

Deutsche Bank  
BRICS Metals & Mining Conference  
London

# Zinc Outlook

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10 November 2009



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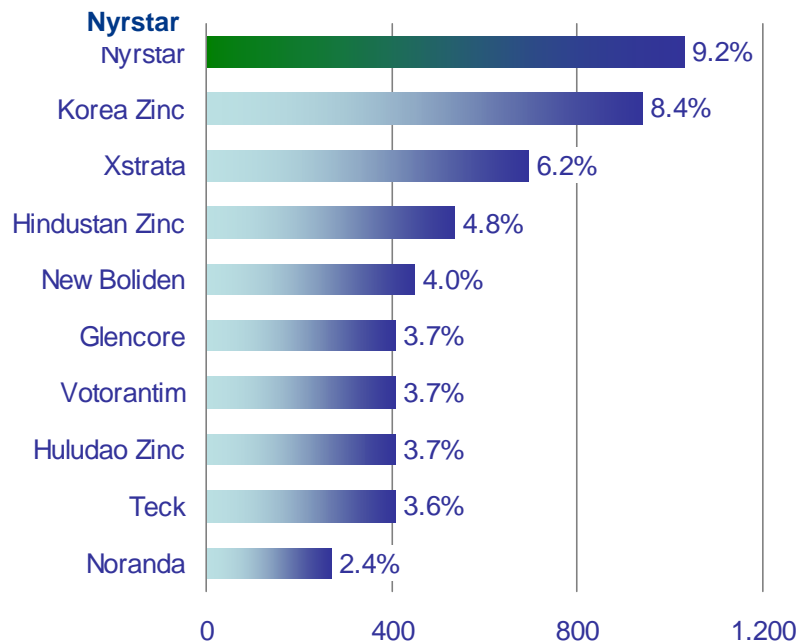
# Who we are

- **Nyrstar is a leading global multi-metals business, producing significant quantities of zinc and lead as well as other products (including silver, gold and copper)**
- **World's largest zinc producer**
  - 1.1 million tonnes of zinc metal
  - 230,000 tonnes of zinc concentrates
- **Major lead producer**
  - 240,000 tonnes of lead metal
  - 15,000 tonnes of lead concentrates
- **Other products**
  - 16 million troy ounces of silver
  - 60,000 troy ounces of gold
- Listed on NYSE Euronext Brussels in October 2007

# Who we are

## Largest producers of zinc

Top ten zinc smelting companies (2008)



Top 10 = 46% of 11 million tonnes market (China = 4m)

## Nyrstar: global presence

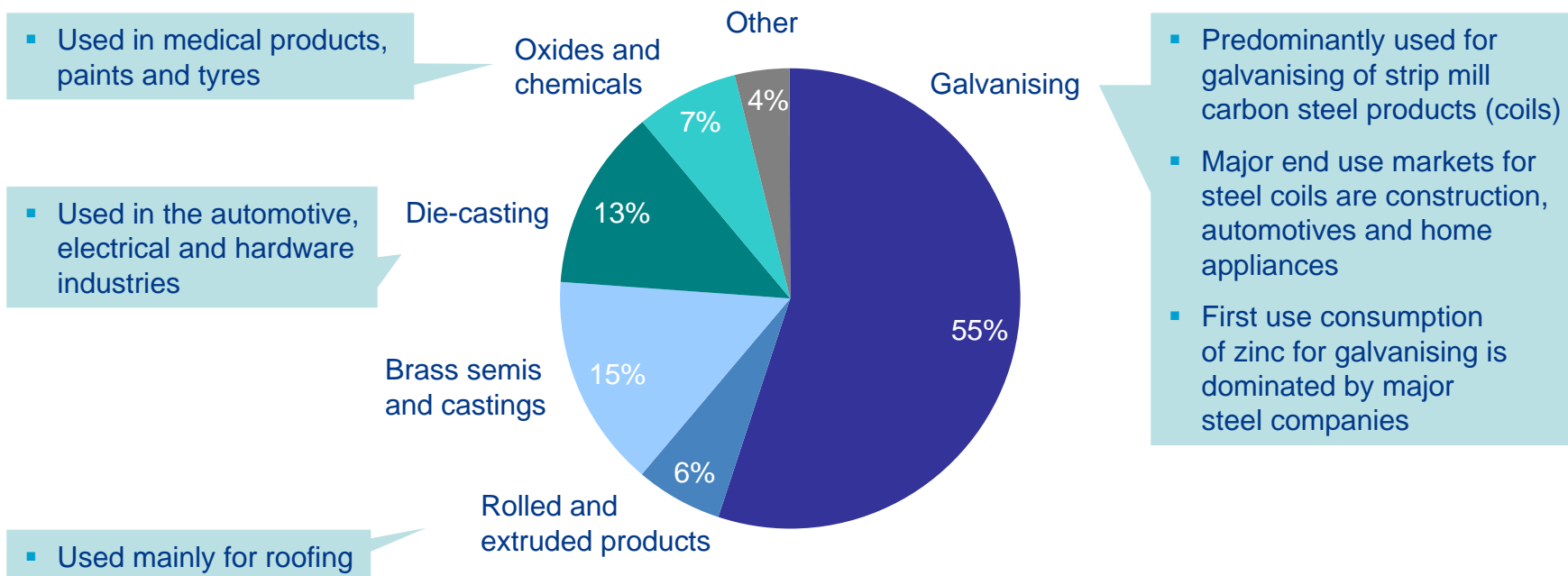


Operations on four continents  
- Europe, USA, Australia and Asia



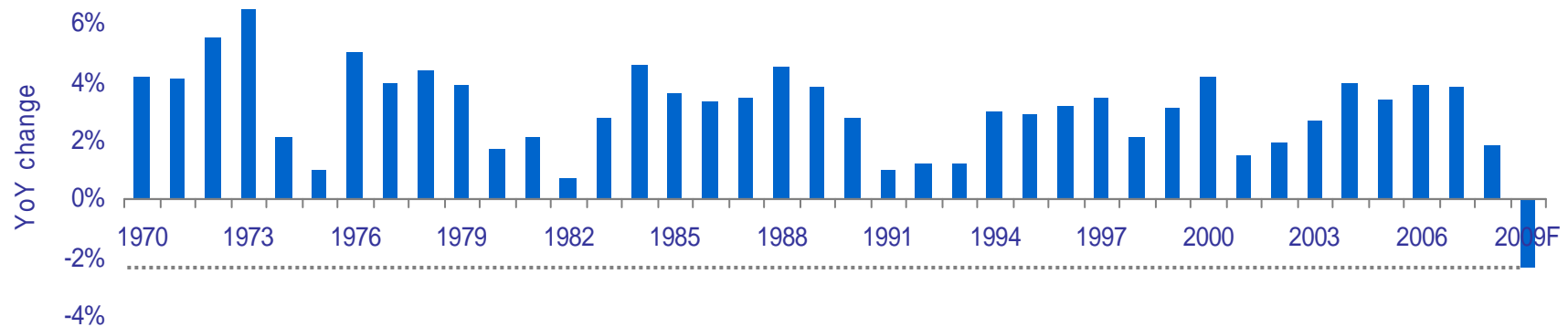
# Think zinc: main end use markets

## Zinc consumption by first use

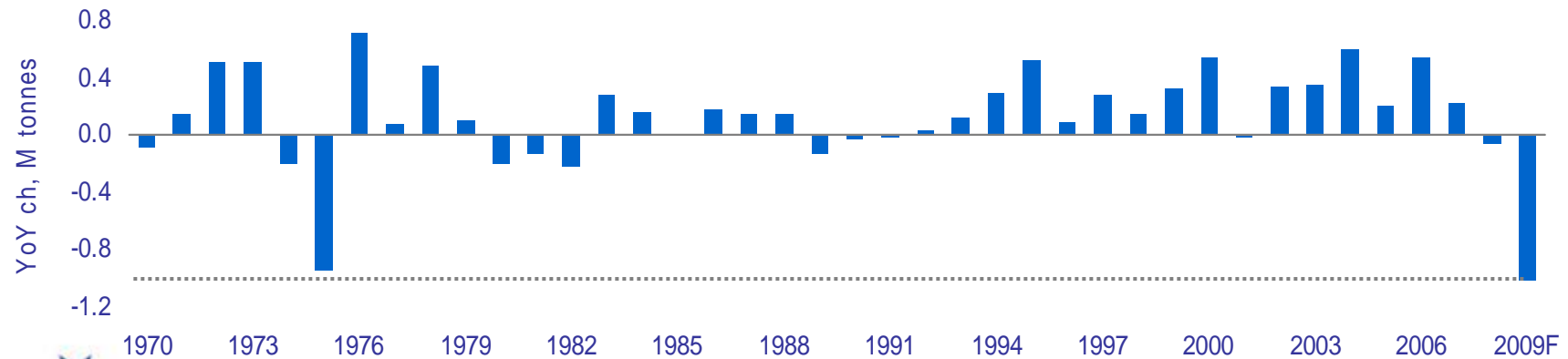


# Recent recession: unusually deep

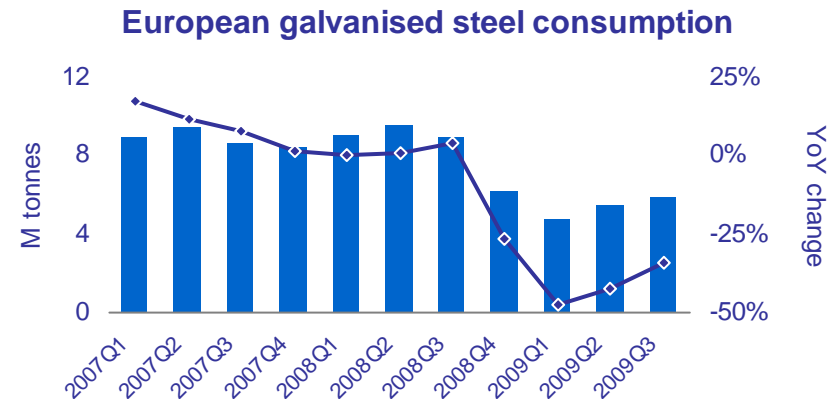
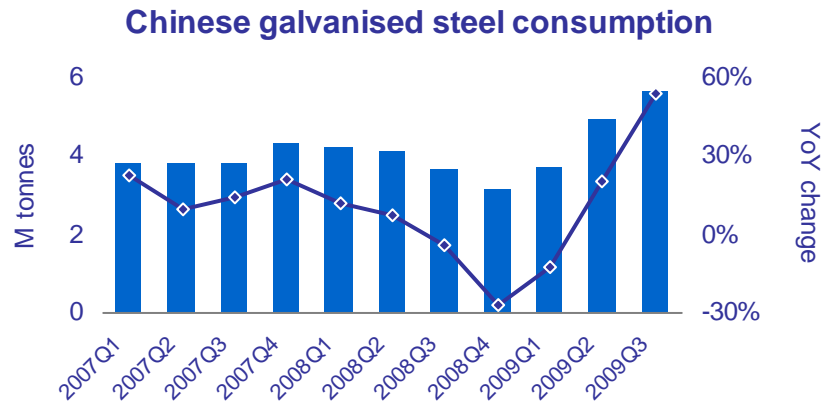
World GDP growth



World zinc consumption

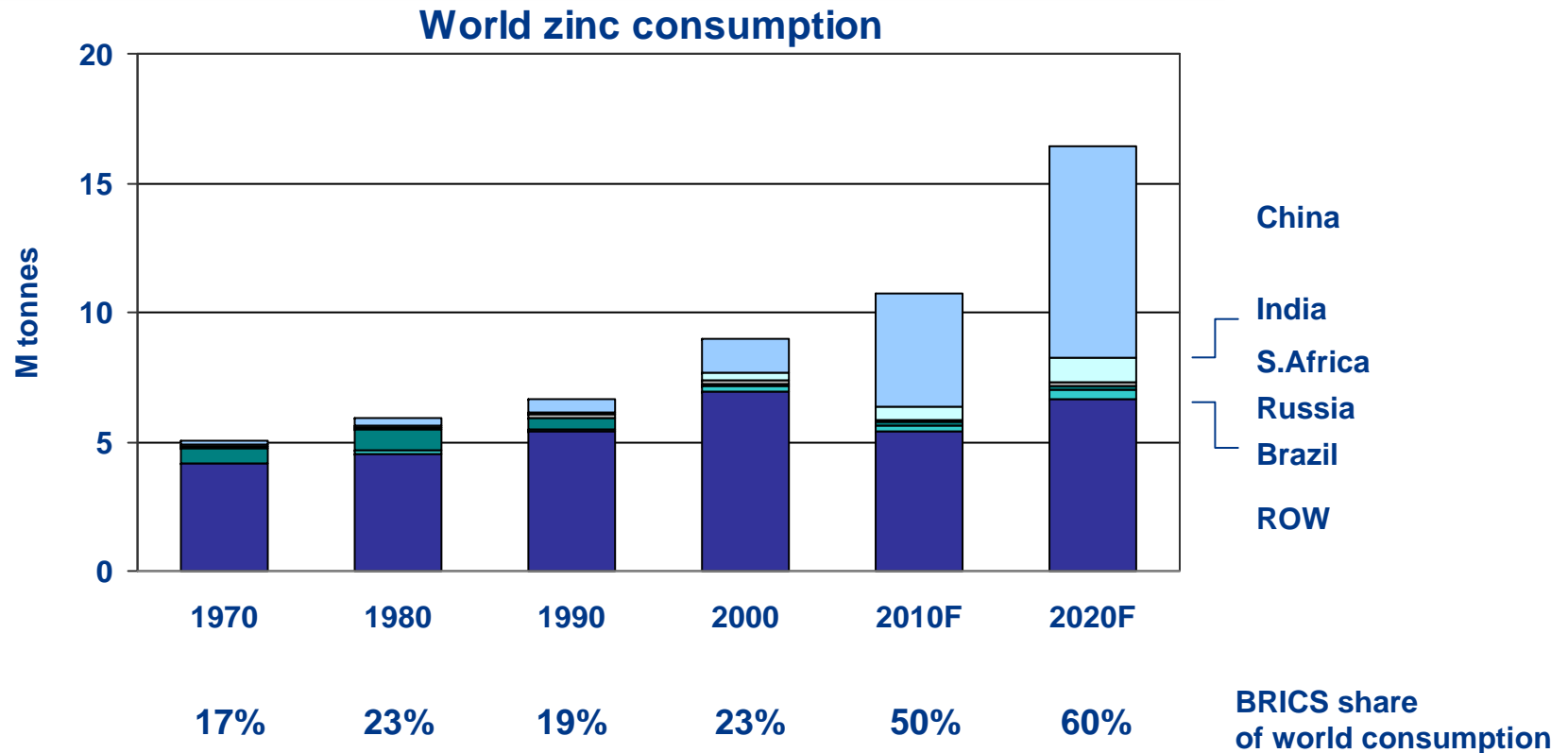


# Current recovery: China leading; OECD countries following



- Consumption of galvanised steel sheet, a good proxy for zinc demand, has shown signs of improvement in recent months
- Volumes are still lower than last year, except in China where consumption rose by 60% YoY and 14% QoQ in Q3 2009, driven by fiscal and monetary stimulus
- In Europe, Nyrstar's main zinc market, galvanised steel sheet consumption rose by 8% QoQ in Q3 2009

# BRICS countries: now driving world zinc consumption





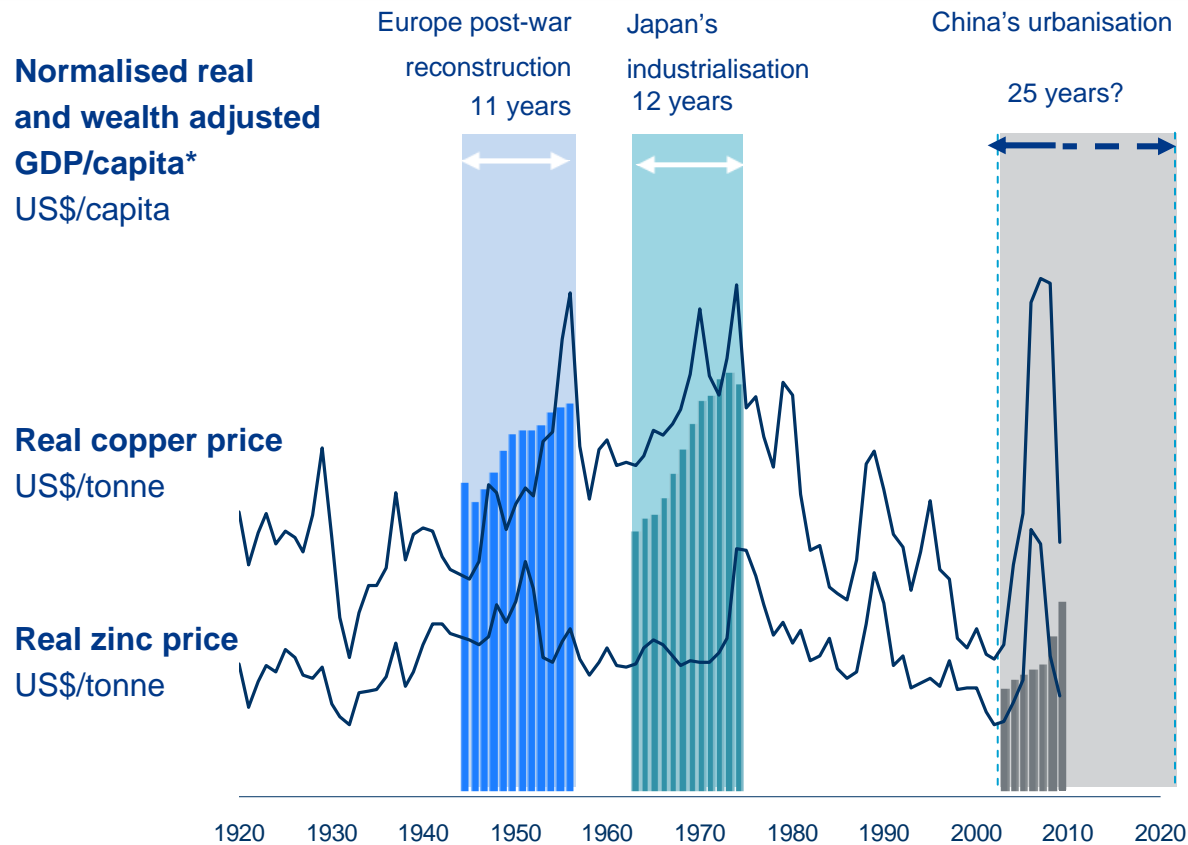
# BRICS urbanisation: unprecedented scale and speed

## Chinese example

- From 2005-2025, Chinese cities will add more than 350M people...  
...more than the entire population of the USA today
- There will be more than 200 cities in China with over 1M inhabitants...  
...Europe today has only 35 cities with over 1M people
- China will build up to 50,000 new skyscrapers...  
...equivalent to building New York City ten times over
- There are plans for up to 170 new mass transit systems...  
...Europe today has only 70 mass transit systems
- **By 2025, two-thirds of people in China will live in cities...**  
**...which in round numbers means one billion people**

Recent **cyclical** downturn should not distract from **structural** trends driving metals demand

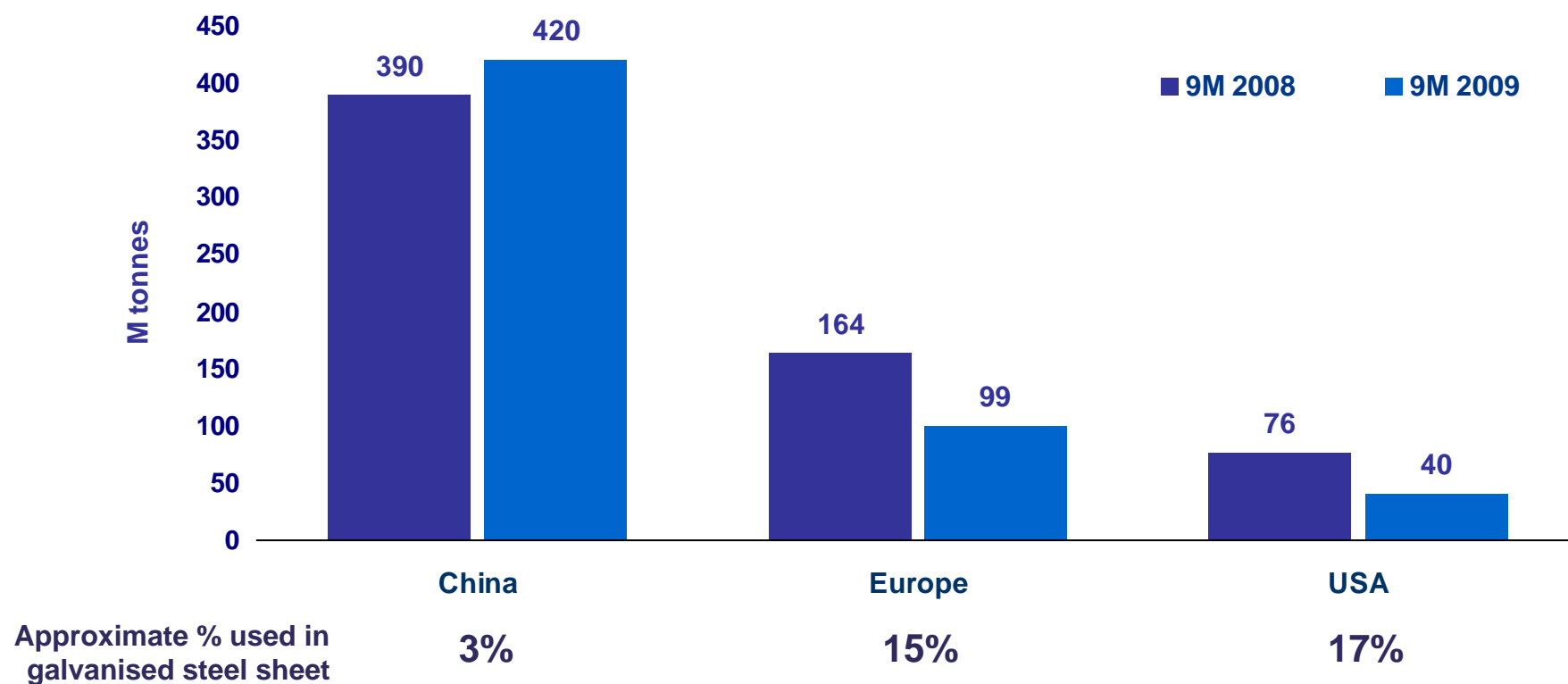
# Economic growth drives demand



China's ongoing industrialisation and urbanisation will lead to **greater demand for resources**

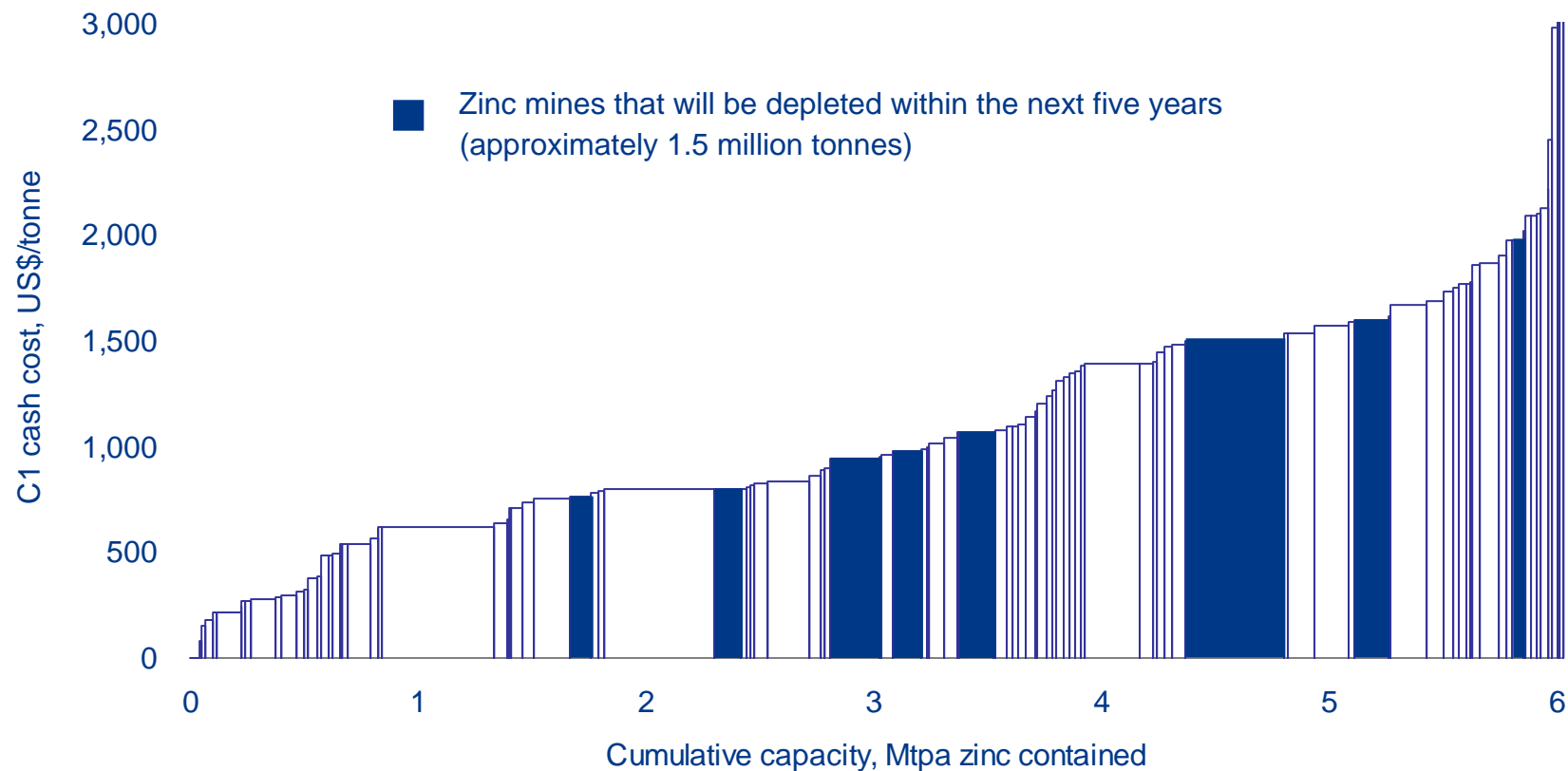
# Zinc demand: strong growth as BRICS develop

## Crude steel production



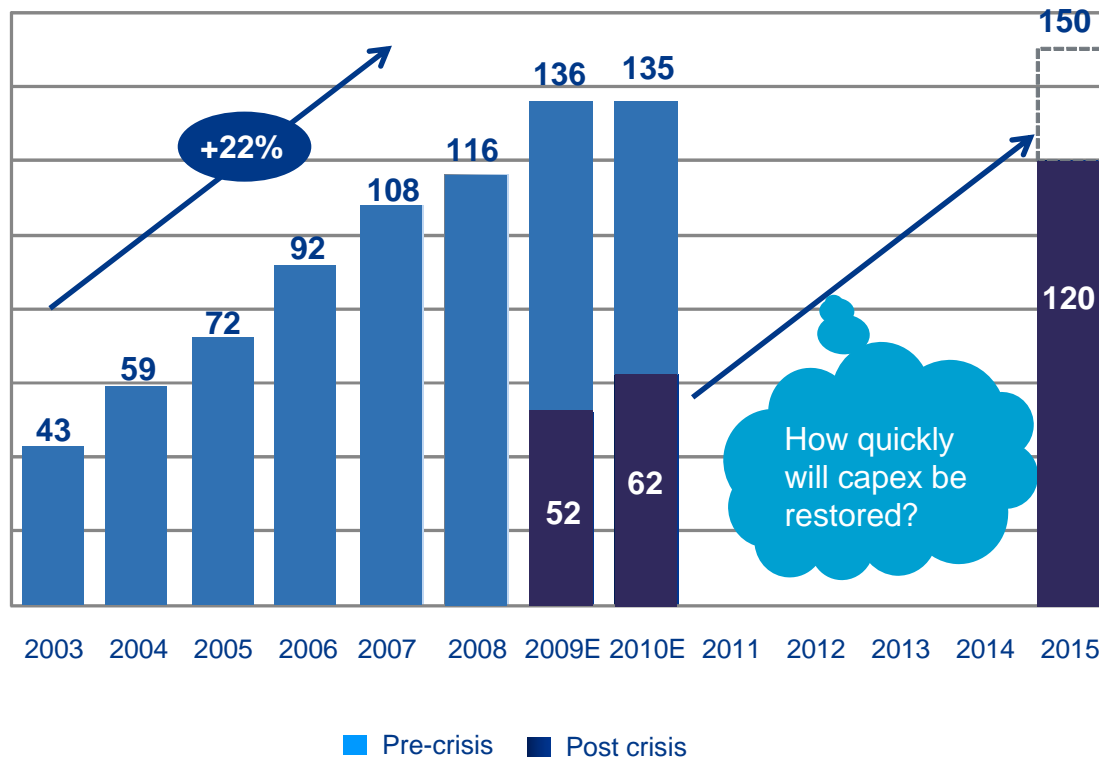
# Zinc supply: a number of mines will be depleted within the next five years

Zinc mine industry supply curve, 2008



# Zinc supply: reduced investment will be a constraint on future output

Capital expenditure estimates for global mining, US\$bn

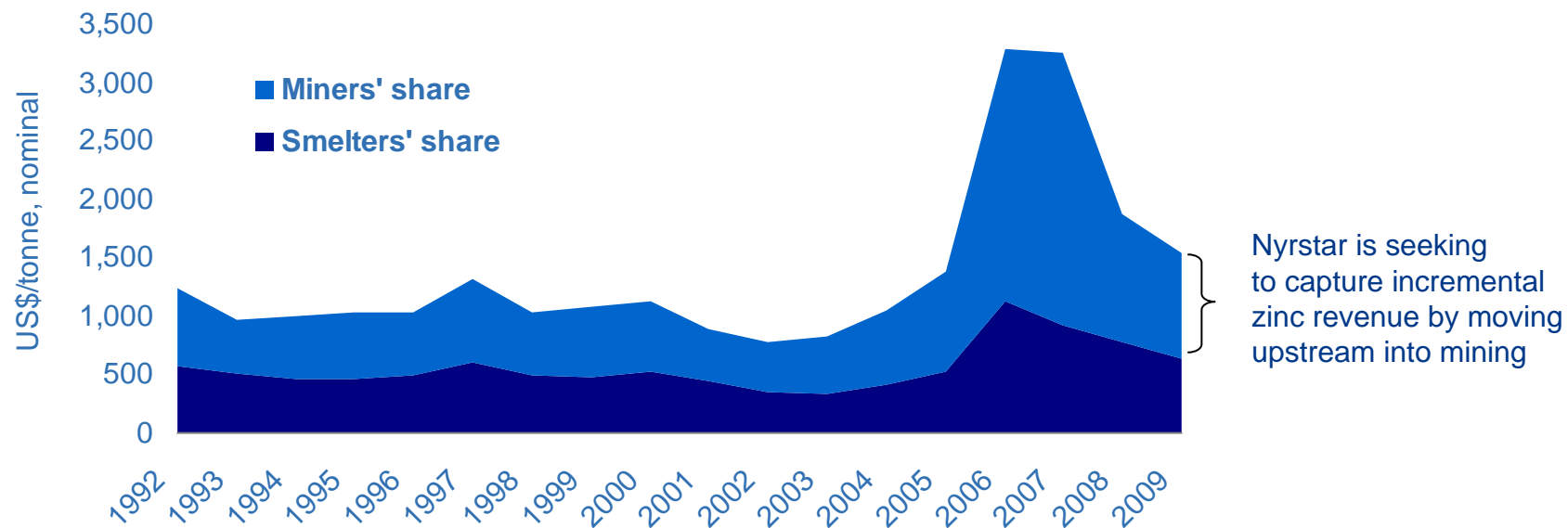


- Supply response will lag recovery in demand
- Further delays will arise from the need to review and revise feasibility studies
- Supply side constraints of recent years will return



# Opportunity: through upstream integration

Revenue sharing of zinc price



- In 2008, Nyrstar's revenue represented **450,000 tonnes** of zinc price exposure (smelters capture approximately 40% of price through Treatment Charges and Free Metal)
- Following Nyrstar's recent mine acquisitions this increases to **530,000 tonnes**

# Nyrstar's strategy

Nyrstar will:

- Continue to improve and expand its existing business
- Selectively pursue opportunities in mining, focused on:
  - Mines that support its existing smelting assets
  - Markets where it has existing expertise (zinc, lead, silver, gold, copper) and proven capability
- Nyrstar's aim is that smelting and mining will both provide valuable contributions to its earnings
  - An integrated Nyrstar could facilitate broader industry consolidation

# Actively pursuing strategy

## Tennessee Mines, US

- Acquired Gordonsville zinc mine complex in May 2009
- Agreed to acquire East Tennessee Zinc mine complex in Sep 2009
- Combined annual production capacity:
  - 210,000 dry metric tonnes zinc concentrate
  - 130,000 tonnes zinc in concentrate
  - Record of one-for-one reserve replacement
- Intend to ramp-up mines to full production by the end of 2010
  - Expect approximately US\$20 million capital expenditure for ramp-up in 2010



# Actively pursuing strategy

- **Coricancha Mine, Peru**
- Agreed to acquire 85% interest in Coricancha poly-metallic mine in Peru in October 2009
- Expected annual capacity post-expansion:
  - 45,000 oz gold, 2.4 million oz silver
  - 20,000 dry metric tonnes zinc concentrate
  - 15,000 dry metric tonnes lead concentrate
- Intend to re-start after constructing new tailings facility in H1 2010
  - Expect approximately US\$10 million capital expenditure in 2010
- Intend to undertake exploration program to increase resources and reserves, and allow for expansion and ramp-up to full production in 2011



# Actively pursuing strategy

## Citronen Zinc Deposit, Greenland

- Agreed to acquire 19.9% of Ironbark in Sep 2009, owner of world-class Citronen zinc deposit
- Resource (indicated and inferred) of 56 million tonnes at 5.4% zinc and 0.6% lead
- Nyrstar granted life of mine 35% off-take agreement as part of acquisition
- Commercial production could commence in the next 3-5 years



**Continuing to explore other opportunities in line with strategy**



# Nyrstar's perspectives on a changing world

## I Cyclical short-term outlook

- I World economy and metals markets are near a turning point but markets will remain volatile

## I Structural outlook

- I Medium to longer term expectations for strong metals consumption growth based on BRICS industrialisation and urbanisation remain intact
- I Fall-out from the global financial crisis will reduce the capacity of metals supply to respond to rising demand

## I Market outlook

- I We believe the outlook for resources is **positive** and will provide **opportunities**

# Questions

