

## Regulated Information

## 2017 Full Year Results

22 February 2018 at 07:00 CET

### HIGHLIGHTS:

- Group underlying EBITDA<sup>1</sup> of EUR 205 million for 2017, an increase of 5% on 2016, supported by a 38% increase in the average zinc price (USD 2,095/t to USD 2,896/t), and a substantial production increase in Mining, largely offset by lower treatment charges, expected reduced production at Port Pirie, and reduced free metal price exposure due to the call option price in the zinc price collar hedging structure
  - Metals Processing underlying EBITDA of EUR 206 million, down EUR 16 million year-on-year, driven by lower zinc treatment charges, reduced lead and by-product production, and the H2 2017 outages at Budel and Hobart, partially offset by higher commodity prices net of strategic hedges
  - Mining underlying EBITDA of EUR 47 million, up EUR 39 million year-on-year, driven by higher commodity prices, lower treatment charges, a positive contribution from the successful restart of the Middle Tennessee Mines, partially offset by the cost of the Myra Falls mine re-start
- Balance sheet substantially strengthened with increased liquidity and extended maturity profile
  - Net debt excluding zinc metal prepay and perpetual securities of EUR 1,102 million at the end of December 2017, an increase of EUR 237 million on 31 December 2016, predominantly due to working capital outflow due to higher commodity prices and capex expenditure at the top end of guidance which were partially offset by new silver prepay in 2017 and a EUR 100 million equity placement in November 2017. Net debt inclusive of zinc metal prepay and perpetual securities of EUR 1,363 million at the end of December 2017, an increase of EUR 199 million on 31 December 2016
  - Key activity: successful placement of leverage neutral EUR 400m notes due 2024 in March 2017 and EUR 100m upsize in September 2017 due 2024 and tender for 2018 convertible bonds in September 2017; private placement of EUR 100m of equity and two year extension of the USD 250m committed working capital facility with Trafigura in November 2017 and upsized refinance of the structured commodity trade finance facility to EUR 600 million in December 2017
- Net profit of EUR 47 million for 2017, assisted by an impairment reversal of EUR 126 million related to the Middle Tennessee and Myra Falls mining assets
- Port Pirie Redevelopment delivered, in line with guidance
  - successful commencement of hot commissioning at the end of September 2017; furnace heat-up and first feed to the new TSL furnace in October 2017. All major systems, including slag caster (December 2017) and acid plant (January 2018) are in operation;
  - currently ramping-up to deliver in-line with earnings guidance provided at the start of 2017 with an uplift against a 2016 basis of at least EUR 40 million in 2018, EUR 100 million in 2019 and EUR 130 million in 2020
- The progress on our strategic priorities, combined with record safety performance across the group, has placed Nyrstar on a solid footing for 2018 where we anticipate a sustainable improvement in operational and financial performance across our business
- Zinc smelting and mining optimisation reviews completed by Q3 2017 with substantial improvements in production and operating costs identified which will be gradually implemented in 2018 and subsequent years

<sup>1</sup> Underlying EBITDA is a non-IFRS measure of earnings, which is used by management to assess the underlying performance of Nyrstar's operations and is reported by Nyrstar to provide additional understanding of the underlying business performance of its operations. Nyrstar defines "Underlying EBITDA" as profit or loss for the period adjusted to exclude loss from discontinued operations (net of income tax), income tax (expense)/benefit, share of loss of equity-accounted investees, gain on the disposal of equity-accounted investees, net finance expense, impairment losses and reversals, restructuring expense, M&A related transaction expenses, depreciation, depletion and amortization, income or expenses arising from embedded derivatives recognised under IAS 39 "Financial Instruments: Recognition and Measurement" and other items arising from events or transactions clearly distinct from the ordinary activities of Nyrstar. For a definition of other terms used in this press release, please see Nyrstar's glossary of key terms available at: <http://www.nyrstar.com/investors/en/Pages/investorsmaterials.aspx>

- Latin American mining operations sales completed and divestment process concluded in Q3 2017 with the North American mining portfolio to be held as a core component of the Nyrstar business and optimised; Middle Tennessee Mines fully ramped-up and Myra Falls restart on schedule
- Record safety performance achieved across the group in 2017

**Commenting on the 2017 full year results, Hilmar Rode, Chief Executive Officer said:**

"The year of 2017 was all about delivering on the successful commissioning of the Port Pirie Redevelopment, optimising our mining portfolio, further strengthening our balance sheet to provide liquidity and an extended maturity profile, while staying on track with our smelter production. Port Pirie is ramping up and we expect it to contribute to earnings as previously guided, by at least EUR 40 million, EUR 100 million and EUR 130 million in 2018 to 2020 respectively. Our North American mines now form a core part of the business and we will continue to identify production improvements. Metals Processing was impacted by historically low treatment charges, unplanned outages at Budel and Hobart and lower lead metal and by-products at Port Pirie. We have completed the Metals Processing and Mining optimisation reviews and have identified improvements in production and operating costs which will be realized in 2018 and beyond.

"The zinc price continued its rally throughout 2017 and topped the base metals charts for the second year in a row, backed by robust demand and supply deficiencies of both zinc concentrate and zinc metal. In 2018, we expect to see a continued supply response from zinc mines with additional mine production to come online during the course of the year. Demand is also expected to remain strong throughout 2018 with economic indicators pointing to synchronous global growth. The zinc industry is now approaching a turning point in the treatment charge cycle where we expect to start seeing increases during the second half of 2018. We remain positive on the short to medium term outlook for the zinc price."

**CONFERENCE CALL**

Management will discuss this statement in a conference call with the investment community on 22 February 2018 at 9:00am Central European Time. The presentation will be webcast live and will also be available in archive. The webcast can be accessed via: <https://edge.media-server.com/m6/p/pj12sxqc>

## KEY FIGURES

EUR million (unless otherwise indicated) <sup>2</sup>	FY	FY	%	H1	H2	%
	2016	2017	Change	2017	2017	Change
<b>Income Statement Summary</b>						
Revenue	2,763	3,530	28%	1,806	1,724	(5%)
Gross Profit	981	1,074	9%	555	520	(6%)
Direct operating costs	(788)	(875)	11%	445	430	(3%)
Non-operating and other	2	6	289%	2	5	216%
Metal Processing U. EBITDA	222	206	7%	117	88	(25%)
Mining U. EBITDA	8	47	496%	15	32	110%
Other and Eliminations U. EBITDA	(35)	(48)	37%	(22)	(26)	21%
<b>Group Underlying EBITDA</b>	<b>195</b>	<b>205</b>	<b>5%</b>	<b>111</b>	<b>94</b>	<b>(15%)</b>
Underlying EBITDA margin	7%	6%	(17%)	6%	5%	(12%)
Embedded derivatives	(5)	(3)	(49%)	(2)	(3)	(88%)
Restructuring expense	(8)	(4)	(51%)	(1)	(3)	76%
M&A related transaction expense	(5)	(0)	-	0	(1)	-
Other income	0	9	-	7	1	(84%)
Profit / (Loss) on disposal of investments	-	3	-	(2)	4	369%
Underlying adjustments	(18)	5	(127%)	2	2	(20%)
Depreciation, depletion, amortisation	(177)	(156)	(13%)	(77)	(79)	3%
Impairment gain / (loss)	(126)	126	(200%)	0	126	-
<b>Result from operating activities</b>	<b>(126)</b>	<b>180</b>	<b>(243%)</b>	<b>37</b>	<b>144</b>	<b>285%</b>
Net finance expense (excluding fx)	(116)	(147)	27%	(65)	(82)	25%
Income tax (expense) / benefit	(16)	37	(331%)	9	28	211%
Profit / (Loss) from continuing operations	(264)	10	(103%)	(54)	65	(220%)
Profit / (Loss) from discontinued operations	(150)	37	(111%)	35	2	(94%)
<b>Profit / Loss for the period</b>	<b>(414)</b>	<b>47</b>	<b>(107%)</b>	<b>(21)</b>	<b>67</b>	<b>(419%)</b>
Basic Profit / Loss per share from continuing operations(EUR)	(2.59)	0.10	(104%)	(0.22)	0.10	(145%)
<b>Capex (continuing and discontinuing ops)</b>						
Metals Processing	237	303	28%	140	163	16%
Mining	40	58	45%	19	39	105%
Other	3	3	(3%)	2	1	(50%)
<b>Group Capex</b>	<b>280</b>	<b>364</b>	<b>30%</b>	<b>161</b>	<b>203</b>	<b>25%</b>
<b>Cash Flow<sup>3</sup></b>						
Cash flow from operating activities before working capital changes	113	88	(22%)	48	40 <sup>3</sup>	(17%)
Working capital and other changes	(195)	(49)	(75%)	19	(68)	(458%)
<b>Net Debt Exclusive of Zinc Prepay and Perpetual Securities</b>	<b>865</b>	<b>1,102</b>	<b>27%</b>	<b>986</b>	<b>1,102</b>	<b>12%</b>

<sup>2</sup> FY 2016 numbers were adjusted to exclude El Toqui, El Mochito, Contonga, Campo Morado and Coricancha as the mines are sold or reclassified as discontinued operations

<sup>3</sup> The notional cash flows from the repayment of zinc prepayment presented at H1 2017 as a part of cash flow from financing activities have been reclassified and are presented as a part of the cash flow from operating activities.

Net Debt Inclusive of Zinc Prepay and Perpetual Securities	1,164	1,363	17%	1,243	1,363	10%
EUR million (unless otherwise indicated) <sup>4</sup>	FY 2016	FY 2017	% Change	H1 2017	H2 2017	% Change
<b>Metals Processing Production</b>						
Zinc metal ('000 tonnes)	1,015	1,019	-	518	500	(3%)
Lead metal ('000 tonnes)	187	171	(8%)	84	87	3%
<b>Mining Production</b>						
Zinc in concentrate ('000 tonnes)	96	123	28%	53	70	30%
Copper in concentrate ('000 tonnes)	2.1	2.1	1%	0.9	1.2	42%
Silver ('000 troy ounces)	554	553	-	271	282	4%
Gold ('000 troy ounces)	1.8	1.9	7%	0.8	1.1	40%
<b>Market<sup>5</sup></b>						
Zinc price (USD/t)	2,095	2,896	38%	2,690	3,098	15%
Lead price (USD/t)	1,872	2,317	24%	2,221	2,413	9%
Silver price (USD/t.oz)	17.14	17.05	(1%)	17.32	16.78	(3%)
Gold price (USD/t.oz)	1,250	1,257	1%	1,238	1,278	3%
EUR/USD average exchange rate	1.11	1.13	2%	1.08	1.18	9%
EUR/AUD average exchange rate	1.49	1.47	(1%)	1.44	1.51	5%

## GROUP FINANCIAL OVERVIEW

**Group gross profit** for 2017 of EUR 1,074 million was up 9% on 2016, driven by higher production volumes in Mining and higher zinc, lead and gold prices which were up 38%, 24% and 1% respectively, partially offset by deteriorating benchmark zinc treatment charge terms and strategic zinc price hedging.

**Direct operating costs** for 2017 of EUR 875 million increased 11% on 2016, due to higher production volumes in Mining, increased mining costs as a result of the restart of operations at Middle Tennessee and an increase in consultancy service fees with the completion in 2017 of the mining and smelting optimization reviews.

**Group underlying EBITDA** (continuing operations) of EUR 205 million in 2017, an increase of 5% on 2016, due to higher commodity prices and production Mining, partially offset by lower treatment charges. Underlying adjustments in 2017 were a total of EUR 4 million, comprising EUR (3) million of embedded derivatives, EUR (4) million of restructuring expense and EUR 3 million of profit on disposal of investments. This compares to a total of EUR (19) million in 2016, comprising of EUR (5) million embedded derivatives, EUR (9) million restructuring expenses and EUR (5) million of M&A related transaction expense.

**Depreciation, depletion and amortisation** expense for 2017 of EUR 156 million was down 13% year-on year.

In 2017 the Company recognised a **non-cash, pre-tax impairment reversal** of EUR 126 million related to its continuing operations (2016: impairment loss of EUR 126 million). This impairment gain (2016: impairment loss) relates fully to pre-tax impairment reversals on Nyrstar's Mining assets at Middle Tennessee and Myra Falls.

<sup>4</sup> FY 2016 numbers were adjusted to exclude El Toqui, El Mochito, Contonga, Campo Morado and Coricancha as the mines are sold or reclassified as discontinued operations  
<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

At the end of 2017, the carrying values of the continuing operations in Mining were EUR 144 million at Myra Falls, EUR 63 million at Middle Tennessee Mines, EUR 86 million at East Tennessee Mines and EUR 79 million at Langlois.

**Net finance expense (excluding foreign exchange)** for 2017 of EUR 147 million was up EUR 31 million on 2016 primarily due to net debt exclusive of zinc prepay and perpetual securities increasing by 27% and net debt inclusive of zinc prepay and perpetual securities increasing by 17%. During 2017, EUR 55 million of perpetual securities were drawn compared to EUR 110 million drawn in 2016. At the end of 2017, an aggregate total net of debt issue costs of EUR 186 million (AUD 286 million) of perpetual securities had been drawn for the Port Pirie Redevelopment funding.

Nyrstar recognised an **income tax benefit** from continued and discontinued operations for the year ended 31 December 2017 of EUR 38.5 million (2016: income tax expense of EUR 39.5 million) representing an effective income tax rate of -481.3% (for the year ended 31 December 2016: -10.6%). The tax rate is impacted by changes in the expected profitability of group entities in Canada and Australia during the period and the associated recognition of previously unrecognised deferred tax assets. Further, the tax rate is impacted by changes in the net deferred tax position due to the change in the corporate income tax rates in both Belgium (reduction of net deferred tax liabilities by EUR 7.9 million) and the USA (reduction of net deferred tax assets by EUR 10.5 million), together with losses incurred by the group, including the discontinued operations, for which no tax benefit has been recognised.

**Profit after tax** of EUR 47 million in 2017, compared to a net loss of EUR 414 million in 2016, mainly as a result of the impairment reversals related to the Mining segment assets in 2017 and impairment charges related to Mining segment asset in 2016, respectively. In 2017 the Group recognized pre-tax net impairment reversal of EUR 142 million comprised of EUR 126 million for continuing operations and EUR 16 million for discontinued operations (2016: impairment loss of EUR 266 million comprised of EUR 126 million for continuing operations and EUR 140 million for discontinued operations).

**Capital expenditure (continuing operations)** was EUR 364 million in 2017, representing an increase of 30% year-on-year driven by a EUR 18 million capex increase in Mining with the restart of the Middle Tennessee mines and the commencement of restart activities at the Myra Falls mine, completion of the Port Pirie Redevelopment project and a relatively large number of planned and unplanned maintenance outages across the zinc smelters.

**Cash flow from operating activities before working capital changes** of EUR 88 million in 2017 was down 22% compared to EUR 113 million in 2016 and cash out-flow from changes in working capital and other balance sheet movements in 2017 of EUR 49 million was down EUR 146 million compared to an out-flow of EUR 195 million in 2016, resulting in total cash inflow from operating activities for 2017 of EUR 38 million compared to EUR 81 million outflow for 2016. The increase in net working capital levels was driven primarily by an increase in inventory valuation due to higher commodity prices, including the effect on inventory balance from zinc price increases of approximately EUR 173 million for 2017.

**Net debt** at the end of 2017 at EUR 1,102 million, excluding the zinc metal prepay and perpetual securities, was 27% higher compared to the end of 2016 (EUR 865 million at the end of 2016). The net debt inclusive of the zinc metal prepay and perpetual securities at the end of 2017 was EUR 1,363 million, up 17% compared to the end of 2016. Cash balance at the end of 2017 was EUR 67 million compared to EUR 127 million at the end of 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 to create a workplace where all risks are effectively identified and controlled and everyone goes home safe and healthy each day of their working life.

In 2017 we achieved our best safety performance since Nyrstar was founded. The frequency rate of cases with time lost or under restricted duties (DART) for the Company was 3.9, an improvement of 25% compared to a rate of 5.2 in 2016. The frequency rate of cases requiring at least a medical treatment (RIR) was 6.4, an improvement of 11% compared to 7.2 in 2016.

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)	FY 2016	FY 2017	% Change	H1 2017	H2 2017	% Change
Treatment charges	370	286	(23%)	171	115	(33%)
Free metal contribution	263	351	33%	182	169	(7%)
Premiums	156	152	(2%)	79	73	(8%)
By-Products	143	166	16%	79	87	10%
Other	(89)	(99)	11%	(56)	(43)	(-22%)
<b>Gross Profit</b>	<b>843</b>	<b>856</b>	<b>2%</b>	<b>456</b>	<b>400</b>	<b>(12%)</b>
Employee expenses	(219)	(220)	1%	(112)	(109)	(3%)
Energy expenses	(195)	(227)	16%	(117)	(110)	(6%)
Other expenses /income	(205)	(202)	(1%)	(110)	(92)	(12%)
<b>Direct Operating Costs<sup>6</sup></b>	<b>(619)</b>	<b>(649)</b>	<b>(5%)</b>	<b>(339)</b>	<b>(311)</b>	<b>(8%)</b>
Non-operating and other	(2)	(1)	(59%)	(0)	1	(-463%)
<b>Underlying EBITDA</b>	<b>222</b>	<b>206</b>	<b>(7%)</b>	<b>117</b>	<b>88</b>	<b>(25%)</b>
Sustaining	97	146	52%	59	87	47%
Growth	45	53	18%	17	36	109%
Port Pirie Redevelopment	95	104	9%	64	40	(38%)
<b>Metal Processing Capex</b>	<b>237</b>	<b>303</b>	<b>28%</b>	<b>140</b>	<b>163</b>	<b>16%</b>

Metals Processing delivered an underlying EBITDA result of EUR 206 million in 2017, a decrease of 7% over 2016 due to lower treatment charges and lower lead metal and by-product production at Port Pirie and unplanned production outages at Budel and Hobart in H2 2017, partially offset by higher commodity prices which were constrained due to reduced free metal price exposure with the call option price in the zinc price collar hedging structure. The opportunity loss in 2017 due to the zinc collar hedging in Metals Processing was EUR 21 million.

Marginally stronger year-over-year gross profit (up 2%) at EUR 856 million in 2017 was mainly driven by higher zinc and by-product prices that were to some extent constrained by the zinc price collar hedging in place during 2017 and largely offset by a 23% decrease in zinc and lead treatment charge income. Annual 2017 zinc benchmark treatment charge terms were settled at the end of Q1 2017 at approximately 15% below the 2016 terms at USD 172 per tonne of concentrate. The vast majority of Nyrstar's concentrate requirements are priced at benchmark terms or by reference to the benchmark with a discount applied. Spot treatment charge exposure for Nyrstar is typically only in the range of 5-10% of the concentrate feed book. In 2017, the discount realized by Nyrstar against the benchmark base zinc treatment charge was approximately USD 40 per tonne.

The total Premium gross profit contributions were relatively flat compared to 2017 (down 2%), driven by marginally higher volumes and relatively flat average realised premia rates.

<sup>6</sup> In 2015 Nyrstar changed its internal allocation of certain operating costs to its operating segments. This changed the composition of the allocation of the direct operating costs between the segments.

By-product gross profit contributions were positively impacted by higher gold, silver and copper prices and higher production volumes of gold, offset by lower production volumes of copper, silver and sulphuric acid compared to 2016. There was no indium production included in Metals Processing By-Products gross profit in 2016 due to the fire at the indium cement plant that occurred in Q4 2015. The indium plant was re-built in 2016 and resumed production by the end of Q1 2017 with 29.8 tonnes of indium metal produced in 2017.

Direct Operating Costs were increased in 2017 (up 6% compared to 2016) at EUR 649 million due to increased energy prices, marginally higher zinc metal production and consulting expenses related to the optimisation review which was completed in Q3 2017, partially offset by ongoing efficiency improvements across the Metals Processing sites.

Sustaining capital spend in 2017 increased by 52% on 2016 due to a number of large planned maintenance shuts occurring during the year and the various unplanned outages that occurred during H2 2017, predominantly at Budel and Hobart. Growth capex in 2017 was EUR 53 million, an increase of EUR 8 million on 2016, primarily due to the completion of a number of smelting optimization review projects and the completion of ancillary capex initiatives at Port Pirie which are complimentary to the redevelopment project. The Port Pirie Redevelopment project was completed at the end of 2017 with total capex incurred in 2017 of EUR 104 million compared to EUR 95 million in 2016.

EUR DOC/tonne	FY 2016	FY 2017	% Change	H1 2017	H2 2017	% Change
Auby	442	448	1%	460	436	(5%)
Balen/Overpelt	483	501	4%	514	490	(5%)
Budel	361	407	13%	377	445	18%
Clarksville	501	481	(4%)	514	449	(13%)
Hobart	448	467	4%	478	457	(4%)
Port Pirie <sup>7</sup>	681	810	19%	849	773	(9%)
<b>DOC/tonne<sup>8</sup></b>	<b>515</b>	<b>546</b>	<b>6%</b>	<b>562</b>	<b>529</b>	<b>(6%)</b>

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

<sup>8</sup> DOC/tonne calculated based on segmental direct operating costs and total production of Zinc and Lead Market Metal

	FY 2016	FY 2017	% Change	H1 2017	H2 2017	% Change
<b>Zinc metal ('000 tonnes)</b>						
Auby	149	166	11%	82	84	1%
Balen/Overpelt	236	249	6%	117	133	13%
Budel	283	248	(13%)	140	108	(23%)
Clarksville	111	117	6%	59	59	0%
Hobart	236	238	1%	121	118	(2%)
<b>Total</b>	<b>1,015</b>	<b>1,019</b>	<b>0%</b>	<b>518</b>	<b>500</b>	<b>(3%)</b>
<b>Lead metal ('000 tonnes)</b>						
Port Pirie	187	171	(8%)	84	87	3%
<b>Other products</b>						
Copper cathode ('000 tonnes)	4.9	4.2	(14%)	2.0	2.2	10%
Silver (million troy ounces)	14.8	13.6	(9%)	6.4	7.1	8%
Gold ('000 troy ounces)	46.2	72.6	57%	35.3	37.4	6%
Indium metal (tonnes)	-	29.8	-	9.7	20.1	107%
Sulphuric acid ('000 tonnes)	1,356	1,266	(7%)	652	614	(6%)

Metals Processing produced approximately 1,019,000 tonnes of zinc metal in 2017, in-line with the lower end of full year 2017 guidance (1.0 to 1.1 million tonnes).

Flat zinc metal production year-over-year was due to the planned maintenance shuts at Balen and Budel in Q2 2017 which negatively impacted production by approximately 11,000 tonnes and 6,500 tonnes of zinc metal respectively; the planned maintenance shuts at Hobart and Clarksville in Q3 2017; unplanned outages experienced in Budel in Q3 2017; and unplanned outages at Hobart in Q4 2017.

During Q3 2017, production at Budel was down by 19% compared to the same period in 2016, predominantly due to three roaster defluidisations during August 2017 with a production impact of approximately 16,000 tonnes of zinc metal. In October 2017, Budel experienced a further unplanned production outage of approximately 15 days due to a hydrogen explosion in a leaching department vessel. This outage resulted in lost production of approximately 11,500 tonnes of zinc metal.

Hobart commenced its planned maintenance shut of its roasting and acid departments at the end of June 2017. The Hobart planned maintenance shut was completed by the end of July 2017, having been extended from a 28 day to a 41 day shut to allow repairs to the upper vertical wall of the number 6 roaster, with a production impact of approximately 5,500 tonnes of zinc metal. In December 2017, Hobart experienced a pressurisation incident in its roaster department during the restart of Roaster No. 6 which was caused by a build-up of diesel in the roaster bed from an aborted restart in the previous days. The incident caused a roaster outage which lasted 12 days and resulted in lost production of approximately 10,000 tonnes of zinc metal.

Zinc metal production at Auby was up 11% in 2017 compared to 2016 as a result of a planned cellhouse maintenance shutdown in Q1 2016; Balen was up 6% despite a planned 21 day cellhouse shutdown in May 2017 which improved production rates; and Clarksville was up 6% primarily due to a higher proportion of feed being sourced from the East Tennessee mines. The Auby smelter successfully completed its planned roaster maintenance shutdown in September 2017.

Lead market metal production at Port Pirie of 171kt in 2017 was 8% lower compared to 2016 due to two unplanned blast furnace stops to repair damaged water cooled jackets, heat exchanger failures in the old acid plant and operational issues in the sinter plant that have negatively affected sinter quality. These issues were largely resolved in Q3 2017 with the selective use of concentrates based on rankings, replacement of the acid plant cold heat exchanger and addressing some significant

mechanical issues in the old sinter plant. Copper and silver production was lower in 2017 by 14% and 9% respectively whilst gold production was up 57%. The variance in the production of copper, silver and gold is mainly due to a different feed mix consumed with lower copper and silver and higher gold contained.

## OPERATIONS REVIEW: MINING

EUR million (unless otherwise indicated)	FY 2016 <sup>9</sup>	FY 2017	% Change	H1 2017	H2 2017	% Change
Treatment charges	(31)	(23)	(26%)	(10)	(13)	22%
Payable metal contribution	160	230	44%	105	125	19%
By-Products	17	18	6%	9	9	0%
Other	(10)	(7)	(30%)	(6)	(2)	(64%)
<b>Gross Profit</b>	<b>136</b>	<b>218</b>	<b>60%</b>	<b>98</b>	<b>120</b>	<b>22%</b>
Employee expenses	(63)	(77)	23%	(38)	(39)	0%
Energy expenses	(14)	(20)	42%	(10)	(11)	9%
Other expenses	(54)	(80)	(48%)	(36)	(43)	19%
<b>Direct Operating Costs</b>	<b>(131)</b>	<b>(177)</b>	<b>(35%)</b>	<b>(85)</b>	<b>(92)</b>	<b>8%</b>
Non-operating and other	3	6	133%	2	5	206%
<b>Underlying EBITDA</b>	<b>8</b>	<b>47</b>	<b>496%</b>	<b>15</b>	<b>32</b>	<b>110%</b>
Sustaining	18	33	83%	8	25	213%
Exploration and development	22	18	(18%)	11	7	(36%)
Growth	-	7	-	0	7	-
<b>Mining Capex<sup>10</sup></b>	<b>40</b>	<b>58</b>	<b>45%</b>	<b>19</b>	<b>39</b>	<b>105%</b>

Mining underlying EBITDA of EUR 47 million in 2017 was EUR 39 million higher than in 2016 due to the higher zinc price, lower zinc treatment charge terms, operational improvements and the successful restart of operations at the Middle Tennessee Mines. Mining segment EBITDA was constrained during 2017 due to the zinc price hedging collars in place for Q2 to Q4 2017 being placed below the realised floating spot price during this period. The Mining result excludes the underlying EBITDA impact of the Latin American mines which have been eliminated as discontinued operations due to their announced divestment. Myra Falls being on restart since August 2017, contributed EBITDA of negative EUR 16 million in 2017 (compared to negative EUR 14 million in 2016). The opportunity loss in 2017 due to the zinc collar hedging in Mining was EUR 32 million.

Mining capital expenditure in 2017 was EUR 58 million, up 18 million year-on-year, primarily due to the restart of the Middle Tennessee Mines during 2017 and the commencement of restart activities at the Myra Falls mine since August 2017. In 2016, across the mining operations, all non-essential sustaining capital projects across non-committed growth capex was postponed or cancelled due to the sales process that was ongoing at that time.

<sup>9</sup> FY 2016 numbers were adjusted to exclude El Toqui, El Mochito, Contonga, Campo Morado and Coricancha as the mines are sold and reclassified as discontinued operations

<sup>10</sup> Mining capex includes the capex incurred at both continuing and discontinued operations

DOC USD/tonne ore milled	FY	FY	%	H1	H2	%
	2016	2017	Change	2017	2017	Change
Langlois	93	111	19%	130	97	(26%)
East Tennessee	38	40	4%	42	38	(10%)
Middle Tennessee	-	60	-	77	54	(30%)
<b>Average DOC/tonne ore milled</b>	<b>49</b>	<b>55</b>	<b>13%</b>	<b>60</b>	<b>51</b>	<b>(26%)</b>
'000 tonnes unless otherwise indicated	FY	FY	%	H1	H2	%
	2016	2017	Change	2017	2017	Change
<b>Total ore milled<sup>11</sup></b>	<b>2,253</b>	<b>3,238</b>	<b>44%</b>	<b>1,366</b>	<b>1,872</b>	<b>37%</b>
<b>Zinc in Concentrate</b>						
Langlois	34	34	2%	16	18	13%
Myra Falls	-	-	-	-	-	-
East Tennessee	62	66	6%	32	34	7%
Middle Tennessee	-	22	-	5	17	231%
<b>Total</b>	<b>96</b>	<b>123</b>	<b>28%</b>	<b>53</b>	<b>70</b>	<b>30%</b>
<b>Other metals</b>						
Copper in concentrate	2.1	2.1	1%	0.9	1.2	42%
Silver ('000 troy oz)	554	553	0%	271	282	4%
Gold ('000 troy oz)	1.8	1.9	7%	0.8	1.1	40%

The Middle Tennessee mines were placed on care and maintenance throughout 2016 and were re-started in December 2016 with first mill production achieved in Q2 2017. Production of 22kt of zinc in concentrate from the Middle Tennessee mines in the period of May to December 2017 is in-line with management's expectations. The Middle Tennessee mines have ramped-up to an operating level of approximately 50kt per annum of zinc in concentrate by the end of 2017. The East Tennessee Mines have performed well over the course of 2017, with production of 66kt of zinc in concentrate being an improvement of 6% compared to 2016. Production improvements at East Tennessee are due to increased development work to provide access to more mining areas and improved underground equipment availability, in part due to the replacement of some of the older units.

Production of 34kt of zinc in concentrate at Langlois in 2017 represents an increase of 2% over 2016 and was mainly due to an improvement in ground conditions in 2017 and an improved mine plan due to greater infill drilling completed during 2017.

## OTHER DEVELOPMENTS

### Mining Divestment Process

The mine divestment process that commenced in January 2016 was formally concluded in Q3 2017. Over the course of the divestment process, Nyrstar sold all five of its mining assets in Latin America with a total cash consideration of USD 72 million (USD 40 million upfront and USD 32 million in contingent milestone payments).

The remaining North American mining portfolio has undergone a full potential review and Nyrstar is rolling out optimisation plans for all four of the mining operations. These optimisation plans together with more favourable macros mean the North American mines are now considered a core part of the Nyrstar business and are positioned to ramp-up to 200kt per annum of zinc in concentrate production and deliver continued improvements in operating costs. The Middle Tennessee mines have

<sup>11</sup> Mining production for both years was adjusted to exclude El Toqui, El Mochito, Campo Morado, Contonga and Coricancha production volumes as they are reclassified as discontinued operations.

now fully ramped-up and the restart of the Myra Falls mine is progressing well and is on-schedule for zinc concentrate production by mid 2018.

## Port Pirie Redevelopment

As communicated by the Company on 9 February 2017, a comprehensive review of the Port Pirie Redevelopment project has been undertaken and completed to ensure that the scope, flow sheet and commissioning will provide Port Pirie with industry leading performance. The review confirmed that the Port Pirie Redevelopment is the right strategy for the Company as it will have a significant positive long-term effect on Nyrstar's operations and deliver a substantial earnings uplift. However, the review also identified that rework was required to the fabrication of key module components, which delayed the start of hot commissioning to the end of September 2017 as previously reported.

During 2017, the Port Pirie Redevelopment focused on completing the rework referred to above and enhancing the slag tapping arrangements on the TSL furnace whilst completing the modular construction and progressing the commissioning of the new infrastructure and related control systems. In addition, training of Nyrstar personnel at the Kazzinc lead smelting operations in Kazakhstan was concluded. The lime plant commissioning and the piling for the relocation of the slag caster was completed during Q2 2017 and by the end of Q3 2017, the hot commissioning of the TSL plant had commenced. At the end of October 2017, a further substantial milestone was achieved at the Port Pirie Redevelopment with the first feed to the TSL furnace and the production of molten metal. In December 2017, the first slag was successfully cast and in January 2018, the new acid plant started to process sulfur dioxide gas from the TSL furnace.

With construction having been completed at the Port Pirie Redevelopment in Q4 2017, Nyrstar remains focused on delivering the guided incremental EBITDA uplift from the redevelopment which, using 2016 as a basis, will increase from the previous full ramp-up guidance of EUR 80 million per annum and is expected to be in the region of EUR 40 million in 2018, EUR 100 million in 2019 and EUR 130 million per annum from 2020.

As at 31 December 2017, Nyrstar had drawn AUD 291 million under the perpetual securities, being the full amount available under this facility.

## Strategic hedges

During the implementation of the transformation and turnaround strategy, Nyrstar has taken prudent measures to mitigate downside risk on zinc prices and key currencies by placing zero cost hedging collars whereby Nyrstar buys put options and sells call options on zinc price and sells put options and buys call options on foreign exchange. In 2017, the strategic foreign exchange hedging contributed EUR 12 million to EBITDA whilst the strategic zinc price hedging reduced EBITDA by EUR 53 million.

In Q1 2017, Nyrstar had in place zinc price collar hedges to protect 70% of total free metal produced at the zinc smelters and North American mines within a price range of USD 2,127 and USD 2,496 with full upside from USD 2,800; and for Q2 2017 to Q4 2017, a collar of USD 2,172 to USD 2,543 (plus a call at USD 3,117). During the entirety of 2017, the zinc production at Langlois has been hedged with a fixed forward position of USD 2,280 per tonne on a payable volume of 2,000 tonnes per month.

During the course of 2017 and the start of 2018, Nyrstar has further placed protective zinc hedges on certain volumes of the total free metal produced by Nyrstar's zinc smelters and mines. Nyrstar has put in place hedges for approximately 70% of the total free metal produced by Nyrstar's zinc smelters and mines for H1 2018 and approximately 50% of the total free metal produced in H2 2018. The H1 2018 hedges result in full exposure to the zinc price for 100% of the production volume in H1 2018 between a floating zinc price of USD 2,300/t and USD 3,094/t. Above and below these prices, Nyrstar's exposure is limited to 30% of the total free metal produced. The H2 2018 hedges result in full exposure to the floating zinc price within a price range of USD 2,600/t and USD 3,842/t. Above and below these prices, Nyrstar's exposure is reduced to 50% of the total free metal produced. Nyrstar has also placed fixed forward hedges to protect the profitability of the Myra Falls mine during its restart and ramp-up. The Myra Falls fixed forward commodity price hedging has been placed at USD

2,760 and USD 2,685 per tonne for zinc in 2018 and 2019 respectively; USD 1,281 and USD 1,296 per troy ounce in 2018 and 2019 respectively; USD 6,461 and USD 6,415 per tonne for copper in 2018 and 2019 respectively; and USD 17.41 per troy ounce for silver in both 2018 and 2019.

Since H1 2016, Nyrstar has entered into a series of foreign exchange options to hedge the Company's monthly exposure related to the direct operating costs denominated in Australian dollars (AUD), Canadian Dollars (CAD) and in Euro (EUR) utilising put and call collar structures. For the EUR/USD transactional exposure, various collars were executed resulting in a weighted average collar of 1.05 to 1.14 for approximately 100% of the total transactional expenses in H1 2017; and a weighted average collar of 1.00 to 1.10 for approximately 100% of the total transactional expenses in H2 2017. For the AUD/USD transactional exposure, various collars were executed resulting in a weighted average collar of 0.62 to 0.81 for approximately 100% of the total transactional expenses for H1 2017; a weighted average collar of 0.68 to 0.81 for approximately 100% of H2 2017; and a weighted average collar of 0.70 to 0.80 for approximately 100% of 2018. For the CAD/USD transactional exposure on Langlois, various collars have been executed resulting in a weighted average collar of 1.28 to 1.35 for approximately 70% of 2017 and a weighted average collar of 1.32 to 1.36 for approximately 100% of 2018. Nyrstar has not undertaken hedging of EUR/USD transactional exposure for 2018.

#### Production Guidance, Capital expenditure guidance and Planned Shuts

Nyrstar expects to produce approximately 1.05 – 1.1 million tonnes of zinc metal in 2018. This level of production is based on maximising underlying EBITDA and free cash flow generation in Metals Processing by targeting the optimal balance between production and sustaining capital expenditure.

Production	2018 Guidance
<b>Metals Processing</b>	
Zinc (kt)	1,050 – 1,100
<b>Mining - metal in concentrate</b>	
Zinc (kt)	160 – 180

Capital expenditure guidance for 2018 across Nyrstar's assets is as per the table below.

Capex (EURm)	2018 Guidance
<b>Metals Processing</b>	130 – 150
<b>Mining</b>	70 – 90
<b>Group capex</b>	200 – 240

#### Planned maintenance shuts

During 2018 there are a number of scheduled maintenance shuts at the smelters, which will have an impact on production. These shuts will enable the smelters to continue to operate within internal safety and environmental standards, comply with external regulations/standards and improve the reliability and efficiency of the production process, and will allow the sites to make improvements to critical production steps. All efforts are made to reduce the production impact of these shuts by building intermediate stocks prior to the shut and managing the shut in a timely and effective manner. The estimated impact of these shuts on 2018 production, which has been taken into account when determining zinc metal guidance for 2018, is listed in the table below.

Smelter & production step impacted	Timing and duration	Estimated impact
Auby – roaster	Q2: 2 weeks	Nil
Balen – roaster #5	Q2: 1 week	Nil
Balen – roaster #4	Q4: 4 weeks	Nil

Budel – roaster #1	Q4:	2 weeks	Nil
Clarksville – roaster	Q3:	4 weeks	8,000 tonnes
Hobart – roaster #5	Q2:	3 weeks	Nil
Port Pirie – Blast furnace & slag fumer	Q2:	6 weeks	21,000 tonnes
Port Pirie – TSL furnace	Q4:	1 week	Nil

## SENSITIVITIES

Nyrstar's results continue to be significantly affected during the course of 2017 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 2017 underlying EBITDA based on the actual results and production profile for the year ending 31 December 2017.

**Estimated annual 2017 underlying EBITDA impact,  
excluding hedge impact (EURm)**

Parameter	2017 Annual Average price/rate	Variable	Metals Processing	Mining	Group
Zinc price	\$2,896/t	-/+ 10%	(36)/+44	(22)/+22	(60)/+66
Lead price	\$2,317/t	-/+ 10%	(1)/+1	-	(1)/+1
Copper price	\$6,166/t	-/+ 10%	(2)/+2	(1)/+1	(3)+3
Silver Price	\$17.05/oz	-/+ 10%	(4)/+4	(1)/+1	(5)+5
Gold Price	\$1,257/oz	-/+ 10%	(1)/+1	-	(1)+1
EUR:USD	1.13	-/+ 10%	+83/(68)	+23/(18)	+106/(87)
EUR:AUD	1.47	-/+ 10%	(31)/+25	-	(31)+25
EUR:CHF	1.11	-/+ 10%	-	-	(6)/+5
Zinc TC	\$172/dmt	-/+ 10%	(23)/+23	+3/(3)	(20)/+20
Lead TC	\$120/dmt	-/+ 10%	(3)/+3	-	(3)/+3

The above sensitivities were calculated by modelling Nyrstar's 2017 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 underlying 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 underlying 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 a global multi-metals business, with a market leading position in zinc and lead, and growing positions in other base and precious metals, which are essential resources that are fuelling the rapid urbanisation and industrialisation of our changing world. Nyrstar has six smelters, one fumer and four mining operations, located in Europe, Australia and North America, and employs approximately 4,100 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

PERIOD	Production KPI by Site	Ore milled ('000 tonnes)	Mill head grade					Recovery					Concentrate			Metal in concentrate				
			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)
FY 2016	Langlois	424	8.40%	-	0.68%	0.17	48.15	95.0%	-	71.5%	76.4%	84.5%	64	-	8.2	33.8	-	2.1	1.8	554
	Myra Falls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	East Tennessee	1,829	3.61%	-	-	-	-	94.3%	-	-	-	-	101	-	-	62.3	-	-	-	-
	Middle Tennessee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Mining Total</b>	<b>2,253</b>	<b>4.51%</b>	<b>-</b>	<b>0.68%</b>	<b>0.17</b>	<b>48.15</b>	<b>94.4%</b>	<b>-</b>	<b>71.5%</b>	<b>76.4%</b>	<b>84.5%</b>	<b>165</b>	<b>-</b>	<b>8.2</b>	<b>96.1</b>	<b>-</b>	<b>2.1</b>	<b>1.8</b>	<b>554</b>
FY 2017	Langlois	467	7.77%	-	0.58%	0.16	43.31	95.0%	-	77.5%	78.9%	85.0%	65	-	9.0	34.5	-	2.1	1.9	553
	Myra Falls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	East Tennessee	2,003	3.48%	-	-	-	-	95.1%	-	-	-	-	107	-	-	66.3	-	-	-	-
	Middle Tennessee	769	3.11%	-	-	-	-	92.8%	-	-	-	-	34	-	-	22.2	-	-	-	-
	<b>Mining Total</b>	<b>3,238</b>	<b>4.01%</b>	<b>0.00%</b>	<b>0.58%</b>	<b>0.16</b>	<b>43.31</b>	<b>94.5%</b>	<b>0.0%</b>	<b>77.5%</b>	<b>78.9%</b>	<b>85.0%</b>	<b>206</b>	<b>0.0</b>	<b>9.0</b>	<b>122.9</b>	<b>0.0</b>	<b>2.1</b>	<b>1.9</b>	<b>553</b>
% Change	Langlois	10%	(8)%	-	(15)%	(6)%	(10)%	-	-	8%	3%	1%	2%	-	13%	-	-	-	-	(0)%
	Myra Falls	10%	(4)%	-	-	-	-	1%	-	-	-	-	6%	-	-	6%	-	-	-	-
	East Tennessee	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	<b>Mining Total</b>	<b>44%</b>	<b>(11)%</b>	<b>-</b>	<b>(15)%</b>	<b>(6)%</b>	<b>(10)%</b>	<b>0%</b>	<b>-</b>	<b>8%</b>	<b>3%</b>	<b>1%</b>	<b>25%</b>	<b>-</b>	<b>13%</b>	<b>28%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(0)%</b>

## MINING PRODUCTION ANNEX

PERIOD	Production KPI by Site	Ore milled ('000 tonnes)	Mill head grade					Recovery					Concentrate			Metal in concentrate				
			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)
H1 2017	Langlois	202	8.41%	-	0.56%	0.16	47.89	95.0%	-	76.2%	78.5%	87.0%	30	-	3.6	16.2	-	0.9	0.8	271
	Myra Falls	964	3.48%	-	-	-	-	95.5%	-	-	-	-	52	-	-	32.1	-	-	-	-
	East Tennessee	200	2.82%	-	-	-	-	91.0%	-	-	-	-	8	-	-	5.14	-	-	-	-
	<b>Mining Total</b>	<b>1,366</b>	<b>4.12%</b>	<b>-</b>	<b>0.56%</b>	<b>0.16</b>	<b>47.89</b>	<b>94.8%</b>	<b>-</b>	<b>76.2%</b>	<b>78.5%</b>	<b>87.0%</b>	<b>89</b>	<b>-</b>	<b>3.6</b>	<b>53.4</b>	<b>-</b>	<b>0.9</b>	<b>0.8</b>	<b>271</b>
H2 2017	Langlois	265	7.27%	-	0.59%	0.17	39.80	95.0%	-	78.4%	79.2%	83.3%	35	-	5.4	18.3	-	1.2	1.1	282
	Myra Falls	1,039	3.48%	-	-	-	-	94.7%	-	-	-	-	55	-	-	34.2	-	-	-	-
	East Tennessee	568	3.21%	-	-	-	-	93.4%	-	-	-	-	26	-	-	17.0	-	-	-	-
	<b>Mining Total</b>	<b>1,872</b>	<b>3.93%</b>	<b>-</b>	<b>0.59%</b>	<b>0.17</b>	<b>39.80</b>	<b>94.3%</b>	<b>-</b>	<b>78.4%</b>	<b>79.2%</b>	<b>83.3%</b>	<b>117</b>	<b>-</b>	<b>5.4</b>	<b>69.5</b>	<b>-</b>	<b>1.2</b>	<b>1.1</b>	<b>282</b>
% Change																				
	Langlois	31%	(14)%	-	5%	6%	(17)%	-	-	3%	1%	(4)%	17%	-	25%	13%	-	-	-	4%
	Myra Falls	8%	-	-	-	-	-	(1)%	-	-	-	-	6%	-	-	6%	-	-	-	-
	East Tennessee	184%	14%	-	-	-	-	3%	-	-	-	-	225%	-	-	240%	-	-	-	-
	<b>Mining Total</b>	<b>8%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6%</b>	<b>-</b>	<b>-</b>	<b>6%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>