



# Analyst Teach-in Follow-up

3 July 2008

# Introduction:

- Follow-up on Analyst Teach-in held at end of April 2008
- Review of analyst reports has highlighted that there may still be issues with modelling some aspects of Nyrstar's business
- Purpose of this presentation is to highlight common modelling issues

# Treatment Charges (TCs):

- Work in Progress and concentrate inventory:
  - Inventory on hand at the end of a period has been purchased under that period's contract terms, this is consistent with any processing operation;
  - Therefore opening inventory will be processed under the prior period's TC terms.
- Prior period concentrate deliveries:
  - Most concentrate contracts are for an annual delivered quantity (ADQ);
  - If the ADQ is not all received in the contract period, the difference will be made up in the following period;
  - This difference will be processed under prior period TC terms;
  - Typically, in the smelting industry, approximately 10% of the ADQ is delivered in the following contract period.
- Zinc produced at Port Pirie:
  - Zinc is a by-product from the lead concentrate;
  - TCs are earned on the lead concentrate only.

# Free Metal:

- Free metal at Port Pirie:
  - Zinc produced at Port Pirie is a by product;
  - It should not be included in Free Metal.
- The free metal content in production losses:
  - Free metal should be grossed up to account for the free metal content in production losses.\*

\* See slide 13 of Analyst Teach-in Presentation (21 April 2008)

# By-Products:

- By-Products:
  - Sulphuric acid:
    - Previous disclosure (2007 Annual Results, web-cast) in relation to an increase of 3-4 times 2007 revenue from Sulphuric Acid, referred to US contracts\*;
    - Other contracts tend to be longer term and only get a partial impact from changes in spot prices.
  - Indium:
    - Indium is sold in concentrate form;
    - Revenue is not recognised until the indium is refined and sold to the end-user.
  - Other by-products:
    - The full LME price is received for products which are processed to a finished product;
    - Some by-products are sold when they reach an intermediate stage e.g. copper.

\* See slide 7

# Costs:

- Depreciation & Amortisation:
  - Allowance should be made for D&A on current year capex;
  - Previously disclosed that 2008 capex will be €150m.
- Operating Costs:
  - Operating costs on an underlying modified pro forma basis for 2007 were €726m (as per Annual Report);
  - It has been previously disclosed (AGM, 30 April 2008) that Nyrstar expects that overall operating costs will be relatively flat in 2008.

# 2007 Annual Results 2007 Web-cast

Extract - 19 March 2008:

Q: What are you seeing in terms of your received prices for sulphuric acid, given that the spot prices have gone up five fold?

*“For acid particularly in the United States we’ve seen the acid prices tighten there. Five fold might be stretching it a little bit at least for the sales that we made, up to three and four times we’ve seen an increase over 2007 and those are contracts that we have now settled on an annual basis for 2008. Same thing for Europe, we’ve seen increases there of up to three times over 2007 settlements. In Australia, we’ve got a long term agreement in place, it runs till 2015. So our sales are locked in but the increase with CPI and as a sulphur index linked price increase there as well. So we do generate some of the price increases globally there as well. So all in all acid is looking very good for us.”*

Erling Sorensen, Chief Marketing Officer