

Regulated Information

First Quarter 2019 Interim Management Statement

26 May 2019 at 23:45 CEST

HIGHLIGHTS:

- Group underlying EBITDA¹ of EUR 15 million for Q1 2019, EUR 49 million lower than Q1 2018, primarily due to lower commodity prices (zinc, lead, silver and gold prices down 21%, 19%, 6% and 2% respectively), higher energy prices and reduced production volumes across all commodities
 - Metals Processing underlying EBITDA of EUR 12 million, down EUR 47 million year-on-year, primarily due to reduced availability of raw materials and consequently metal and by-product production caused by liquidity constraints, lower realised zinc treatment charges with a carryover of volumes priced on 2018 terms, lower commodity prices and higher energy prices, partially offset by a stronger US dollar against the Euro; and
 - Mining underlying EBITDA of EUR 19 million, up EUR 2 million year-on-year, driven by continued operating performance improvements at the East Tennessee mines, partially offset by the negative EBITDA contribution of Myra Falls which had its operations on temporary suspension in Q1 2019 and reduction in ore milled and head grade at the Middle Tennessee mines
- Net debt excluding zinc metal prepay² of EUR 1.698 billion at the end of Q1 2019, an increase of EUR 55 million on 31 December 2018 driven predominantly by working capital outflow since the Q3 2018 results announcement and reduced earnings in Q1 2019. Net debt inclusive of zinc metal prepay and perpetual securities of EUR 1.829 billion at the end of Q1 2019, an increase of EUR 58 million on 31 December 2018
- Port Pirie Redevelopment ramp-up progressing well with the proportion of residue in feed for the new TSL furnace, averaging 61% during Q1 2019 and 68% in April 2019, ahead of the fully ramped-up target of 40%
- Myra Falls mine re-commenced operations in April 2019 and is now expected to have first shipments of zinc in concentrate in Q3 2019
- Implementation of the Group recapitalisation progressing in-line with management's expectations with the lock-up of creditors having become effective on 7 May 2019

¹ 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>

² "Zinc metal prepay" is the Politus prepay whereby Nyrstar Sales & Marketing AG received a prepayment amount of USD 150m for the future delivery of refined zinc metal to Politus, under an English law governed prepayment agreement dated 28 May 2018. Politus is party to a separate facility agreement with a syndicate of lenders and has granted security over its rights under the prepayment agreement and other related contracts to the security agent under the facility agreement. As at 31 March 2019, the full amount of USD 150m was drawn.

KEY FIGURES

EUR million (unless otherwise indicated)	Q1 2018	Q1 2019	% Change
Revenue			
Metals Processing	957	816	(15%)
Mining	77	78	-
Other	(77)	(77)	-
Group Revenue	957	817	(15%)
Underlying EBITDA			
Metals Processing Underlying EBITDA	59	12	(79%)
Mining Underlying EBITDA	17	19	10%
Other and Eliminations Underlying EBITDA	(12)	(16)	-
Group Underlying EBITDA	64	15	(76%)
Underlying EBITDA margin	7%	2%	(74%)
Capex			
Metals Processing	22	21	(5%)
Mining	28	11	(61%)
Other	-	-	-
Group Capex	50	32	(37%)
Loans and borrowings, end of the period	1,550	1,844	19%
Less cash and cash equivalents, end of period	199	147	(26%)
Net Debt Exclusive of Zinc Prepay³	1,351	1,698	26%
Zinc Prepay	55	131	139%
Perpetual Securities	186	183	-
Net Debt Inclusive of Zinc Prepay and Perpetual Securities	1,592	1,829	15%
Metals Processing Production			
Zinc metal ('000 tonnes)	252	240	(5%)
Lead metal ('000 tonnes)	39	37	(6%)
Mining Production			
Zinc in concentrate ('000 tonnes)	33	30	(8%)
Copper in concentrate ('000 tonnes)	0.5	0.4	(16%)
Silver ('000 troy ounces)	108	97	(10%)
Gold ('000 troy ounces)	0.4	0.4	-
Market⁴			
Zinc price (USD/t)	3,421	2,702	(21%)
Lead price (USD/t)	2,523	2,036	(19%)
Silver price (USD/t.oz)	16.77	15.57	(6%)
Gold price (USD/t.oz)	1,331	1,304	(2%)
EUR/USD average exchange rate	1.23	1.14	(7%)
EUR/AUD average exchange rate	1.56	1.59	2%

³ As at 31 March 2019, an aggregate total of EUR 183 million (31 March 2018: EUR 186 million) of Perpetual Securities had been issued. The Perpetual Securities have been accounted for entirely as financial liabilities at 31 March 2019 whilst at 31 March 2018 the Perpetual Securities were accounted for as equity and not included in loans and borrowings

⁴ Zinc, lead and copper prices are averages of LME daily cash settlement prices. Silver/Gold price is average of LBMA daily fixing / daily PM fixing, respectively

GROUP FINANCIAL OVERVIEW

Revenue for Q1 2019 of EUR 816 million was down 15% on Q1 2018, primarily driven by lower commodity prices, production volumes and treatment charge terms, partially offset by a stronger US dollar against the Euro.

Group underlying EBITDA of EUR 15 million in Q1 2019, a decrease of 76% on Q1 2018, due to lower treatment charges, commodity prices and production which was impacted by raw material availability in Metals Processing due to liquidity constraints, partially offset by a stronger US dollar against the Euro.

Capital expenditure was EUR 32 million in Q1 2019, representing a decrease of 37% year-on-year driven by a substantial EUR 17 million capex reduction in Mining with an active deferral of planned capital expenditure to support short-term liquidity management whilst the capital restructuring was progressing.

Net debt at the end of Q1 2019, excluding the zinc metal prepay, was EUR 55 million higher compared to the end of 2018 at EUR 1,698 million (EUR 1,643 million at the end of 2018). Net debt increased during the quarter due to substantial working capital outflow due to higher commodity prices, no new silver prepays, reduction in non-committed letter of credit lines from banking counterparties, tightened credit terms with a number of suppliers, weak earnings and the reclassification of EUR 19 million of prepayments for deliveries of zinc metal from deferred income to loans and borrowing at 31 March 2019 as the Group had no ability to settle by physical delivery of zinc metal from its own production. The net debt inclusive of the zinc metal prepay and perpetual securities at the end of Q1 2019 was EUR 1,829 million, up EUR 58 million compared to the end of 2018. Cash balance at the end of Q1 2019 was EUR 147 million compared to EUR 239 million at the end of 2018 with liquidity at the end of Q1 2019 of EUR 151 million.

ZINC CONCENTRATES

The zinc concentrate 2019 benchmark treatment charges have been settled at the end of Q1 2019 on the following terms:

- Base TC of USD 245 per dmt (dry metric tonne) of concentrate at a basis price of USD 2,700 per tonne;
- Escalators of 5% from a zinc price of USD 3,000 per tonne; and
- De-escalator of 2% below a zinc price of USD 2,700 per tonne.

SAFETY, HEALTH AND ENVIRONMENT

“Prevent Harm” is a core priority 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.

Continuing the positive trend seen in 2018, during Q1 2019, the frequency rate of cases with time lost or under restricted duties (DART) remained at 4.3, similar to 4.2 in the same period of 2018. However, the frequency rate of cases requiring at least a medical treatment (RIR) decreased by 8% compared to the same period of 2018. Three of our sites continue to operate DART free in 2019.

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)	Q1 2018	Q1 2019	% Change
Revenue	957	816	(15%)
Underlying EBITDA	59	12	(79%)
Metal Processing Capex	22	21	(5%)

Metals Processing delivered an underlying EBITDA result of EUR 12 million in Q1 2019, a decrease of 78% over Q1 2018 due to lower metal and by-product production due to reduced availability of raw materials caused by liquidity constraints, lower realised treatment charges with a carryover of volumes priced on 2018 terms and higher energy prices, partially offset by a stronger USD.

Capital spend in Q1 2019 decreased by 5% on Q1 2018 with active deferral of planned capital expenditure to support short-term liquidity management.

	Q1 2018	Q1 2019	% Change
Zinc metal ('000 tonnes)			
Auby	39	39	1%
Balen/Pelt	69	62	(10%)
Budel	66	56	(15%)
Clarksville	24	22	(7%)
Hobart	54	60	10%
Total	252	240	(5%)
Lead metal ('000 tonnes)			
Port Pirie	39	37	(6%)
Other products			
Copper cathode ('000 tonnes)	1.1	1.2	9%
Silver (million troy ounces)	2.8	3.4	23%
Gold ('000 troy ounces)	17.9	13.0	(27%)
Indium metal (tonnes)	9.2	9.1	(1%)
Sulphuric acid ('000 tonnes)	330	346	5%

Metals Processing zinc metal production in Q1 2019 was negatively impacted by raw material feed constraints that were imposed to manage Nyrstar's tight liquidity position during the capital structure review process. In Q1 2019, the Company produced approximately 240,000 tonnes of zinc metal, representing a 5% decrease on Q1 2018. In addition to the feed constraints imposed at all of the smelters, the decrease in zinc metal production was impacted at Auby by a 4 day unplanned maintenance stop in March 2019; at Balen by roaster de-fluidisation in January 2019, a national strike in February 2019 and a reduced rectifier capacity for one week in March 2019; at Budel an unplanned roaster outage in January 2019; at Clarksville a rotary drum cooler failure in January 2019; and at Hobart with the failure of a clean gas fan in March 2019.

Lead market metal production at Port Pirie of 37kt was 6% lower compared to Q1 2018. This reduced production was due to the suspension of the sinter plant operation which resulted in reduced lead throughput to the blast furnace compared to Q1 2018. Gold production in Q1 2019 was 27% lower and silver production was 23% higher compared to Q1 2018 due to a different feed mix consumed with higher silver and lower gold contained.

OPERATIONS REVIEW: MINING

EUR million (unless otherwise indicated)	Q1 2018	Q1 2019	% Change
Revenue	77	78	0%
Underlying EBITDA	17	19	10%
Mining Capex	28	11	(61%)

Mining underlying EBITDA of EUR 19 million in Q1 2019 was EUR 2 million higher than in Q1 2018 due to continued operating performance improvements at the East Tennessee mines, partially offset by the negative EBITDA contribution of Myra Falls which had its operations on temporary suspension in Q1 2019 and reduction in ore milled and head grade at the Middle Tennessee mines. The Myra Falls mine commenced ore extraction during April 2019 and is expected to begin contributing positive EBITDA when it makes its first shipments and sales of concentrate in Q3 2019.

Mining capital expenditure in Q1 2019 was EUR 11 million, down EUR 17 million year-on-year, due to the active deferral of planned capital expenditure to support short-term liquidity management.

'000 tonnes unless otherwise indicated	Q1 2018	Q1 2019	% Change
Total ore milled	974	947	(3%)
Zinc in Concentrate			
Langlois	6	6	14%
Myra Falls	-	-	-
East Tennessee	17	17	1%
Middle Tennessee	11	7	(34%)
Total	33	30	(8%)
Other metals			
Copper in concentrate	0.5	0.4	(16%)
Silver ('000 troy oz)	108	97	(10%)
Gold ('000 troy oz)	0.4	0.4	(8%)

Nyrstar's Mining operations produced approximately 30kt of zinc in concentrate in Q1 2019, a decrease of 8% compared to Q1 2018. During Q1 2019, the Middle Tennessee Mine, which restarted during 2017, had relatively weak operating performance with a 15% reduction in ore milled and a 20% reduction in its zinc mill head grade compared to Q1 2018. Production at the East Tennessee Mines and Langlois mine was relatively flat year-on-year.

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. The necessary repairs were completed in Q1 2019 and production resumed in April 2019 with first shipments of zinc in concentrate expected in Q3 2019.

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 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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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)
2018	Langlois	92	6.37%	-	0.65%	0.17	42.38	94.5%	-	80.9%	79.7%	85.8%	11	-	2.1	5.5	-	0.5	0.4	108
	Myra Falls	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	EastTennessee	557	3.25%	-	-	-	-	93.3%	-	-	-	-	27	-	-	16.9	-	-	-	-
	Mid Tennessee	325	3.45%	-	-	-	-	95.2%	-	-	-	-	17	-	-	10.7	-	-	-	-
	MiningTotal	974	3.61%	-	0.65%	0.17	42.38	94.0%	-	80.9%	79.7%	85.8%	54	-	2.1	33.1	-	0.5	0.4	108
2019	Langlois	107	6.24%	-	0.48%	0.14	32.79	94.1%	-	78.5%	75.7%	86.0%	12	-	1.7	6.3	-	0.4	0.4	97
	Myra Falls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	EastTennessee	565	3.18%	-	-	-	-	94.7%	-	-	-	-	18	-	-	17.0	-	-	-	-
	Mid Tennessee	275	2.76%	-	-	-	-	93.3%	-	-	-	11	17	-	-	7.1	-	-	-	-
	MiningTotal	947	3.40%	-	0.48%	0.14	37.79	94.2%	-	78.5%	75.7%	86.0%	41	-	1.7	30.4	-	0.4	0.4	97
% Change	Langlois	16%	(2%)	-	(25%)	(16%)	(23%)	0%	-	(3%)	(5%)	0%	16%	-	(16%)	14%	-	(16%)	(8%)	(10%)
	Myra Falls	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	EastTennessee	2%	(2%)	-	-	-	-	1%	-	-	-	-	(33%)	-	-	1%	-	-	-	-
	Mid Tennessee	(15%)	(20%)	-	-	-	-	(2%)	-	-	-	-	(34%)	-	-	(34%)	-	-	-	-
	MiningTotal	(3%)	(6%)	-	(25%)	(16%)	(23%)	0.16%	-	(3%)	(5%)	0%	(24%)	-	(16%)	(8%)	-	(16%)	(8%)	(10%)