

25 APRIL 2012



# First Interim Management Statement 2012



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# First Interim Management Statement 2012



**Greg McMillan**  
Chief Operating Officer



**Heinz Eigner**  
Chief Financial Officer

## Q1 2012 Highlights

### **Zinc in concentrate production in line with management expectations and full year market guidance**

- Production of zinc in concentrate of 75,000 tonnes consistent with Q4 2011
- Langlois mine ramping-up in line with expectations, with commercial production anticipated to commence in Q2 2012
- Milling operations temporarily suspended at the Coricancha mine since earlier this month
- Full year mining production guidance for all metals maintained

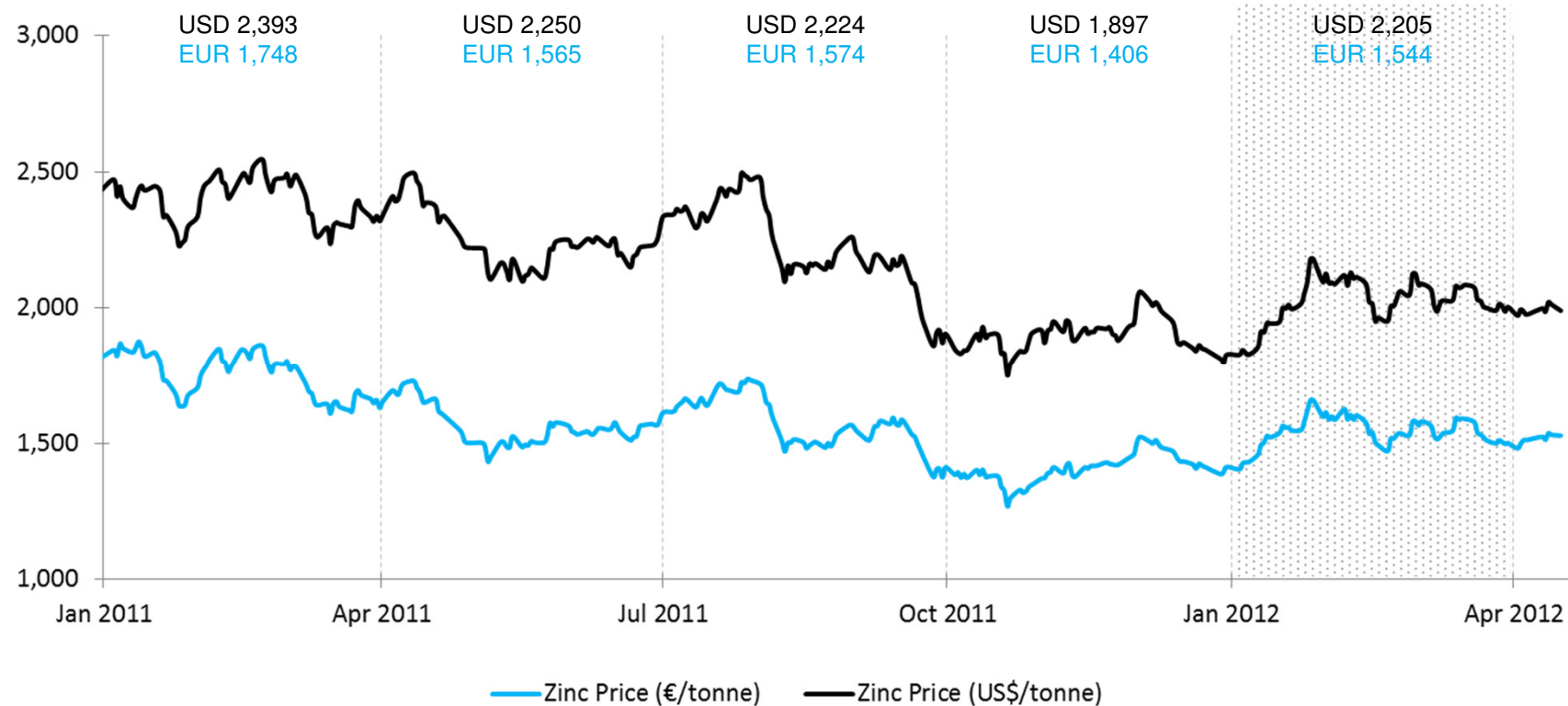
### **Zinc metal production was 258,000 tonnes in Q1 2012**

- Down 19% from the record performance in Q4 2011; expect to deliver management expectations of approximately 1.1 million tonnes in 2012



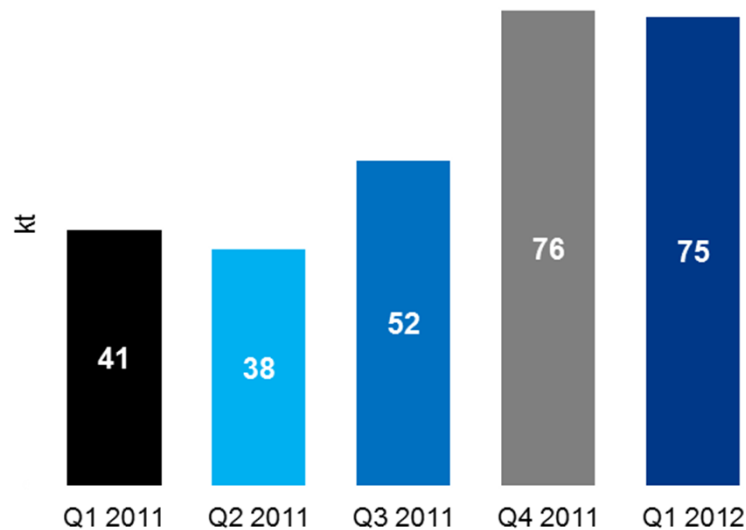
## Zinc price improved in Q1 2012 but remains volatile due to macroeconomic sentiment

### LME Zinc Price

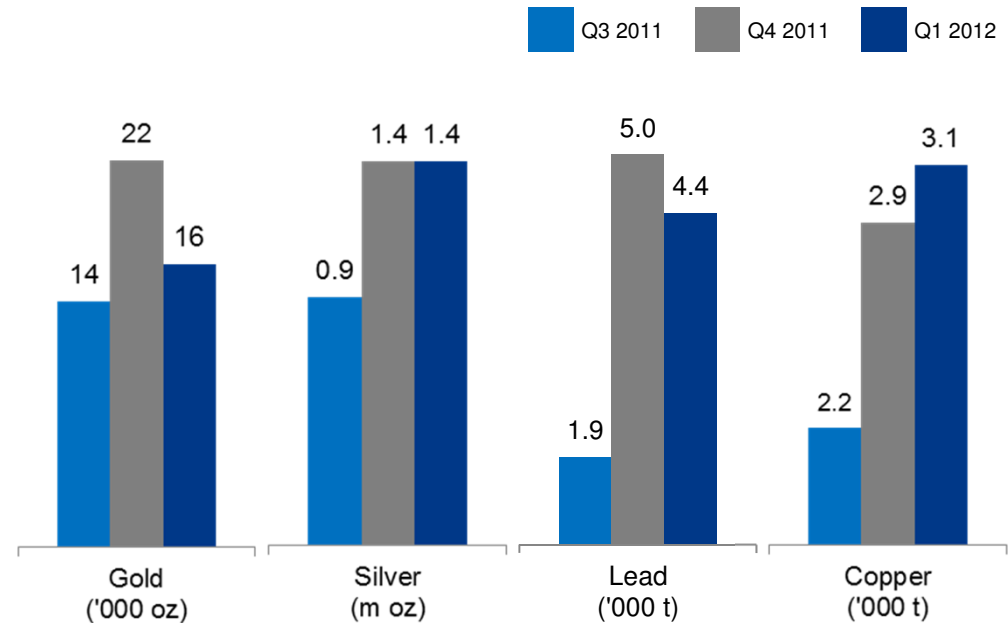


## Zinc in concentrate production in line with management expectations and full year market guidance

### Zinc in concentrate production<sup>1</sup>



### Other metal in concentrate production



- Zinc in concentrate production in line with management expectations and full year market guidance; production at Nyrstar operated mines<sup>2</sup> was 3% higher in Q1 2012 compared to Q4 2011
- Talvivaara streaming deliveries down 27% due to downtime at metals recovery plant
- Production of other metals in concentrates in Q1 2012 also in line with full year market guidance
- Gold in concentrate production in Q1 2012 was 26% lower than in Q4 2011, mainly due to filter press issues at Coricancha mine and temporary access issues at the El Toqui mine

<sup>1</sup> Includes deliveries from Talvivaara under the zinc streaming agreement

<sup>2</sup> Excluding Talvivaara zinc stream

## Mining highlights

### **Campo Morado**

- Gold in concentrate production intentionally limited in Q1 2012 and deferred as internal growth options are reviewed to improve overall gold recoveries; other metal in concentrate production in line with the previous quarter

### **Contonga**

- In line with the previously announced timeframe, the Contonga mine successfully received the required permit to expand its milling capacity from 660 tonnes to 990 tonnes per day at the end of Q1 2012

### **Coricancha**

- Production down compared to Q4 2011; mainly due to mechanical issues experienced with the filter press at the mill
- During April, suspension order received from Peruvian mining authority to temporarily cease milling operations; Nyrstar pursuing several courses of action to minimize the impact with best estimate indicating milling operations could be suspended until late Q2 2012, subject to a number of factors
- Mining operations, exploration and development activities continuing as normal and pro-active steps such as ore stockpiling being taken and preventative maintenance at the mill being brought forward

### **El Toqui**

- Mill operated at a reduced level for approximately 4 weeks due to demonstrations in relation to social conditions, unconnected to the mine, by regional communities which prevented free access to site; mill is now operating at full capacity

## Mining highlights continued

### El Mochito

- Delivered solid performance in Q1 2012, following on from successful first full quarter under Nyrstar ownership in Q4 2011

### Langlois

- Continued ramp-up in line with management expectations in Q1 2012 and expect to reach commercial production during Q2 2012

### Myra Falls

- Zinc in concentrate production slightly lower in Q1 2012, compared against exceptional performance at the end of 2011; grades achieved in Q1 2012 continue to exceed proven and probable reserve base, with 10% increase in the silver grade

### Tennessee Mines

- Focus on optimisation of mining and milling operations and the debottlenecking of operational processes; leveraging off Operational Excellence Programme and additional internal and external expertise

### Talvivaara

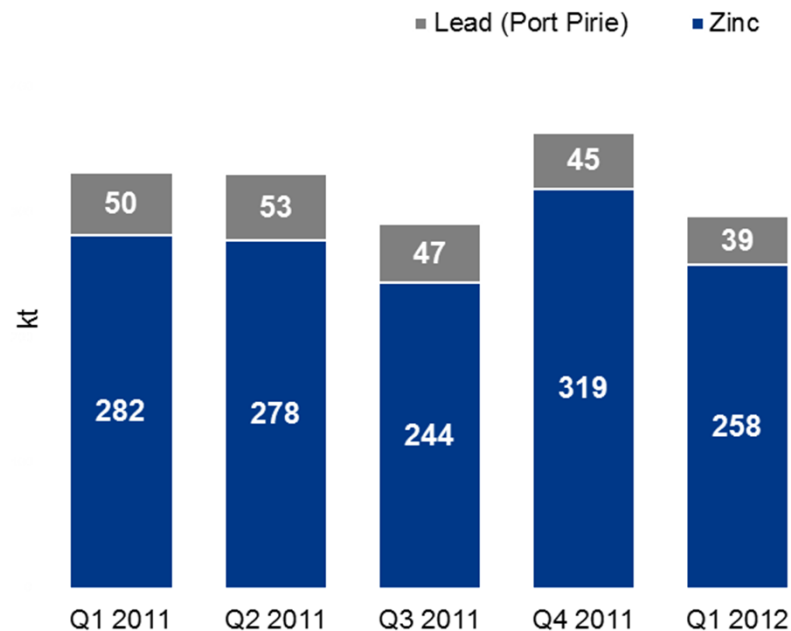
- Zinc deliveries limited in Q1 2012 due to downtime at Talvivaara's metals recovery plant resulting from the commissioning of new water recycling plant and a fatality
- Talvivaara reiterated their nickel guidance of 25-30kt, however they expect to be at the lower end of their range. Consequently zinc guidance at lower end of 50-60kt range<sup>1</sup>

<sup>1</sup> Using assumed conversion ratio of 2 tonnes of zinc in concentrate for every 1 tonne of nickel in concentrate

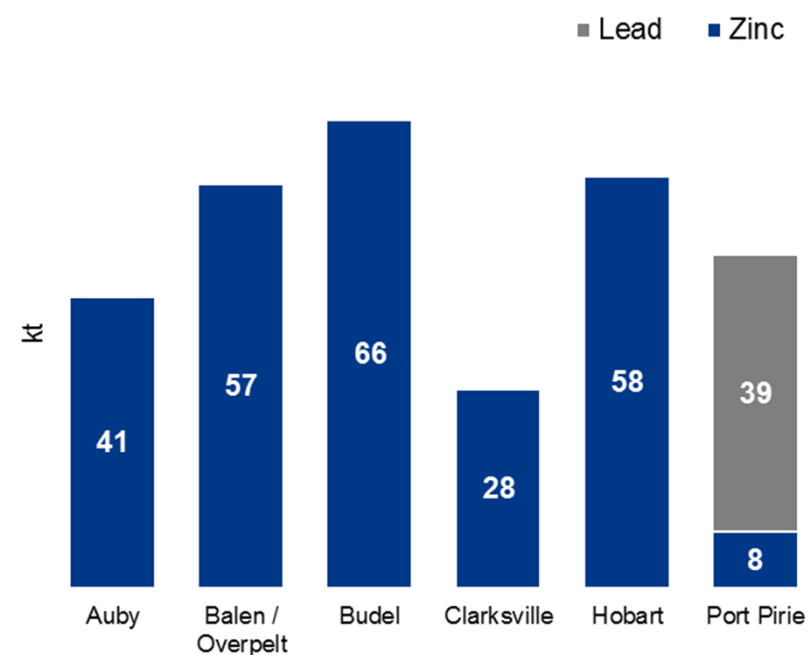


## Smelters on track to deliver management expectations of approximately 1.1 million tonnes in 2012

### Zinc and Lead Metal Production



### Q1 2012



- Zinc metal production 19% lower in Q1 2012 compared to record performance in Q4 2011
- Temporary production issues at Balen/Overpelt, Clarksville and Hobart limited zinc production
- Lower lead metal production at Port Pirie in Q1 2012 due to planned 3 week slag fumer shut

## Smelting highlights

### Auby

- Indium metal project remains on track; production expected to commence in Q2 2012 in line with previous guidance

### Balen/Overpelt

- Impacted by national industrial action and an unplanned shut in Q1 2012, with the shortfall expected to be recovered during the remainder of 2012

### Budel

- Operations ran smoothly Q1 2012, with zinc metal production in line with management expectations

### Clarksville

- Production in Q1 2012 disrupted by the need to temporarily shut the roaster to remove a frozen section of the roaster bed

### Hobart

- Issues with furnace inductors constrained smelting furnace capacity; expected to be resolved with the replacement of one inductor in March and a second during Q2 2012

### Port Pirie

- Gold production increased 129% in Q1 2012 due to planned processing of more complex raw materials and improvements to the gold recovery process; reflects continued focus to maximise earnings contribution from across metals footprint
- In Q1 2012, construction commenced on a tellurium extraction facility with production of tellurium concentrate scheduled to commence in Q2 2012. Annual production of approximately 50 tonnes expected from the plant

## 2012 outlook

- **Continued growth in zinc in concentrate** production
- Management remain **committed to mining production guidance** for all metals in concentrate
- **Maximising value from our portfolio of assets** by enhancing margins, even at constant prices, and driving our lean and disciplined cost focus across the organisation
- With our growing portfolio of assets we are building a **pipeline of internal growth opportunities** to maximise the value inherent in our mineral resources and enhance the scope of our processing capabilities; and we continue to explore opportunities **for value accretive external growth**
- Price volatility expected to continue in 2012, **fundamental commodities outlook remains positive** driven by significant zinc concentrate **supply constraints in the medium term**

# Questions