

NYRSTAR NV

30.06.2020 HALF-YEAR FINANCIAL STATEMENTS

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EXPLANATORY NOTES

“Period” = 30 June 2020

“Previous period”

C3.1 - C3.2 = 31 December 2019

C4 = 30 June 2019

“Accumulated profits (losses)” consists of:

- | | |
|---------------------|------------------------|
| - Previous period : | -1.335.800.009,81 euro |
| - Period: | -5.762.141,50 euro |

ANNUAL ACCOUNTS

BALANCE SHEET AFTER APPROPRIATION

	Notes	Codes	Period	Previous period
ASSETS				
FORMATION EXPENSES	6.1	20		
FIXED ASSETS		21/28	0,88	50.000,88
Intangible fixed assets	6.2	21		
Tangible fixed assets	6.3	22/27		
Land and buildings		22		
Plant, machinery and equipment		23		
Furniture and vehicles		24		
Leasing and other rights		25		
Other tangible fixed assets		26		
Tangible assets under construction and advance payments made		27		
	6.4 /			
Financial fixed assets	6.5.1	28	0,88	50.000,88
Affiliated enterprises	6.15	280/1	0,88	0,88
Participating interests		280	0,88	0,88
Amounts receivable		281		
Other enterprises linked by participating interests	6.15	282/3		
Participating interests		282		
Amounts receivable		283		
Other financial assets		284/8		50.000,00
Shares		284		
Amounts receivable and cash guarantees		285/8		50.000,00

	Notes	Codes	Period	Previous period
CURRENT ASSETS		29/58	<u>16.101.773,79</u>	<u>17.148.936,52</u>
Amounts receivable after more than one year		29		
Trade debtors		290		
Other amounts receivable		291		
Stocks and contracts in progress		3		
Stocks		30/36		
Raw materials and consumables		30/31		
Work in progress		32		
Finished goods		33		
Goods purchased for resale		34		
Immovable property intended for sale		35		
Advance payments		36		
Contracts in progress		37		
Amounts receivable within one year		40/41	385.784,58	344.345,34
Trade debtors		40		
Other amounts receivable		41	385.784,58	344.345,34
Current investments	6.5.1 / 6.6	50/53	15.395.000,00	15.395.000,00
Own shares		50		
Other investments and deposits		51/53	15.395.000,00	15.395.000,00
Cash at bank and in hand		54/58	267.108,96	1.274.246,37
Deferred charges and accrued income	6.6	490/1	53.880,25	135.344,81
TOTAL ASSETS		20/58	16.101.774,67	17.198.937,40

	Notes	Codes	Period	Previous period
EQUITY AND LIABILITIES				
EQUITY		10/15	5.225.513,19	10.987.654,69
Capital	6.7.1	10	114.134.760,97	114.134.760,97
Issued capital		100	114.134.760,97	114.134.760,97
Uncalled capital ⁴		101		
Share premium account		11	1.216.395.875,47	1.216.395.875,47
Revaluation surpluses		12		
Reserves		13	16.257.028,06	16.257.028,06
Legal reserve		130	16.257.028,06	16.257.028,06
Reserves not available		131		
In respect of own shares held		1310		
Others		1311		
Untaxed reserves		132		
Available reserves		133		
Accumulated profits (losses)(+)/(-)		14	-1.341.562.151,31	-1.335.800.009,81
Investment grants		15		
Advance to associates on the sharing out of the assets ⁵		19		
PROVISIONS AND DEFERRED TAXES		16	6.294.800,00	2.327.785,00
Provisions for liabilities and charges		160/5	6.294.800,00	2.327.785,00
Pensions and similar obligations		160		
Taxation		161		
Major repairs and maintenance		162		
Environmental liabilities		163		
Other risks and costs	6.8	164/5	6.294.800,00	2.327.785,00
Deferred taxes		168		

⁴ Amount to be deducted from the issued capital.

⁵ Amount to be deducted from the other components of equity.

	Notes	Codes	Period	Previous period
AMOUNTS PAYABLE		17/49	<u>4.581.461,48</u>	<u>3.883.497,71</u>
Amounts payable after more than one year	6.9	17		
Financial debts		170/4		
Subordinated loans		170		
Unsubordinated debentures		171		
Leasing and other similar obligations		172		
Credit institutions		173		
Other loans		174		
Trade debts		175		
Suppliers		1750		
Bills of exchange payable		1751		
Advances received on contracts in progress		176		
Other amounts payable		178/9		
Amounts payable within one year	6.9	42/48	4.570.258,64	3.881.031,95
Current portion of amounts payable after more than one year falling due within one year		42		
Financial debts		43	3.700.000,00	3.000.000,00
Credit institutions		430/8		
Other loans		439	3.700.000,00	3.000.000,00
Trade debts		44	850.071,13	756.917,15
Suppliers		440/4	850.071,13	756.917,15
Bills of exchange payable		441		
Advances received on contracts in progress		46		
Taxes, remuneration and social security	6.9	45	20.187,51	40.588,13
Taxes		450/3	802,23	15.970,53
Remuneration and social security		454/9	19.385,28	24.617,60
Other amounts payable		47/48		83.526,67
Accrued charges and deferred income	6.9	492/3	11.202,84	2.465,76
TOTAL LIABILITIES		10/49	16.101.774,67	17.198.937,40

INCOME STATEMENT

	Notes	Codes	Period	Previous period
Operating income and charges		70/76A	170.545,13	3.412.184,71
Turnover	6.10	70		3.412.184,71
Increase (decrease) in stocks of finished goods, work and contracts in progress(+)/(-)		71		
Own construction capitalised		72		
Other operating income	6.10	74	7.162,69	
Non-recurring operating income	6.12	76A	163.382,44	
Operating charges		60/66A	5.914.212,12	9.097.352,72
Raw materials, consumables		60		
Purchases		600/8		
Decrease (increase) in stocks(+)/(-)		609		
Services and other goods		61	1.947.197,12	7.825.069,96
Remuneration, social security costs and pensions ..(+)/(-)	6.10	62		1.271.936,62
Depreciation of and amounts written off formation expenses, intangible and tangible fixed assets		630		346,14
Increase, Decrease in amounts written off stocks contracts in progress and trade debtors: Appropriations (write-backs)(+)/(-)		631/4		
Provisions for risks and charges - Appropriations (uses and write-backs)(+)/(-)	6.10	635/8		
Other operating charges	6.10	640/8		
Operation charges carried to assets as restructuring costs		649		
Non-recurring operating charges	6.12	66A	3.967.015,00	
Operating profit (loss)(+)/(-)		9901	-5.743.666,99	-5.685.168,01

	Notes	Codes	Period	Previous period
Financial income		75/76B	907,16	5.009.491,61
Recurring financial income		75	907,16	5.009.491,61
Income from financial fixed assets		750		
Income from current assets		751		5.009.157,77
Other financial income	6.11	752/9	907,16	333,84
Non-recurring financial income	6.12	76B		
Financial charges	6.11	65/66B	19.381,67	5.055.175,24
Recurring financial charges		65	19.381,67	5.055.175,24
Debt charges		650	8.737,08	5.025.823,17
Amounts written down on current assets except stocks, contracts in progress and trade debtors(+)/(-)		651		
Other financial charges		652/9	10.644,59	29.352,07
Non recurring financial charges	6.12	66B		
Profit (loss) for the period before taxes(+)/(-)		9903	-5.762.141,50	-5.730.851,64
Transfer from postponed taxes		780		
Transfer to postponed taxes		680		
Income taxes(+)/(-)	6.13	67/77		
Income taxes		670/3		
Adjustment of income taxes and write-back of tax provisions		77		
Profit (loss) for the period(+)/(-)		9904	-5.762.141,50	-5.730.851,64
Transfer from untaxed reserves		789		
Transfer to untaxed reserves		689		
Profit (loss) for the period available for appropriation(+)/(-)		9905	-5.762.141,50	-5.730.851,64

VALUATION RULES

VALUATION RULES

Valuation rules Nyrstar NV (hereafter "the Company")

General:

The valuation rules are drafted in accordance with the statements of the Royal Decree dd. 29 April 2019 to the execution of the Belgian Code of Companies and Associations relating to valuation rules. As a consequence of the Restructuring and the outcomes of the 9 December 2019 Extraordinary Shareholders meeting ("EGM"), where the shareholders rejected the continuation of the Company's activities, the 30 June 2020 half-year financial statements of the Company are prepared on a discontinuity basis. For further information on the outcomes of the Restructuring, please refer to "Related party disclosures".

Valuation rules applied to the Company's balance sheet prepared on a discontinuity basis include:

I. Financial fixed assets

Participations and receivables are accounted for at historical purchase cost. An impairment on these assets will be recognized in case of sustainable impairment that meets the requirements of prudence, honesty and fair view and is justified by the condition, profitability or outlook of the company. The impairment will be reversed in case it is no longer justified based on the current assessments.

Receivables denominated in foreign currencies are valued at the closing rates on the end of the financial period. The negative (unrealized) exchange rate differences are accounted for in the income statement. Based on the principles of prudence, the positive, unrealized exchange rate differences at year end closing date are accounted for as deferred income on the balance sheet.

II. Current assets and liabilities

These are valued at nominal value. Current assets and liabilities denominated in foreign currencies are valued at the closing rates on the end of the financial year. The negative (unrealized) exchange rate differences are accounted for in the income statement. Based on the principles of prudence, the positive, unrealized exchange rate differences at balance sheet date are accounted for as deferred income on the balance sheet. An impairment on the nominal value is recognized in case of uncertainty of the receivable at balance closing date.

III. Provisions for liabilities and charges

A provision is recognized to reflect liabilities and charges, resulting from a past event for which the nature is clearly defined, are considered probable or certain at balance sheet date, but for which the amount is uncertain. Provisions resulting from prior accounting years are regularly reviewed and are reversed if they are no longer required or the risks and charges are realized.

IV. Income statement

The income statement reflects all revenue realized and expenses incurred during the accounting period on an accrual basis, regardless the date on which these expenses and income are paid or collected.

Adjustments recorded with respect to the valuation and the classification of certain balance sheet items as a result of the Company applying the discontinuity basis for the preparation of the 30 June 2020 half-year financial statements:

a) The formation expenses were fully depreciated as required by Article 3:6 of the Royal Decree d.d. 29 April 2019 to the execution of the Belgian Code of Companies and Associations in the 2018 financial statements.

b) Explanation on determination of expected probable realization value in accordance with Article 3:6 of the Royal Decree d.d. 29 April 2019 to the execution of the Belgian Code of Companies and Associations.

At 30 June 2020, the Company has, in its current investments, a 2% investment in NN2 at the cost of EUR 15,395,000 and in its participating interests a 100% investment in NN1 valued at USD 1 representing cost of these investments for the Company through the issuance by NN2 of a 2% equity in NN2 to the Company with the remaining 98% equity stake issued to Trafigura New Holdco. The investment in NN2 as at 30 June 2020 of EUR 15,395,000 is carried at the lower of cost and expected probable realisation value, taking into consideration that the Company has a put option to sell all (but not part only) of its 2% holding in NN2 to Trafigura at a price equal to EUR 20 million in aggregate payable to the Company resulting in no impairment required at 30 June 2020. This put option can be exercised by NNV until 31 July 2022), subject to limited triggers allowing earlier termination of the put option before 31 July 2022.

c) The decision of the 9 December 2019 EGM not to continue the Company's activities resulted in the requirement for the Company to recognize a provision for discontinuation representing the estimated costs that the Company expects to incur before the completion of the liquidation, if approved by the shareholders of the Company. At 30 June 2020 the Company recognised a provision for discontinuation of EUR 6.3 million (31 December 2019: EUR 2.3 million) representing the estimated costs that the Company expects to incur before the completion of an orderly liquidation process that would be finalised before the end of 2020.

The Company was informed that, among others, several former and incumbent directors and managers of the Company on 17 March 2020 received a notice of default from the law firm Intui, which represents a group of minority shareholders of the Company. Through this letter, the group of shareholders holds the addressees liable for alleged errors in the period ranging from 2015 up to the present day, and announces legal proceedings in that respect. The Company understands that the former and incumbent directors and managers believe that all allegations made therein are unfounded.

On 27 April 2020, the Company received a writ of summons in interlocutory proceedings from a group of minority shareholders of the Company. The group of shareholders requests the appointment of a panel of three experts, at the Company's expense, with the mission (i) to assess whether the transactions between Nyrstar and Trafigura concluded on and after 9 November 2015 are in accordance with the "at arms' length" and "on normal commercial terms" principles, and to estimate any direct and indirect damages suffered by the Company

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VALUATION RULES

in this respect, (ii) to investigate whether the El Mochito, El Toqui, Coricancha, Campo Morado and Contonga mines (as well as the agreements with the Talvivaara Mining Company group) were transferred at a price below the net value at the respective dates of sale, and to estimate any direct and indirect damage suffered by the Company as a result of these sales, (iii) to investigate the Restructuring, and (iv) to assess whether the board of directors of the Company has correctly applied the accounting and valuation rules in the context of the annual accounts from 2016 up to and including 2019. The Company believes that the claims made by this group of shareholders in this writ of summons are unfounded. The court has heard this case on 15 September 2020.

Furthermore, on 29 May 2020 a group of minority shareholders of the Company issued among others the Company and its directors with a writ of summons to appear before the Turnhout commercial court in Antwerp, Belgium. This writ follows the notice of default mentioned earlier. The plaintiffs in this writ of summons on the merits bring the following liability claims:

- I. a derivative liability claim on behalf of the Company against among others the incumbent directors for shortcomings in their management as well as violations of the Companies Code and the articles of association of Nyrstar. The plaintiffs demand that the defendants be ordered jointly and severally to pay the Company damages provisionally estimated at least at EUR 982 million.
- II. a direct liability claim against among others the incumbent directors for errors as a result of which the applicants (allegedly) suffered individual damages. On this basis, the plaintiffs claim personal compensation estimated provisionally at EUR 1.
- III. a liability claim against the Company to cover any of the plaintiffs' expenses that will not be reimbursed by the other defendants.

The Company and its Board of Directors strongly refute the claims in the writ of summons and note that they will strongly defend themselves against such claims in the court process. The plaintiffs further request that these proceedings on the merits be stayed until a judgment has been rendered on the request of the same plaintiffs for the appointment of a panel of company law experts (mentioned earlier).

In addition, Minority shareholders initiated summary proceedings before the court of Antwerp to request the court to order that the decision on the dissolution of the Company, following the 9 December 2019 EGM, be postponed (i) until three months after a final report will have been issued by a body of experts whose appointment is requested in separate proceedings before the court, or, alternatively (ii) until three months after a final decision will have been rendered in the aforementioned proceedings regarding the appointment of a body of experts. On 26 June 2020, the court of Antwerp dismissed the minority shareholders' claim for a postponement until three months after a final report will have been issued by a body of experts whose appointment is requested. However, the court did accept their claim for a postponement of the decision on dissolution of the Company until three months after a final decision will have been rendered in the proceedings regarding the appointment of a body of experts. Consequently, the (second) EGM planned for 30 June 2020 with the resolutions regarding the proposal for dissolution of the Company as agenda items was postponed, in compliance with the 26 June 2020 court order.

As a result and considering the legal proceedings referred to above, the Company expects that the liquidation process, if approved by the shareholders of the Company, will take longer than previously expected. The delayed decision on the proposal for dissolution of the Company and the appointment of a liquidator may negatively impact the Company's liquidity position as the Company continues to incur running costs and costs in respect of the above. If the appointment of the liquidator is further delayed or not approved by the shareholders or if the costs are higher than currently expected and there are no distributions in respect of the Company's holding, the Company may need to secure additional funding. There is a risk that such additional funding may not be available to the Company or may not be available at acceptable conditions. The company may also consider in such case to exercise the put option of its 2% holding in NN2.

In estimating the provision for discontinuation of EUR 6.3 million recognised at 30 June 2020, the Company assumes the liquidation process to complete approximately by the end of 2024, i.e. within four and half years after the release of the 30 June 2020 half-year financial statements. This timing is based upon the estimate that, taking into account the legal proceedings referred to above (on the basis of a reasonable expectation as to the timing of Belgian court proceedings), the liquidation process may take three to five years to complete. The amount of the provision is based on the estimated operating costs to be incurred before and during the liquidation process. These costs include costs of the liquidator, legal, accounting and audit costs, listing fees and other operating costs. The estimated amount of the provision assumes a stable run-rate of the cost of the liquidator and other costs to be incurred by the Company over the period until the completion of the liquidation process.

The estimated amount of the provision excludes any costs that the Company may incur in relation to the defense of the legal proceedings referred to above, as the majority of these costs will be covered by the Company's Directors & Officers ("D&O") insurance. They also exclude any costs of court-ordered fact-finding measures. At this time no confirmation has been received from the Company's insurers that these will be covered by the Company's Directors & Officers ("D&O") insurance. The actual costs will depend on the length of these legal proceedings, the level of involvement of the Company and any other elements which the Company can currently not yet foresee.

Should the liquidation process take longer than five years, the estimated costs to be incurred by the Company before the completion of the liquidation would be significantly higher. Assuming the liquidation is completed by the end of 2029, the Company estimates the costs incurred during the liquidation process would increase to EUR 10.0 million. These additional costs in excess of the provision of EUR 6.3 million recognised at 30 June 2020 would further decrease the equity of the Company subsequent to 30 June 2020. If there are any additional costs or if the costs related to the legal proceedings noted above would not be covered by the Company's D&O insurance, neither of which is currently expected, it may require the Company to obtain additional funding beyond the proceeds from the exercise of the EUR 20 million put option (if exercised) minus the repayment of the outstanding amount drawn on the Limited Recourse Loan Facility (to be paid from the put option proceeds). In case the Company is unable to obtain such additional funding, the liquidation may not be a solvent liquidation.

The Company has recognised the ongoing operating costs that it incurred during the six months ended 30 June 2020 as Services and other goods (Code 61). During the six months ended 30 June 2020 the Company has utilised the provision for discontinuation of EUR 1,795,126, primarily to offset the ongoing operating costs. The utilisation of the provision is recognised in Non-recurring operating charges (Code 66A) net of the additions to the provision for discontinuation of EUR 5,762,141.

VALUATION RULES

d) Additionally, as at 31 December 2019, the Company had contingent liabilities amounting to EUR 235.2 million provided or irrevocably promised by the Company for debts and commitments of third parties. As at 30 June 2020 the Company had contingent liabilities amounting to EUR 24.7 million provided or irrevocably promised by the Company for debts and commitments of third parties that are yet to be transferred to the Trafigura Group. For more details refer to section 2.3. Release from parent company guarantees in favor of third parties in the "Related party disclosures".

e) There have been various press reports in Q4 2019 and in 2020 related to potential and actual legal actions by certain shareholders. The press reported in Q4 2019 that three criminal complaints have been lodged by three shareholders against unknown persons. At current, there has not been any formal notification to the Company in relation to these alleged criminal complaints.

Additionally, the Belgian securities regulator, the FSMA, is currently conducting a regulatory investigation of the Company. The Company is fully cooperating with the FSMA in its investigation. No provision has been recognised in relation to these matters at 30 June 2020.

The Company has assessed the potential impact of the COVID-19 outbreak on the recognition and measurement of the Company's assets and liabilities as at 30 June 2020. The Company's main asset is the 2% investment in the NN2 NewCo Limited. The Company has noted the press releases issued by Trafigura and the Nyrstar operating group, but has currently not received any indications of a significant impact of the Covid-19 outbreak on the Trafigura group which may impact the value of the Company's 2% investment in NN2 Newco Limited. In any event, the Company has a put option enabling it to sell its share in NN2 NewCo Limited to Trafigura at a fixed price of EUR 20 million. The Company also uses the Limited Recourse Loan Facility with NN2 NewCo Limited to fund its activities. The Company has currently not received any indications that NN2 Newco Limited or Trafigura would not be able to honor its obligations towards the Company. In the Company's view there are no additional potential significant impacts of the COVID-19 outbreak on the measurement of the Company's assets and liabilities at 30 June 2020.

OTHER INFORMATIONS TO DISCLOSE

DISCONTINUITY

At 9 December 2019 the Extraordinary General Meeting ("EGM") of the Company was held to deliberate on the continuation of the Company's activities and a proposed capital decrease. The shareholders rejected the continuation of the Company's activities. The Board of Directors of the Company had taken the necessary measures including the preparation of the necessary reports (Statement of assets and liabilities and the Board report in accordance with article 2:71 of the Belgian Code for Companies and Associations) and had convened a new EGM to formally decide on the dissolution of the Company, and if approved, appoint a liquidator. As stated above, the EGM planned for 30 June 2020 with the resolutions regarding the proposal for dissolution of the Company as agenda items has been postponed in compliance with the 26 June 2020 court order. As such, this 30 June 2020 half-year financial statements of the Company have been prepared on a discontinuity basis.

At the date of authorisation of the 30 June 2020 half-year financial statements, the Company has assessed that, taking into account its available cash, cash equivalents, facilities that became available to the Company as committed facilities at the completion of the restructuring of the Company and its subsidiaries ("Group" until 31 July 2019) ("Restructuring") at 31 July 2019, the ability to exercise the put option that the Company has that enables it to sell its 2% investment in NN2 and its cash flow projections for the next 12 months from the authorization by the Board of Directors of the 30 June 2020 half-year financial statements, it has sufficient liquidity to meet its present obligations and cover working capital needs. The forecast available liquidity of the Company that includes the drawn amount of EUR 0.9 million at the date of this report (out of EUR 1.2 million) available to the Company for the second year (commencing on 1 August 2020) of Facility A of the Limited Recourse Loan Facility and EUR 0.5 million (out of 5 million) of Facility B of the Limited Recourse Loan Facility which is also drawn down at the date at this report, is dependent on various matters including the possible appointment of a liquidator and his next steps, the existence and extent of the legal claims against the Company which could require funding of these legal proceedings and other matters not currently foreseen as described in section d) of the Valuation Rules above. As stated above, if the appointment of the liquidator is further delayed or not approved by the shareholders or if the costs are higher than currently expected, and there are no distributions in respect of the Company's holding, the Company may need to secure additional funding. There is a risk that such additional funding may not be available to the Company or may not be available at acceptable conditions. The company may also consider in such case to exercise the put option of its 2% holding in NN2.

Between 1 August 2020 and 31 July 2021 the Company can draw up to EUR 1.2 million under the Limited Recourse Loan Facility for the Company's ongoing ordinary course operating activities. The Company can also draw on the separate EUR 5 million tranche of the Limited Recourse Loan Facility intended for the payment of certain litigation defense costs, unless covered by the Directors and Officers insurance, if required as explained in 2.4 of the Related party disclosures. Should the abovementioned funding options not provide the Company with sufficient funds when they are required, the Company can exercise its put option that enables the Company to sell its 2% investment in the Operating Group for EUR 20 million, repay the outstanding amount drawn on the Limited Recourse Loan Facility from the proceeds of the put option (refer to the Related party disclosures hereafter for further details) and generating sufficient funding for the Company.

RELATED PARTY DISCLOSURES

1. Restructuring of the Nyrstar Group

In October 2018 the Nyrstar Group initiated a review of its capital structure ("Capital Structure Review") in response to the challenging financial and operating conditions being faced by the Group. The Capital Structure Review identified a very substantial additional funding requirement that the Group was unable to meet without a material reduction of the Group's indebtedness. As a consequence, the Capital Structure Review necessitated negotiations between the Group's financial creditors that ultimately resulted in the restructuring of the Nyrstar Group effective on 31 July 2019. As a result of the restructuring, Trafigura Group Pte. Ltd., via its 98% ownership of the new holding company NN2 Newco Limited, has become the ultimate parent of the former subsidiaries of the Company except for NN1 Newco Limited ("Operating Group") with the remaining 2% owned by the Company.

The agreements to which the Company is a party are discussed in further detail below.

2. The NNV-Trafigura Deed

The Lock Up Agreement envisaged that the Company, Trafigura and Nyrstar Holdings Limited ("Nyrstar Holdings", a Trafigura special-purpose vehicle incorporated, amongst other things, for the purpose of implementing the Restructuring) would enter into a deed confirming their agreement in respect of (i) certain steps necessary for the implementation of the Restructuring as envisaged in the Lock Up Agreement and (ii) the terms of the ongoing relationship between the Company and the Trafigura group (the "NNV-Trafigura Deed"). The NNV-Trafigura Deed was duly executed on 19 June 2019. Certain key terms of the NNV-Trafigura Deed can be summarised as follows.

"Distribution policy: under the NNV-Trafigura Deed, Trafigura and Nyrstar Holdings have assumed obligations which are intended to ensure, as far as possible, that any profits realised by the former subsidiaries of the Company (referred to, prior to the Restructuring Effective Date, as the "Operating Group", and following the Restructuring Effective Date, which form part of the Trafigura group via Nyrstar Holding's 98% majority shareholding in NN2 NewCo Limited ("NN2") and are referred to as the "Restructured Operating Group") are distributed to the shareholders of NN2 (including the Company as 2% minority shareholder). To this end, Nyrstar Holdings has agreed to procure that: (i) the board of NN2 will meet at least on an annual basis to assess whether NN2 has any profits lawfully available for distribution (in which case, NN2 will make such distribution in accordance with applicable law); and (ii) NN2 and the other members of the Restructured Operating Group will not, under the terms of any financing or other agreement to which they are or shall be party (other than financing or other agreements entered into on arm's length terms with third parties), be subject to any limitations on making dividends or other distributions to their respective shareholders.

"Drag / tag rights: under the terms of the NNV-Trafigura Deed, if Nyrstar Holdings or any Trafigura entity or entities which hold(s) the 98% stake in NN2 (being the "Majority Shareholder(s)") proposes at any time a transfer of any right or interest to a third party purchaser (on arms' length terms, for cash or non-cash consideration) that would result in a member of the Trafigura group holding 50% or less of the shares in NN2, then the Majority Shareholder(s) proposing the transfer will have the right to oblige the Company to transfer (a "drag right"),

OTHER INFORMATIONS TO DISCLOSE

and the Company will have an equivalent right to participate in such transfer (a "tag right"), its entire 2% equity stake in NN2 on the same terms and for the same consideration per share as for the Majority Shareholder(s).

"NN2 change of control: the NNV-Trafigura Deed places obligations on Trafigura and Nyrstar Holdings to procure that the Trafigura group shall only implement any intragroup reorganisation within the Trafigura group which would result in at least 75% of the net assets (by value) of the Restructured Operating Group no longer being held by NN2 but being held by another member of the Trafigura group (the "Replacement HoldCo"), if (i) it is bona fide and undertaken in good faith, (ii) the financial position of Replacement HoldCo is substantially the same as that of NN2 immediately prior to such intragroup reorganisation, (iii) arrangements are put in place such that shareholders in Replacement HoldCo (including the Company) have substantially equivalent rights and obligations with respect to Replacement HoldCo as they did with respect to NN2, and (iv) the Company has an equity interest in Replacement HoldCo equivalent to its equity interest in NN2 immediately prior to the intragroup reorganisation, with substantially the same rights and protections. If such conditions are met, then the Company shall take all steps and provide such reasonable assistance as is necessary to effectuate the intragroup reorganisation, and shall cooperate in good-faith. Any costs reasonably incurred by the Company in doing so (including reasonable advisor fees), shall be borne by Trafigura.

2.1. The Put Option Deed

Pursuant to the NNV-Trafigura Deed, the Company and Trafigura also agreed that Trafigura shall grant to the Company an option to require a Trafigura entity to purchase the Company's entire interest in NN2, the terms of which are set in a separate deed, dated 25 June 2019, between the Company, Trafigura and Nyrstar Holdings (the "Put Option Deed"). Under the terms of the Put Option Deed, the Company can put all (but not only a part) of its 2% holding in NN2 to Trafigura at a price equal to EUR 20 million (the "Put Option"). The Put Option can be exercised by the Company between six months and three years of the completion of the Restructuring (i.e. between 1 February 2020 and 31 July 2022), subject to limited triggers allowing earlier exercise of the Put Option before six months, or earlier termination of the Put Option before three years.

2.2. Release from parent company guarantees in favour of Trafigura

As stated above, prior to the Restructuring Effective Date, the Company was ultimate parent company of the Nyrstar group, and had previously issued various parent company guarantees in respect of the obligations of its subsidiaries, including, but not limited to, two parent company guarantees (the "Trafigura PCGs") granted in respect of the primary financial obligations of the Company's indirect subsidiary at that time, Nyrstar Sales & Marketing AG ("NSM"), to Trafigura, namely under the USD 650 million Trade Finance Framework Agreements ("TFFA") and the USD 250 million Bridge Finance Facility Agreement ("BFFA"). The Trafigura PCGs as well as all other security and / or guarantees provided to Trafigura by the Operating Group in respect of the TFFA and BFFA, were released in full on the Restructuring Effective Date.

2.3. The Company's Release from parent company guarantees in favour of third-parties and the Company's rights to indemnification by NN2 under the NNV-NN2 SPA. In addition to the release of the Trafigura PCGs, the Company benefits from contractual agreements with NN2 and Trafigura in respect of its release from, or indemnification for, liabilities for existing financial indebtedness and obligations owed to third parties in respect of financial, commercial or other obligations of the then current members of the Operating Group (the "PCGs"), such that those third parties should no longer have recourse to the Company. The release and / or indemnification obligations of NN2 from which the Company benefits can be summarised as follows.

"Release of PCGs and general indemnity: As part of the Intragroup Reorganisation, the NNV-NN2 SPA includes a commitment by NN2 to use reasonable endeavors to procure the release of obligations owed by the Company under Third-party PCGs. This procurement obligation is combined with an obligation on NN2 to indemnify the Company, to the extent such PCGs are not released, for any and all liabilities in relation to such PCGs in respect of the failure by the applicable member of the Operating Group to comply fully with its principal obligations.

"Indemnity for specified historic liabilities: Further, the NNV-NN2 SPA also contains an obligation on NN2 to indemnify the Company, to the extent not covered by the release and/or indemnification of PCGs mentioned above, in respect of certain specified liabilities, including certain liabilities arising in relation to certain historic disposals by the Nyrstar group and/or from certain historic mine closures, which are specified in a schedule to the NNV-NN2 SPA.

"Limitation on recourse to the Company of former subsidiaries: To limit and release further any financial obligations on the Company, the NNV-NN2 SPA obliges NN2 to procure that, and the NNV-Trafigura Deed obliges Trafigura to procure that no former subsidiaries of the Company will make any demands for payment from the Company except (i) under the Limited Recourse Loan Facility, (ii) as otherwise agreed following the completion of the Restructuring; or (iii) to the extent that the Company has sufficient funds available (excluding any dividends or sale proceeds in respect of the Company's direct 2% shareholding in NN2).

2.4. Financial transactions with Trafigura entities - the Limited Recourse Loan Facility

2.4.1. Introduction

On the Restructuring Effective Date, the Company entered into a EUR 13.5 million committed, limited recourse, loan facility (the "Limited Recourse Loan Facility") provided to it by NN2 (as "Lender"). The key terms of the Limited Recourse Loan Facility are described below. The Limited Recourse Loan Facility is made available in two separate tranches: (i) up to EUR 8.5 million to be applied towards the Company's ongoing ordinary course operating activities ("Facility A"); and (ii) up to EUR 5 million intended for the payment of certain litigation defense costs ("Facility B"). No security, collateral or guarantees have been granted in respect of the Company's obligations under the Limited Recourse Loan Facility.

2.4.2. Available commitments, amounts outstanding and interest

As at 30 June 2020, the Company owed EUR 3.7 million under Facility A. Facility A can be used by the Company, amongst other things,

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to cover reasonable director and employee costs, D&O insurance premium (to the extent not paid prior to the Restructuring Effective Date), audit fees, legal costs (except those relating to litigation or other actual or threatened proceedings against the Company, which should be funded from Facility B (defined below)), listing fees and investor relations costs. The funding under Facility A is provided to the Company based on the quarterly cash flow forecast prepared by the Company and provided to Trafigura as a condition of the funding. The total quantum of funds to be made available under Facility A was agreed based on the Company's forecast operating costs for a five year period following the completion of the Restructuring, taking into account the ongoing operational services provided to the Company by NN2, as agreed in the NNV-NN2 SPA, for a period of three years (subject to agreed early termination triggers) (the "Ongoing Services"). The Ongoing Services to be provided by NN2 to the Company include finance, tax, corporate counsel, IT and administration services. The provision of the Ongoing Services to the Company is intended to reduce the Company's operating costs in the period following the Restructuring Effective Date.

As at 30 June 2020, the Company had not drawn any amount under Facility B. Subject to the restrictions detailed below, Facility B can be applied by the Company towards payment or reimbursement of costs in respect of any litigation, proceeding, action or claims (including tax claims) made, asserted or threatened against the Company, NN1 Newco Limited ("NN1") or any of their current or former directors or officers (each being a "Claim").

Under Facility A, the Company can borrow up to EUR 3.7 million before 31 July 2020 and then up to a further EUR 1.2 million annually until 2024. Funding under Facility B can be drawn based on costs incurred in respect of any litigation, proceeding, action or claims (subject to the restrictions detailed below, and on the delivery of an invoice for such costs). Utilisation of each Facility is limited to a maximum of three drawings per financial quarter per Facility (excluding any PIK Loans (defined below)). As at the date of this report, the Company has drawn EUR 4.6 million under Facility A and EUR 0.5 million under Facility B.

The rate of interest on amounts outstanding under the Limited Recourse Loan Facility is the aggregate of EURIBOR plus a margin of 0.5%. It shall be payable within 10 business days of the anniversary of the date on such amount was made available, provided that such interest will be capitalised if it has accrued for a period of one year or more and the Company has given a notice in the form prescribed by the Limited Recourse Loan Facility. Any interest which is capitalised shall be treated as a new loan (a "PIK Loan") under the relevant Facility. Any PIK Loan shall itself accrue interest, and that interest may also be capitalised.

2.4.3. Restrictions on use of proceeds

The Company must not use any amount borrowed under either Facility A or Facility B for funding (directly or indirectly) any of the costs related to asserting or bringing or assisting in the pursuit of claims (including any counterclaim or defence) against Trafigura, other members of the Trafigura group, NN2 and / or any Replacement Holdco, and / or any other member of the Restructuring Operating Group), against any of such entities' current or former directors, officers, or advisers, against any creditor in respect of such entities (other than with the consent of NN2, such consent not to be unreasonably withheld or delayed) or in connection with any challenge to the Restructuring, including in relation to the TFFA and the BFFA or any other document contemplated by the Restructuring Implementation Deed.

2.4.4. Mandatory prepayment obligations

If at any time after 31 July 2020, the amount of the available cash, after allowing for the minimum headroom amount of EUR 2 million in the first year and EUR 1 million in the second year, of the Company (less any amount of the proceeds of any Facility B intended to be applied towards costs incurred by the Company to which Facility B Loan relates, but not yet so applied) exceeds EUR 1.5 million, the Company has to apply, within five business days of the excess cash arising, the relevant excess cash to prepay any amounts outstanding under Facility B. If any excess cash remains after such repayment, the Company shall apply 50% of that remaining excess cash to repay the outstanding amount under Facility A, and shall (to the extent permitted under applicable law and regulation) apply the remaining 50% of that excess cash towards payment of dividends to the Company's shareholders. The above only applies until the later of (i) the date on which the Company ceases to own its 2% equity interest in the Restructured Operating Group (such equity interest being as a result either of a direct shareholding in NN2 or Replacement Holdco (as defined above) - the "Company Equity Interest", and such date being the "Company Exit Date") and (ii) the receipt of all proceeds (subject to any deductions permitted / required under the terms of the Limited Recourse Loan Facility) from any disposal(s) of the Company Equity Interest which result in the occurrence of the Company Exit Date (the "Disposal Proceeds").

Immediately upon receipt of any Disposal Proceeds, the Company shall procure that these shall be applied first to prepay any amount outstanding under Facility B, and secondly, if (i) any Disposal Proceeds remain after any required prepayment of Facility B, and (ii) the aggregate amount of all amounts outstanding under Facility A exceeds EUR 5 million, to prepay such Facility A amounts to or towards an aggregate amount of EUR 5 million.

The Company shall ensure that, if any distribution is paid to the Company's shareholders on or after the Company Exit Date, an amount equal to that distribution is applied to repay or prepay amount outstanding under Facility A before or simultaneously with such distribution.

The Company has agreed also that, if it receives any amounts from costs awards, damages awards and / or any other recovery from any counterparty to a Claim (as defined above) (such amounts constituting "Claims Proceeds"), then such Claims Proceeds must be used immediately to repay or prepay any amounts outstanding under Facility B.

Additionally, there are customary provisions that require mandatory prepayment of amounts outstanding under either or both Facility A and B in the case of an event of default followed by acceleration by the Lender.

2.4.5. Information, consultation and litigation strategy undertakings

If any Claim arises as a result of which the Company reasonably anticipates that it may make a utilisation under Facility B, the Company must:

- promptly notify NN2 and Trafigura of the Claim;
- subject to compliance with applicable law or confidentiality obligations to third parties, make available to NN2 and Trafigura all

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information in its possession and control as reasonably requested by NN2 or Trafigura in connection with assessing, contesting, disputing, defending, appealing or compromising the Claim, provided that NN2 and Trafigura shall maintain confidentiality and/or privilege with regard to such information;

- keep NN2 and Trafigura informed of the progress / developments in respect of the Claim, and promptly provide any correspondence or other information received in connection with the Claim;
- consult and take into account the views of NN2 and Trafigura as to the applicable legal advisors that will represent the Company, NN1, or the applicable directors or officers. NNV shall also procure that such legal advisors provide fee estimates as requested by NN2 or Trafigura;
- consult with and take into account the views of NN2 and Trafigura in relation to the conduct of the defence / negotiations / settlements in respect of the Claim; and
- whilst any amount is outstanding under Facility B in relation to a civil Claim, not make any admission of Liability, agreement, settlement or compromise in relation to that Claim without the prior written approval of Trafigura. The Company must consult with Trafigura prior to taking any action relating to insolvency or bankruptcy proceedings, including under Book XX of the Belgian Code of Economic Law.

The Company is also obliged to provide NN2 with certain financial information, including quarterly cashflow forecasts (and any revisions thereto required under the terms of the Limited Recourse Loan Facility), half-yearly financial statements and audited annual financial statements, drawn up on a consolidated basis (to the extent the Company has subsidiaries) and in accordance with the accounting principles agreed under the terms of the Limited Recourse Loan Facility.

2.5 Relationship Agreement

At the completion of the Restructuring at 31 July 2019, the "Relationship Agreement" between Trafigura Group Pte Ltd and the Company (dated 9 November 2015) was terminated. The Relationship Agreement governed the relationship between the Company (and the broader Nyrstar Group) and Trafigura Group Pte. Ltd. and its affiliated persons between its execution on 9 November 2015 and the completion of the Restructuring on 31 July 2019.

2.6 Commercial transactions with Trafigura

The Company has not entered into any commercial transactions with Trafigura in the six months ended 30 June 2020.

OTHER RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET (including those which cannot be quantified)

Parent company guarantees

Until 31 July 2019 the Company was the holding company of the Nyrstar Group (consisting of Nyrstar NV and its subsidiaries). At 31 July 2019, when the Restructuring of the Nyrstar Group was finalised (refer to the 31 December 2019 financial statements for the details), Nyrstar NV was released of liabilities for existing financial indebtedness and obligations owed under parent company guarantees of commercial or other obligations of the current members of the Operating Group (all former subsidiaries of the Nyrstar Group excluding NN1 NewCo Limited) (or indemnified by NN2 to the extent such guarantee liabilities are not released). The disclosed amount of EUR 24.7 million represents the Parent Company guarantees to third parties that have not yet been released per 30 June 2020 for which the company is indemnified. (see "Related party disclosures").