

Regulated Information - Inside Information

Nyrstar operational and financial update

1 February 2019 at 21.30 CET

Nyrstar NV ("Nyrstar" or the "Company") today provides an update on the ongoing capital structure review and certain operational and financial matters including the Port Pirie Redevelopment and expectations for full year 2018 Underlying EBITDA.

Capital structure review

The Nyrstar Board of Directors and management, with the assistance of independent advisors from Alvarez & Marsal, Morgan Stanley and Freshfields, are continuing the comprehensive review of the Company's capital structure as previously announced. This review is being led by a special independent committee of the Nyrstar Board of Directors. As part of the review, Nyrstar has developed a new five year business plan (the "Business Plan") that provides the basis for negotiations with financial stakeholders to establish a robust and sustainable long term capital structure for the Company. During the course of this week, Nyrstar has engaged in constructive discussions with representatives of its various financial stakeholder groups to work towards this objective in an accelerated timeframe. Following these discussions, Nyrstar deems it appropriate to update all stakeholders with this release.

The Company will make additional announcements as these discussions progress, as appropriate.

Cyber-attack

Further to the press release issued on 22 January 2019 advising that the Company had been the subject of a targeted cyber-attack which had severely impacted certain IT systems, including email and network servers across Nyrstar's headquarters in Zurich, Switzerland and globally at the Metals Processing and Mining operations, the Company can now confirm that the cyber-attack was contained on 22 January 2019 and Nyrstar's IT department, with assistance from key IT-partners and global cyber security agencies, has been working on a technical recovery plan over the past ten days. Nyrstar's IT systems, including email correspondence and access to file servers, are expected to return to normal operation during the course of the coming week. Nyrstar's Metals Processing and Mining operations were not materially impacted operationally by the cyber-attack.

Myra Falls ramp-up activities

As communicated in the second interim management statement for 2018 that was published on 30 October 2018, the Myra Falls mine commenced zinc production during September 2018. This production was made possible due to the fact that the primary components of the restart scope of works had been completed, including the rehabilitation of the underground mines, the rebuilding and refurbishment of the processing plant, repair of the underground crusher, rehabilitation and upgrade of key infrastructure including roads and loading facilities and upgrade of the underground fleet of mobile equipment.

Following the restart, at the end of Q4 2018 Nyrstar was required to suspend ore extraction and production at the mill to address deficiencies identified in compliance orders from the Ministry for Energy, Mines & Petroleum Resources in British Columbia. Nyrstar is currently working to address the necessary repairs and production should resume by the end of Q1 2019 or during Q2 2019 at the latest. In the meantime, Nyrstar is continuing with its underground development and remediation activities at the Myra Falls mine.

Port Pirie Redevelopment - Operational update

During the course of 2018, the new TSL furnace has ramped-up successfully, including in terms of operating time, volume of material treated and the proportion of high margin residues in the feed. In H2 2018, the residue consumed in

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the TSL feed was approximately 60% of the overall feed mix, exceeding the fully ramped-up target of 40% residue in the feed. The volume of material treated in the TSL furnace has also continued to increase quarter-on-quarter during 2018 and will further increase during 2019.

In December 2018, the Company chose not to operate the old sinter plant at Port Pirie in order to further support reducing lead in air emissions which ended the year below the defined limit. In addition, Nyrstar also performed maintenance on the TSL furnace and blast furnace during December 2018. These maintenance shuts were to address a TSL furnace cooling issue; and to bring forward maintenance previously scheduled for the blast furnace in January 2019. The TSL furnace resumed operation on 15 December 2018.

As the Port Pirie Redevelopment continues to ramp-up, it will increasingly consume larger volumes of the internally generated residues that have been stockpiled at Port Pirie. Further internal residues are being generated for consumption at Port Pirie, primarily by the Hobart zinc smelter, and the Port Pirie site continues to generate zinc fume for consumption at Hobart. Nyrstar is evaluating future projects to improve throughput of the slag fumer and increase the ability of the Port Pirie site to treat the higher halide content of certain recycles that are consumed as feed for the plant.

Port Pirie Redevelopment - Financial update

The Underlying EBITDA generated in the Metals Processing segment as a result of the Port Pirie Redevelopment is subject to a number of macro variables, including, but not limited to, metal prices, exchange rates, lead treatment charge terms and energy prices, as well as operating performance. Port Pirie's Underlying EBITDA contribution also reflects the valuation of the internally generated residues processed by Port Pirie, in particular those arising from Hobart. The Metals Processing segment profitability of both the Australian sites are intrinsically linked by the raw material flows between the two sites and are only possible due to the Port Pirie Redevelopment. In the absence of the Port Pirie Redevelopment, the Hobart and Port Pirie sites would both be non-operational and would not contribute EBITDA to the Metals Processing segment.

In preparing its Business Plan, Nyrstar has reforecast the expected Underlying EBITDA contribution from Port Pirie and Hobart. The Business Plan, which is based on modelled macro, operating and production assumptions (with no additional constraints), indicates the following Underlying EBITDA contribution included within the Metals Processing segment from the two Australian smelters:

Pro-forma EBITDA EURm	2019F	2020F
Port Pirie	38	56
Hobart	57	69
Australian Metals Processing	95	125

Between 2016 and 2018, Nyrstar has built-up valuable, internally generated, residue inventories at Port Pirie. This will result in a significant working capital cash flow benefit as this historical inventory is processed. In 2019, this cash flow benefit is estimated at approximately EUR 70 million.

Group Underlying EBITDA guidance and production update

On 20 September 2018, the Company issued a press release advising that the Group would likely record an Underlying EBITDA result for H2 2018 that was materially below the EUR 120 million result achieved in H1 2018. The Interim Management Statement that was issued on 30 October 2018 reported a Q3 2018 Underlying EBITDA of EUR 13 million due to a deterioration in commodity prices, the impact of historically low zinc treatment charges and increased energy costs in Europe. Over the course of Q4 2018, commodity prices, exchange rates and treatment charges were at similar levels to those experienced in Q3 2018. However, energy prices in Europe were higher and the Port Pirie site was impacted by maintenance shuts for the majority of December 2018.

For primarily the above reasons, the Company expects to report a total Underlying EBITDA result of approximately EUR 110 million to EUR 130 million for full year 2018. The Underlying EBITDA guidance contained in this announcement is an unaudited estimate only and may change as the Company finalises its year-end procedures.

Metals Processing produced approximately 1.06 million tonnes of zinc metal in 2018, slightly below the revised full year 2018 guidance of 1.07 to 1.09 million tonnes, representing a 4% increase on 2017. The increase in zinc metal production year-over-year was despite the planned maintenance shuts at Auby, Balen, Clarksville and Hobart; and was assisted by a lack of material unplanned outages which had impacted production volumes in 2016 and 2017. However, zinc and lead metal production was impacted during Q4 2018 by lower raw material inventory.

	FY 2017	FY 2018	% Change	H1 2018	H2 2018	% Change
Zinc metal ('000 tonnes)						
Auby	166	155	(6%)	78	78	0%
Balen/Pelt	249	275	10%	137	138	1%
Budel	248	268	8%	133	136	2%
Clarksville	117	101	(14%)	52	49	(5%)
Hobart	238	264	11%	129	136	5%
Total	1,019	1,064	4%	528	536	2%
Lead metal ('000 tonnes)						
Port Pirie	171	160	(7%)	69	90	30%
Other products						
Copper cathode ('000 tonnes)	4.2	4.3	1%	1.6	2.7	65%
Silver (million troy ounces)	13.6	13.8	1%	4.9	8.9	8%
Gold ('000 troy ounces)	72.6	73	1%	25.7	47.3	84%
Indium metal (tonnes)	29.8	42.6	43%	21.4	21.2	(1%)
Sulphuric acid ('000 tonnes)	1,266	1,364	8%	653	712	9%

Nyrstar's Mining operations produced approximately 139kt of zinc in concentrate in 2018, an increase of 14% compared to 2017. The total mine production of zinc in concentrate in 2018 is marginally below the revised full year guidance range of 140 to 150kt. This lower level of zinc in concentrate production has been largely due to disappointing production performance of the Langlois and the Middle Tennessee mines and commercial production at the Myra Falls mine commencing slightly later than had been originally anticipated at the start of the year and the impact of the suspension of ore extraction at year end to address deficiencies identified in compliance orders from the Ministry for Energy, Mines & Petroleum Resources in British Columbia.

'000 tonnes unless otherwise indicated	FY 2017	FY 2018	% Change	H1 2018	H2 2018	% Change
Total ore milled	3,238	4,080	26%	2,075	2,006	(3%)
Zinc in Concentrate						
Myra Falls	-	0.6	-	-	0.6	-
Langlois	34	24	(31%)	12	12	5%
East Tennessee	66	76	15%	36	40	12%
Middle Tennessee	22	39	75%	22	17	(26%)
Total	123	139	14%	70	70	0%
Other metals						
Copper in concentrate	2.1	1.6	(21%)	0.8	0.9	7%
Silver ('000 troy oz)	553	440	(20%)	214	226	6%
Gold ('000 troy oz)	1.9	2.0	4%	0.7	1.3	72%

Liquidity, working capital, strategic zinc and foreign exchange hedges

Nyrstar has continued to experience working capital outflows during the period since the Company's announcement of 6 December 2018. The Company is continuing to manage tightly its cash and inventory levels and is evaluating additional measures to improve further its liquidity position.

During the course of Q4 2018, the Company closed out and crystallised the cash benefit of its 166kt of zinc metal forward hedges for the Mining segment. A positive cash settlement value of USD 82 million was collected in Q4 2018 and an Underlying EBITDA benefit will be realised in the course of 2019. As from the end of January 2019, Nyrstar has commenced lowering the strategic transactional hedging ratio for its foreign exchange exposure. This reduction in the strategic transactional hedging is primarily due to a reduction in foreign exchange hedging line capacity.

Full Year 2018 reporting date

In order to align with the Company's ongoing capital structure review process, Nyrstar's consolidated financial statements for the twelve months ended 31 December 2018, that were previously due to be released on 21 February 2019, will now be rescheduled to 30 April 2019. The Annual General Meeting will be rescheduled to 25 June 2019.

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 mining, smelting and other operations located in Europe, the Americas and Australia 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.

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