			
Parameter	H1 2015 Average price/rate	Variable	Annualised estimated underlying EBITDA impact EURm
EUR:USD	1.116	-/+ 10%	+140/ (115)
Zinc price	\$2,134/t	-/+ 10%	(71)/+94
Zinc TC	\$245/dmt	-/+ 10%	(37)/+37
EUR:AUD	1.426	-/+ 10%	(29)/+24
Copper price	\$5,929/t	-/+ 10%	(5)/+5
Silver price	\$16.55/oz	-/+ 10%	(6)/+6
Gold Price	\$1,206/oz	-/+ 10%	(5)/+5
Lead price	\$1,873/t	-/+ 10%	(4)/+4
Lead TC	\$195/dmt	-/+ 10%	(4)/+4
EUR:CHF	1.057	-/+ 10%	(3)/+3

The above sensitivities were calculated by modelling Nyrstar's H1 2015 underlying operating performance. Each parameter is based on an average value observed during that period and is varied in isolation to determine the full-year 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.



## 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 6,500 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	210	3.41%	0.28%	1.05%	-	35.85	87.4%	53.9%	74.0%	-	85.1%	14	0.6	6.6	6.3	0.3	1.6	-	206
	Coricancha	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	El Mochito	381	3.64%	2.08%	-	-	63.07	85.4%	77.3%	-	-	85.8%	23	9.5	-	11.8	6.1	-	-	663
	El Toqui	282	7.61%	1.03%	0.20%	0.40	19.65	94.7%	59.5%	-	68.8%	83.1%	41	2.7	-	20.3	1.7	-	2.5	148
	Langlois	259	7.70%	-	0.47%	0.15	45.76	94.1%	-	70.1%	67.6%	81.3%	35	-	3.4	18.8	-	0.9	0.8	310
	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	1,004	3.68%	-	-	-	-	89.7%	-	-	-	-	54	-	-	33.1	-	-	-	-
	Middle Tennessee	841	3.28%	-	-	-	-	97.7%	-	-	-	-	42	-	-	26.9	-	-	-	-
	Tennessee Mines	1,845	3.50%	-	-	-	-	93.1%	-	-	-	-	96	-	-	60.1	-	-	-	-
Mining Total		3,139	4.38%	1.21%	0.81%	0.50	45.26	91.9%	59.9%	69.5%	67.3%	83.5%	227	13.3	13.2	126.7	8.3	3.2	7.5	1,556
2014	Campo Morado	354	4.70%	0.96%	0.96%	1.22	114.87	74.4%	-	67.8%	24.3%	36.6%	26	-	16.6	12.4	-	2.3	3.4	478
	Contonga	189	4.05%	0.15%	1.10%	-	32.64	88.3%	40.6%	73.6%	-	83.6%	14	0.2	5.8	6.8	0.1	1.5	-	166
	Coricancha	2	8.16%	1.99%	1.46%	21.45	146.73	61.3%	24.9%	20.1%	40.4%	57.1%	0	-	-	0.1	-	-	0.5	5
	El Mochito	355	4.09%	2.12%	-	-	75.35	86.1%	80.2%	-	-	88.2%	26	9.4	-	12.5	6.0	-	-	759
	El Toqui	299	6.47%	0.59%	0.18%	1.55	19.98	91.4%	58.5%	-	81.5%	84.0%	36	1.9	-	17.7	1.0	-	12.1	161
	Langlois	263	7.94%	-	0.49%	0.16	41.71	93.5%	-	75.0%	75.6%	76.5%	38	-	4.1	19.5	-	1.0	1.0	270
	Myra Falls	263	6.20%	0.67%	0.72%	1.96	92.62	89.4%	37.0%	74.0%	73.3%	84.9%	28	2.2	6.5	14.6	0.7	1.4	12.2	664
	East Tennessee	1,040	3.52%	-	-	-	-	91.4%	-	-	-	-	53	-	-	33.5	-	-	-	-
	Middle Tennessee	789	3.12%	-	-	-	-	92.8%	-	-	-	-	36	-	-	22.8	-	-	-	-
	Tennessee Mines	1,830	3.35%	-	-	-	-	91.9%	-	-	-	-	89	-	-	56.3	-	-	-	-
Mining Total		3,554	4.41%	1.34%	0.86%	1.26	66.84	89.3%	57.3%	72.2%	61.2%	74.1%	257	13.8	32.9	139.8	7.9	6.2	29.2	2,502
% Change	Campo Morado	(95)%	(15)%	10%	(30)%	4%	6%	(2)%	-	(10)%	(20)%	(16)%	(96)%	-	(97)%	(100)%	-	(96)%	(97)%	(96)%
	Contonga	11%	(16)%	87%	(5)%	-	10%	(1)%	33%	1%	-	2%	-	200%	14%	(14)%	200%	7%	-	24%
	Coricancha	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	El Mochito	7%	(11)%	(2)%	-	-	(16)%	(1)%	(4)%	-	-	(3)%	(12)%	1%	-	(8)%	2%	-	-	(13)%
	El Toqui	(6)%	18%	75%	11%	(74)%	(2)%	4%	2%	-	(16)%	(1)%	14%	42%	-	11%	70%	-	(79)%	(8)%
	Langlois	(2)%	(3)%	-	(4)%	(6)%	10%	1%	-	(7)%	(11)%	6%	(8)%	-	(17)%	(5)%	-	(10)%	(20)%	15%
	Myra Falls	(45)%	11%	(30)%	(4)%	(37)%	(44)%	0%	(36)%	(15)%	(5)%	1%	(39)%	(77)%	(58)%	(40)%	(71)%	(57)%	(67)%	(69)%
	East Tennessee	(3)%	5%	-	-	-	-	(2)%	-	-	-	-	2%	-	-	-	-	-	-	-
	Middle Tennessee	7%	5%	-	-	-	-	5%	-	-	-	-	17%	-	-	17%	-	-	-	-
	Tennessee Mines	1%	4%	-	-	-	-	1%	-	-	-	-	8%	-	-	7%	-	-	-	-
Mining Total		(12)%	(1)%	(10)%	(6)%	(60)%	(32)%	3%	36%	(4)%	10%	13%	(12)%	(4)%	(60)%	(9)%	5%	(48)%	(74)%	(38)%