News release

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Nyrstar announces key measures to enhance Balance Sheet Strength

9 November 2015

Nyrstar NV ("Nyrstar" or the "Company") announces today the details of key balance sheet strengthening measures.

HIGHLIGHTS:

BALANCE SHEET STRENGTHENING MEASURES

- Announcement of a proposed fully underwritten capital increase with statutory subscription rights for existing shareholders for an amount of EUR 250–275 million ("Rights Offering")
- Trafigura has committed (subject to certain conditions, including relevant regulatory clearances, as detailed below) to subscribe for shares for up to EUR 125 million of the Rights Offering with the balance to be underwritten (conditional upon the Trafigura commitment and certain other conditions) by Deutsche Bank AG and KBC Securities NV
- Deutsche Bank has been appointed to arrange a EUR 150-200 million refined zinc metal prepay which will benefit from an offtake agreement ("Prepay Financing")
- Proceeds from the balance sheet strengthening measures will be used to enhance the Company's financial and operational flexibility in a challenging near-term commodity price environment, support the funding of the value accretive Port Pirie Redevelopment, address near term debt maturities and extend the debt maturity profile; and general corporate purposes

MINING REVIEW AND DIVESTMENTS

- Following a detailed review of the performance, near term cash needs, medium term capital requirements and exploration potential of the Mining segment, Nyrstar management is now pursuing strategic alternatives for its mining assets, individually and as a portfolio, which may include additional suspensions, asset disposals and a full exit from mining and has appointed financial advisors to assist with that process. Where appropriate, offtake agreements will be put in place to maintain Nyrstar's access to concentrates
- Nyrstar will consider further suspensions of its mines if the current depressed commodity price environment continues; such suspensions would potentially reduce global supply by up to a further 400,000 tonnes of zinc concentrate (in addition to the 100,000 tonnes removed by the Myra Falls and Campo Morado suspensions)
- In the meantime, cash consumption continues to be reduced, with Mining segment growth capex in 2016 to be reduced to nil; further projected operating cost and sustaining capital savings have increased the targeted annualised cashflow savings in the Mining segment to EUR 60 million (from the previously announced EUR 40 million target) over Q3 annualised levels

AGREEMENTS WITH TRAFIGURA

- Relationship Agreement entered into by Trafigura and Nyrstar to govern relationship going forward and ensure highest standard of corporate governance ("Relationship Agreement"). Key elements include (as further detailed below):
  - All business dealings to continue on arm's length basis and on normal commercial terms
  - Trafigura will not acquire any shares or voting rights in the Company beyond a 49.9% stake
  - Trafigura does not intend to and will not solicit, launch or publicly announce the solicitation or launching of a private or public offer or any proxy solicitation that is not recommended or otherwise supported by the Company's board (subject to no other person holding 10% or more of the shares in the Company)
- In addition, subject to conditions, Nyrstar has entered into a number of commercial supply and offtake agreements with Trafigura, commencing January 2016

Balance Sheet Strengthening Measures

Bill Scotting, Chief Executive Officer of Nyrstar said: "As was evident in the Company's financial and operational performance announced in the Q3 2015 Interim Management Statement on 22 October 2015, the current market environment continues to pose challenges for Nyrstar's operations and in particular, the Mining Segment. The Nyrstar Board and Management have now evaluated the various financing alternatives for the business and the critical steps required to minimise the cash consumption of the Mining segment and have developed a definitive and executable plan to strengthen our balance sheet and maximise the latent possible value to shareholders.

Nyrstar believes that the package of balance sheet strengthening measures set out today, including the EUR 150-200 million Prepay Financing and EUR 250-275 million Rights Offering will best address the Company's financing needs and are necessary to provide increased financial flexibility in the current commodity price environment. A EUR 200-250 million Notes Offering in the high-yield capital markets will also be considered if market conditions permit.

Despite our belief that the medium to long-term fundamentals for zinc remain strong, the recent sharp and accelerated deterioration in the commodity price environment requires firm and decisive action and is a reminder that capital discipline, financial returns and our capacity to translate our strategy into business results are critical for the Company. If current market conditions persist, actions will be considered to suspend mining activity impacting up to a further 400,000 tonnes per annum of zinc concentrates production.

The Metals Processing segment has continued its strong operational and financial performance in 2015 and will strengthen further in the coming years with the completion of the Port Pirie Redevelopment and the ongoing implementation of the Metals Processing Growth Pipeline Projects. The final component of the Port Pirie Redevelopment funding via the proposed issuance of equity accounted perpetual notes will ensure that the completion of the project will have no impact on Nyrstar's liquidity going forward and will have a positive impact on strengthening Nyrstar's consolidated equity position. The first tranche of these perpetual notes is targeted to be issued in December 2015 with subsequent tranches to be issued on a monthly basis thereafter."

Mining Review and Divestments

Bill Scotting, Chief Executive Officer of Nyrstar said: "The asset-level assessment of the Mining segment that I have been conducting since commencing at Nyrstar in mid-August highlighted the potential strategic value of operating a portfolio of mining and processing assets. However, it is clear that the execution of this upstream strategy has been flawed and the currently achieved scale of the Mining segment relative to the Metal Processing segment's requirement for concentrate is not material enough to justify the current levels of capital allocated to the Mining segment. Whilst a number of the Nyrstar mining operations have strong potential, and operational progress has been made in the past year with the appointment of a new senior mining leadership team focused on mine development and life of mine planning, the segment as a whole will continue to underperform without an injection of significant additional capital. As Nyrstar is currently capital constrained and has a number of Metals Processing Growth Pipeline Projects with high projected internal rates of return competing for available capital, Management and the Board have concluded that there may be more suitable owners for some or all of Nyrstar's mining operations.

Accordingly, Nyrstar has retained financial advisors to assist with a process to pursue strategic alternatives including a sale of certain or all of the Mining segment assets. This will not only eliminate the short-term cash burden of supporting the Mining assets at this time, but should allow latent potential in the assets to be realised and offer local stakeholders a more sustainable future. Where appropriate, offtake agreements will be put in place to maintain Nyrstar's access to concentrates.

In the meantime, Nyrstar remains extremely focused on improving the operating performance and financial health of its mining operations. The recently announced EUR 40 million cost and capex savings plans in the Mining segment have been further refined and the Company is now targeting a EUR 60 million cashflow saving compared to the annualised Q3 2015 cash outflow of c.EUR 170 million (defined as EBITDA – sustaining capex). These targeted annualised cash flow savings are comprised of reduced cash consumption of EUR 20 million and EUR 5 million at Myra Falls and Campo Morado, respectively, a further EUR 20 million of reduced non-operational expenditure and direct operating costs and EUR 15 million of reduced sustaining capital expenditure across the other mining assets. In addition, the Mining segment growth capex in 2016 is to be reduced to nil providing further savings of EUR 8 million from Q3 2015 annualised levels. Further operating cost and sustaining capital savings are also being explored. We are also targeting a further annualised reduction in Metals Processing and Corporate operating costs of EUR 30 million. In addition to potential divestments, Nyrstar does not rule out additional mine suspensions to those already announced in the event of a further deterioration in the zinc price."

Use of Proceeds

Net proceeds from the balance sheet strengthening measures would be used:

- to recapitalise the business and increase financial flexibility and liquidity in a challenging near-term commodity price environment;
- to support the funding of the value accretive Port Pirie Redevelopment;
- to improve the Company's ability to access debt markets, address near-term refinancing needs and extend its debt maturity profile; and
- for general corporate purposes.

Further Details of the Proposed Rights Offering

Nyrstar proposes to raise EUR 250-275 million of equity through a capital increase with the issuance of new ordinary shares. Existing shareholders will have a statutory preferential right to subscribe for the new shares. The capital increase will require shareholder approval which will be sought at an Extraordinary General Shareholder's meeting ("EGM") that will be convened by the Company in due course.

The Company's largest shareholder, Urion Holdings (Malta) Ltd, a subsidiary of Trafigura, has indicated that, subject to receipt of all relevant regulatory clearances and other conditions, it will subscribe pro-rata to its existing shareholding of at least 20% and subscribe for further shares pursuant to the contemplated Rights Offering -up to a maximum amount of EUR 125 million, provided that its aggregate stake in the Company shall not as a result exceed 49.9%. Trafigura's commitment is subject to conditions including, among other things, satisfactory completion of confirmatory due diligence, the commercial agreements with the Company summarised below remaining in effect, and the clearance (in terms reasonably satisfactory to Trafigura) by the European Commission and relevant authorities in certain other jurisdictions of Trafigura's shareholding (including as it would be increased pursuant to its underwriting commitment) in Nyrstar from a merger control perspective. The commitment of Deutsche Bank AG and KBC Securities NV to underwrite the balance of the Rights Offering that is not underwritten by Trafigura (i.e., up to EUR 150 million in the case of a EUR 275 million offering) is subject, amongst other things (including satisfactory completion of customary due diligence), to Trafigura not being prevented from honouring its commitment and not being required by competition authorities (pursuant to the above-referenced clearances) to divest any of its shareholding in the Company.

The Rights Offering is expected to be launched following the release of Nyrstar's FY 2015 audited accounts, depending on market conditions. The final terms of the Rights Offering, including the final size of the Rights Offering, the issue price of the new shares, the number of new shares to be issued, and the subscription ratio, shall be determined by the Company, Trafigura and the underwriting banks and announced immediately prior to the actual launch of the Rights Offering. The Rights Offering will be led by Deutsche Bank AG, London Branch as Sole Global Co-ordinator and Joint Bookrunner, while KBC Securities NV will act as Joint Bookrunner. Upon the launch of the Rights Offering, the Company will publish a prospectus in respect of the Rights Offering, which will be available, amongst other places, on the website of the Company.

The Nyrstar Board acknowledges that as part of this transaction, and depending on the shareholder participation in the Rights Offering, Trafigura's shareholding may cross the 30% threshold. Pursuant to Belgian public takeover rules, shareholders that acquire shares in excess of a 30% threshold are obliged to carry out a mandatory tender offer with respect to the outstanding voting securities of the Company. This obligation to launch a mandatory tender offer, however, does not apply if the 30% threshold is crossed within the framework of a rights offering that has been approved by the general shareholders' meeting. In view thereof, if Trafigura were to increase its participation in Nyrstar to above 30% in the context of the Rights Offering, it will not be obliged to carry out a mandatory tender offer. However, the Nyrstar Board believes that considering the current market environment and the Relationship Agreement being entered into with Trafigura, shareholder value is best preserved by conducting the Rights Offering, with the ability for all shareholders to participate in order to strengthen the Company's operational and financial flexibility.

Other Financing

In addition to the proposed Rights Offering discussed above, Nyrstar is progressing other options for the refinancing of its 5.375% bonds due May 2016 (the “2016 Bonds”). There is currently an amount of EUR 415 million outstanding under the 2016 Bonds.

Deutsche Bank have been appointed to arrange a EUR 150-200 million refined zinc metal prepay which will benefit from an offtake agreement, which is subject to conditions. Under this arrangement, Nyrstar will receive a EUR 150-200 million prepayment, which is expected to be received prior to the launch of the Rights Offering, and has agreed to physically deliver a volume of zinc. The prepay has an amortising structure with 3 year tenor and a 12 month grace period following which the facility will be repaid in equal quarterly instalments over a period of two years. For accounting purposes, the liability is expected to be treated as Deferred Income in Nyrstar’s balance sheet, with the proceeds thereby decreasing the Company’s net debt position. The zinc metal prepay agreement will not involve Nyrstar entering into forward purchase contracts with equivalent delivery dates to hedge the zinc price exposure related to the delivery commitment as the total volume to be delivered will be a function of the prevailing zinc price.

Subject to satisfactory market conditions, the Company remains ready to issue a new EUR 200-250 million high yield bond to raise additional liquidity. The Company is prepared to go to market when conditions are considered to be adequate. At the present time, the pricing of the Company’s currently outstanding bonds, which serves as a reference for any new issuance, is not considered as acceptable to the Nyrstar Board. Management will continue to assess the development of this market as it progresses with the implementation of the other balance sheet strengthening measures discussed in this announcement.

Relationship Agreement with Trafigura

In connection with Trafigura’s commitment to support the Rights Offering, Nyrstar has executed a Relationship Agreement with Trafigura Group Pte. Ltd to govern its relationship with Trafigura and ensure that all business transactions are conducted at arm's length and on normal commercial terms. The Relationship Agreement will have effect for as long as Trafigura holds at least 20% but less than 50% of the shares in Nyrstar. It may be terminated by Trafigura if the commercial agreements that it entered into with Nyrstar are terminated by the Company other than due to material breach by Trafigura or if the Rights Offering is not completed by 27 April 2016 other than due to failure by Trafigura to comply with its underwriting commitment. The Relationship Agreement provides amongst other things for the following:

- Trafigura (along with any person acting in concert) will not acquire any shares or voting rights in the Company that would bring its aggregate holding of shares or voting rights to a level above 49.9% of the outstanding shares or voting rights of the Company. Furthermore, Trafigura does not intend to and will not solicit, launch or publicly announce the solicitation or launching of a private or public offer or any proxy solicitation with respect to all or substantially all of the voting securities of the Company that is not recommended or otherwise supported by the board of directors of the Company. The aforementioned restrictions fall away in case of (amongst other things) a tender offer by a third party or an acquisition by a third party exceeding 10% of the shares in the Company, and do not prevent Trafigura from tendering shares in a public tender offer (including the entering into an irrevocable commitment with respect to such public tender offer) or entering into another transaction in relation to its shares, such as sale of its shares.
- Trafigura will be able to nominate directors to the Company’s Board, but limited to a number that does not constitute a majority of the Board of the Company (it being noted that the director appointed upon proposal of Trafigura prior to the date of the Relationship Agreement who is an “independent director” shall not for these purposes be considered as a Trafigura director). No independent directors will be nominated or proposed for nomination unless with the approval of a majority of the directors other than the Trafigura directors.
- Trafigura may request the Company to publish a prospectus or other offering document pursuant to which some or all of its shares can be offered for sale. If the Company issues equity securities, Trafigura will have pro rata subscription rights.

In addition to the Relationship Agreement, Nyrstar has negotiated commercial agreements with Trafigura (subject to conditions, including all relevant regulatory clearances) comprising of zinc concentrate and lead concentrate purchase agreements, and zinc metal and lead metal sales agreements. The key aspects of the agreements with Trafigura include:

- long term contracts, commencing 1 January 2016;

- extending the frame purchase agreements for lead and zinc concentrates to support the Metals Processing segment and the new feed book requirements following the Port Pirie Redevelopment;
- the sale of certain available quantities of commodity grade zinc and lead metal produced by Nyrstar; and
- market-based prices with annually agreed premiums and treatment charges.

Net Debt and Liquidity

Net debt at 30 September 2015 was EUR 841 million, representing an increase of EUR 174 million compared to 30 June 2015, primarily as a result of a lower utilisation of deferred income from Nyrstar's marketing partners. The full impact of the announced cash saving measures on EBITDA and free cash flow are expected to be realised in 2016. The Company reiterates its objective to maintain its Net debt/EBITDA ratio at less than 2.5x and notes that the targeted ratio may be exceeded in the short-term, pending execution of the announced balance sheet strengthening measures.

As of 30 September 2015, Nyrstar had cash and cash equivalents of EUR 30 million and committed undrawn liquidity headroom and cash of more than EUR 400 million. The Company continues to be in compliance with its existing financial covenants.

CONFERENCE CALL

Management will discuss this statement in a conference call with the investment community on 9 November 2015 at 10:00 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/uwgyk4fw

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

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For further information contact:

Anthony Simms Group Manager Investor Relations T: +41 44 745 8157 M: +41 79 722 2152 anthony.simms@nyrstar.com
Greg Morsbach Group Manager Corporate Communications T: +41 44 745 8295 M:+41 79 719 2342 gregory.morsbach@nyrstar.com