

16 MAY 2014



# Nyrstar proceeds with Port Pirie Redevelopment: reaching a pivotal milestone



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# Highlights

- **Pivotal milestone** in the redevelopment of Nyrstar Port Pirie and of the wider Metals Processing segment transformation. **No further approvals needed**
- **Fundamental step** in achieving our **stated mission** to maximise value from our integrated business model
- Conversion of Nyrstar Port Pirie smelter into an **advanced metal recovery** and refining facility enabling **fundamentally different business model** for the asset
- Significant investment with **capital cost of ca. EUR 338 million** (ca. AUD 514 million) supported by an **innovative funding package**
- Nyrstar's **direct contribution as expected ca. EUR 68 million** (ca. AUD 103 million)
- Final Feasibility Study confirms **compelling business case** with expected post tax leveraged IRR of **25-30%**<sup>1</sup>
- Work on site remains on schedule, all major development and supporting legislation obtained - **on track for completion at the end of 2016**
- FY2014e Group top-end CAPEX maintained at EUR 335 million; FY2014e Redevelopment CAPEX of EUR 95-105 million

<sup>1</sup> Based on internal economic and flat metal price assumptions for the duration of the project and includes the zinc plant closure.

Note: Average exchange rate used throughout the presentation of AUD/EUR1.52 (2 January to 30 April 2014.)

# Pursuing a unique opportunity....

Longstanding industrial footprint, infrastructure and workforce in place, with an established lead footprint and license to operate

Industrial leverage

Ability to install proven, best in class technology reduces implementation cost, timeframe and execution risk

Technological advances

High range of high margin concentrates and residues from Nyrstar's zinc smelters provides secure feed material source and Mining segment provides complex, high quality concentrates

Maximising value across integrated business model

Strong State Government and Federal Government support for continued operations with binding agreement signed to pursue a collaborative solution

Significant stakeholder support

Redevelopment will reduce the environmental footprint of the existing smelter, providing a step change reduction in airborne metal and dust emissions

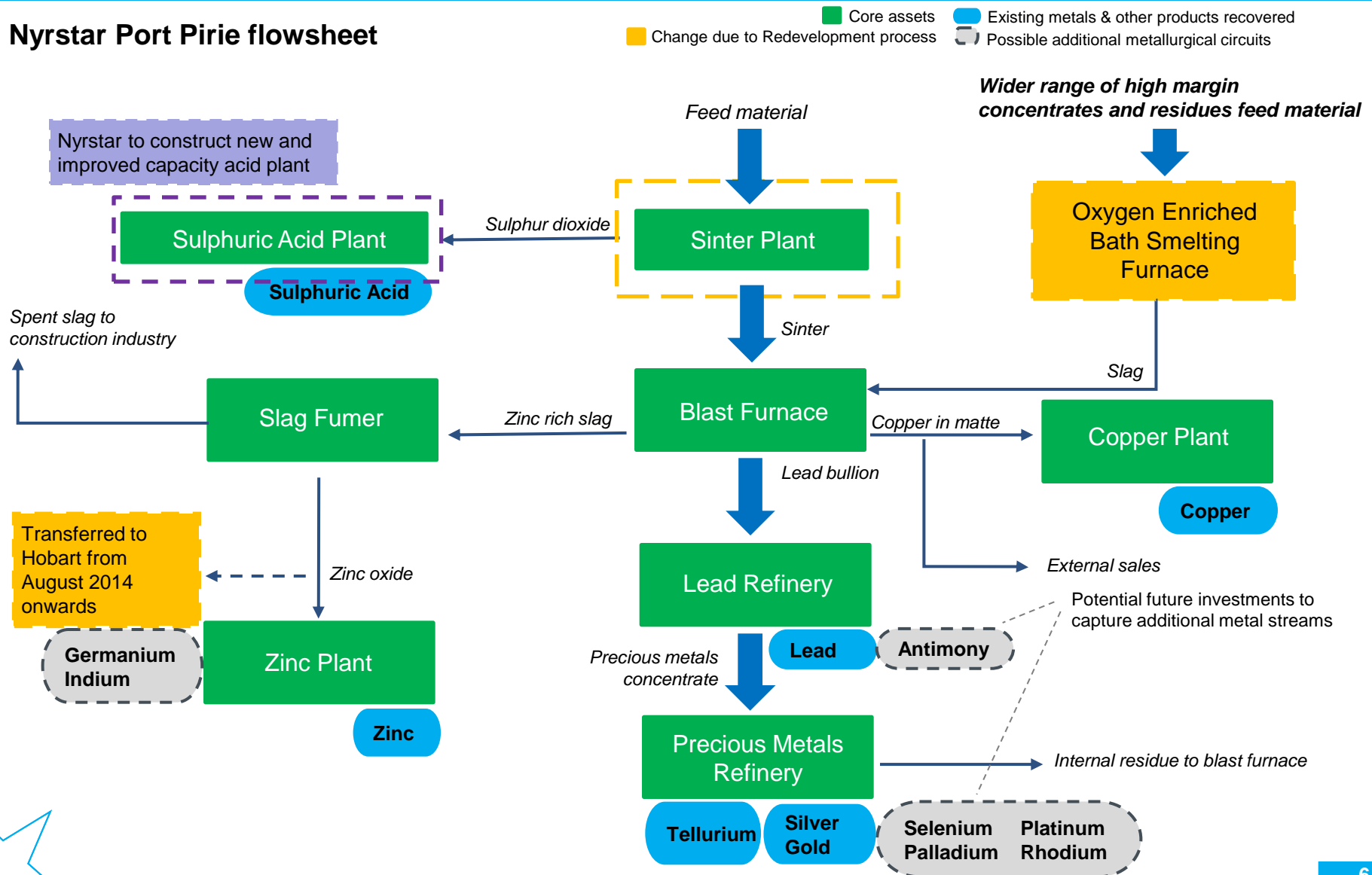
Improved environmental footprint

Leveraging an opportunity to transform Nyrstar Port Pirie



# ...by fundamentally transforming the industrial process at Port Pirie...

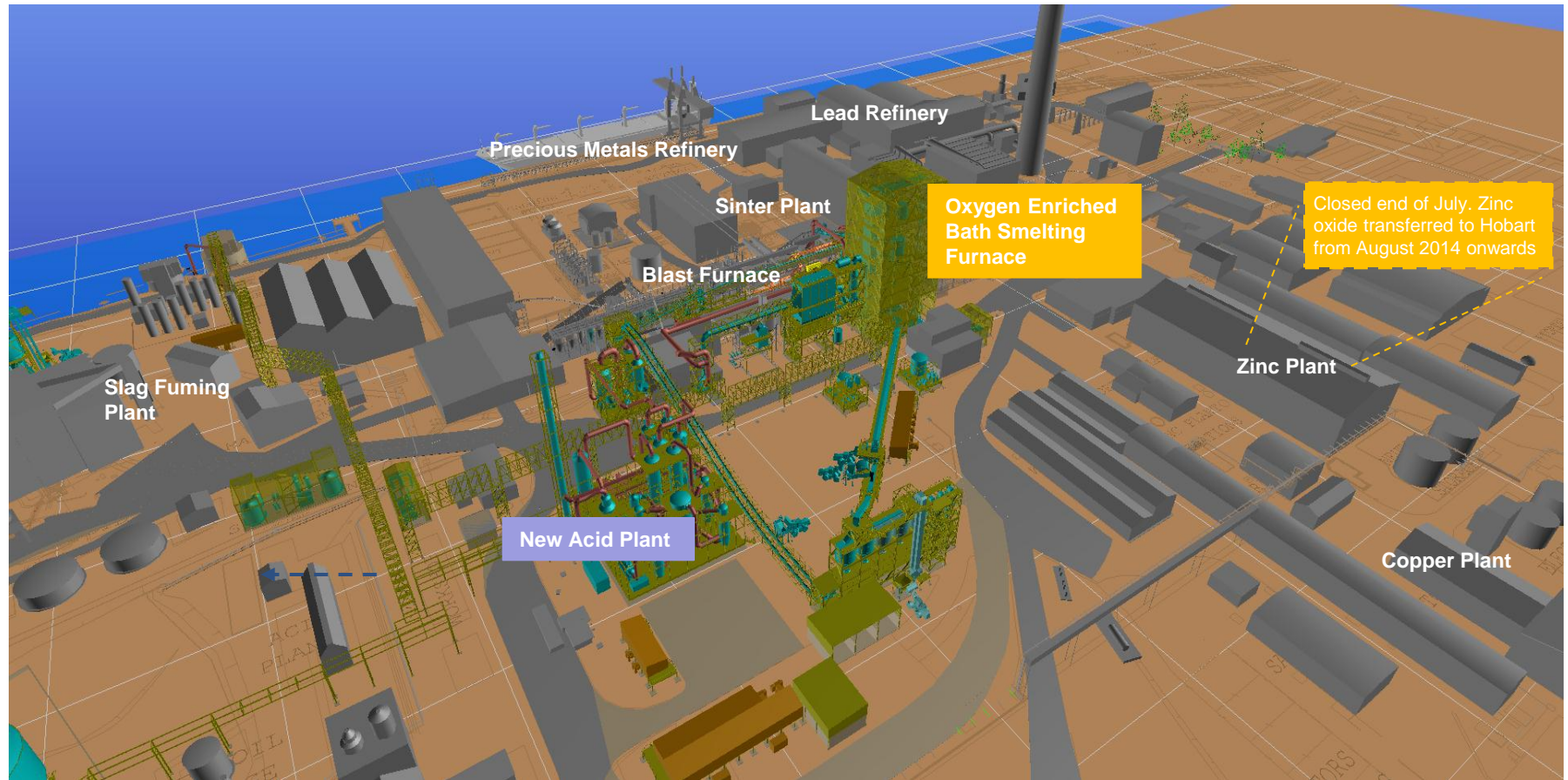
## Nyrstar Port Pirie flowsheet



# ...into a world class advanced metal recovery and refining facility.....

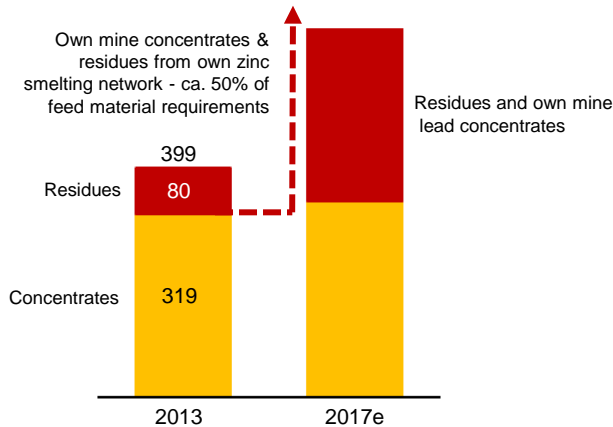
## 3-D snapshot of Redevelopment on completion

Change due to Redevelopment process

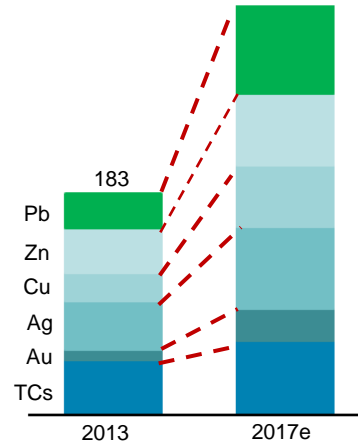


# ...based on a compelling investment case: ca. post tax IRR of 25-30%<sup>1</sup>...

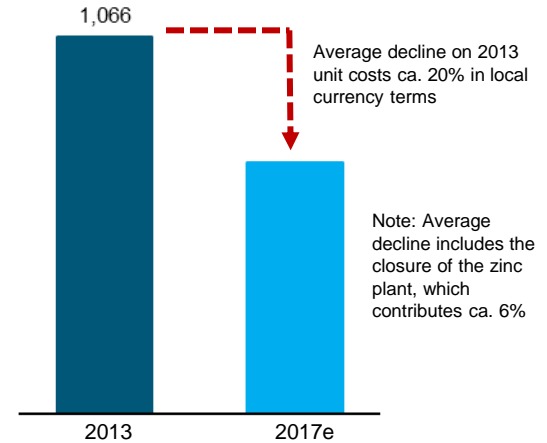
## ca. 50% increase in throughput Kt



## Material increase in gross profit EURm



## Decrease in operating unit costs in turn drives improved EBITDA and FCF AUD/t

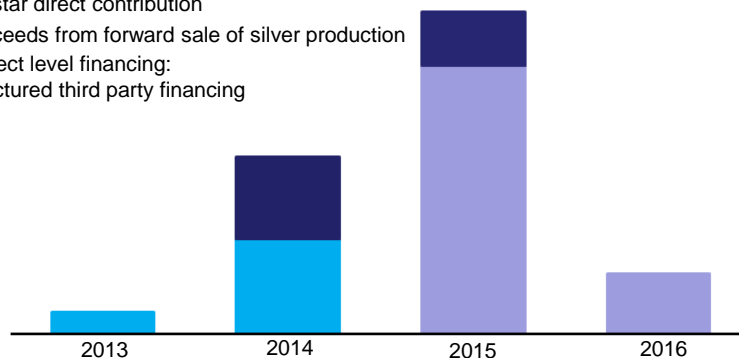


## Capital investment profile...limiting direct exposure to Nyrstar

EURm

- Nyrstar direct contribution
- Proceeds from forward sale of silver production
- Project level financing: structured third party financing

Note Ramp up in CAPEX expected in 2015 when majority of construction work occurs



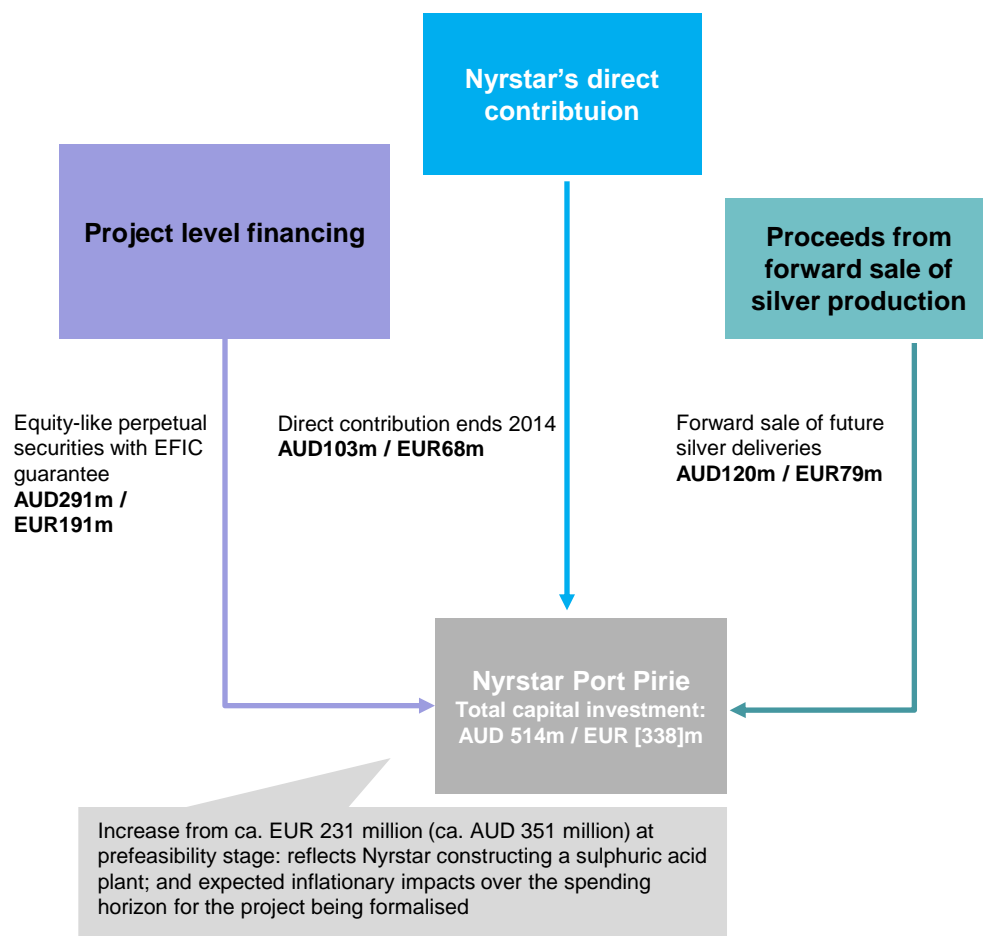
## Improved production capacity

- ca. 250,000 tonnes of refined lead
- ca. 40,000 tonnes of zinc in fume
- ca. 7,000 tonnes of copper in matte
- ca. 25.0 million troy ounces of silver dore (containing ca. 100,000 troy ounces of gold)

<sup>1</sup> Based on internal economic and flat metal price assumptions for the duration of the project.



# ...backed by an innovative funding package....



## Attractive financing strategy

- ✓ Innovative funding package delivered
- ✓ Direct Nyrstar contribution **unchanged**
- ✓ Limits use of Nyrstar's balance sheet and preserves financial flexibility of the Group

## Financing summary

	AUDm	EURm
Nyrstar direct contribution	103 <sup>1</sup>	68
Project level financing	291 <sup>2</sup>	191
Proceeds from forward sale of silver production	120	79
<b>Total</b>	<b>514</b>	<b>338</b>

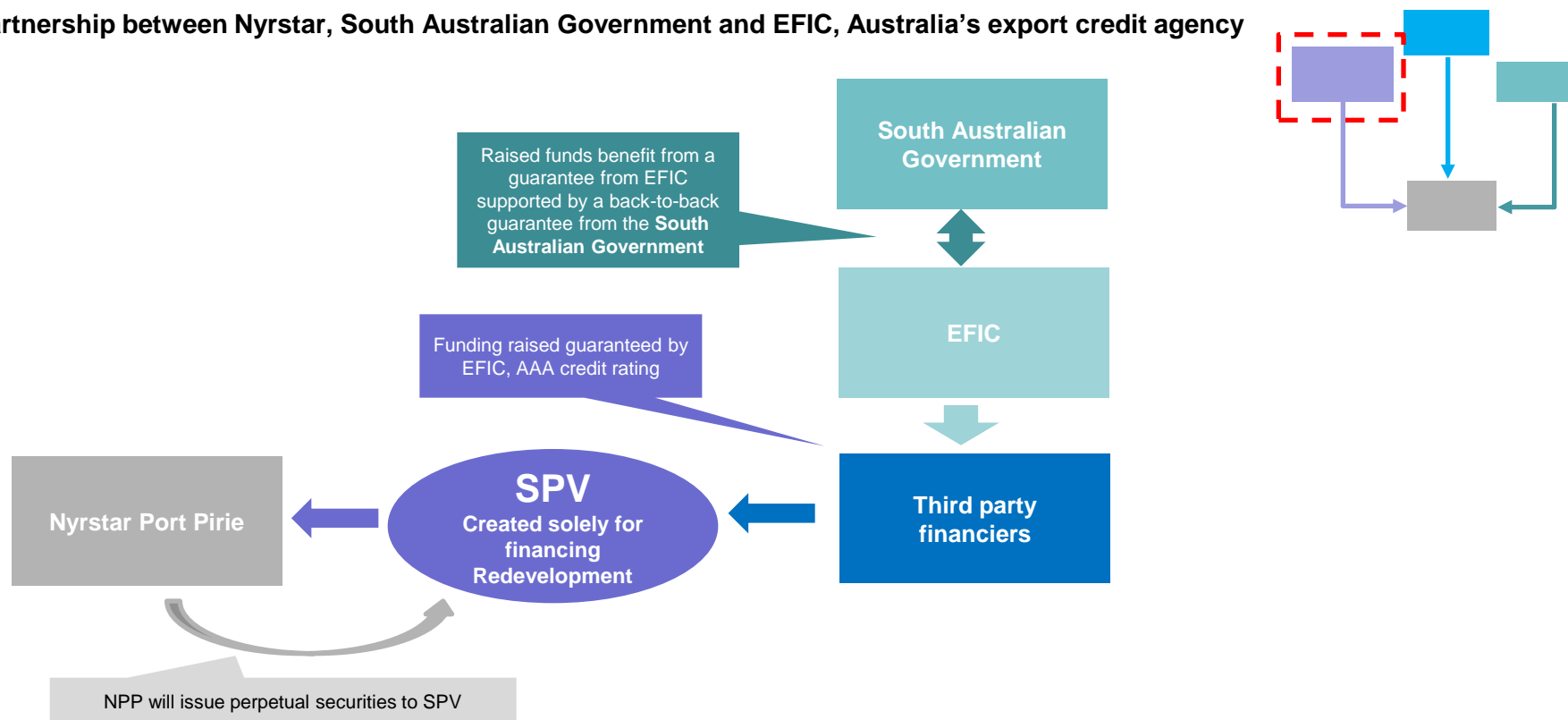
1 Exact Nystar contribution AUD 102,750,000.

2 Exact Project Level Financing AUD 291,250,000.

Note: Average exchange rate used throughout the presentation of AUD/EUR1.52 (2 January to 30 April 2014.)

# ...including a binding Government agreement....

Partnership between Nyrstar, South Australian Government and EFIC, Australia's export credit agency

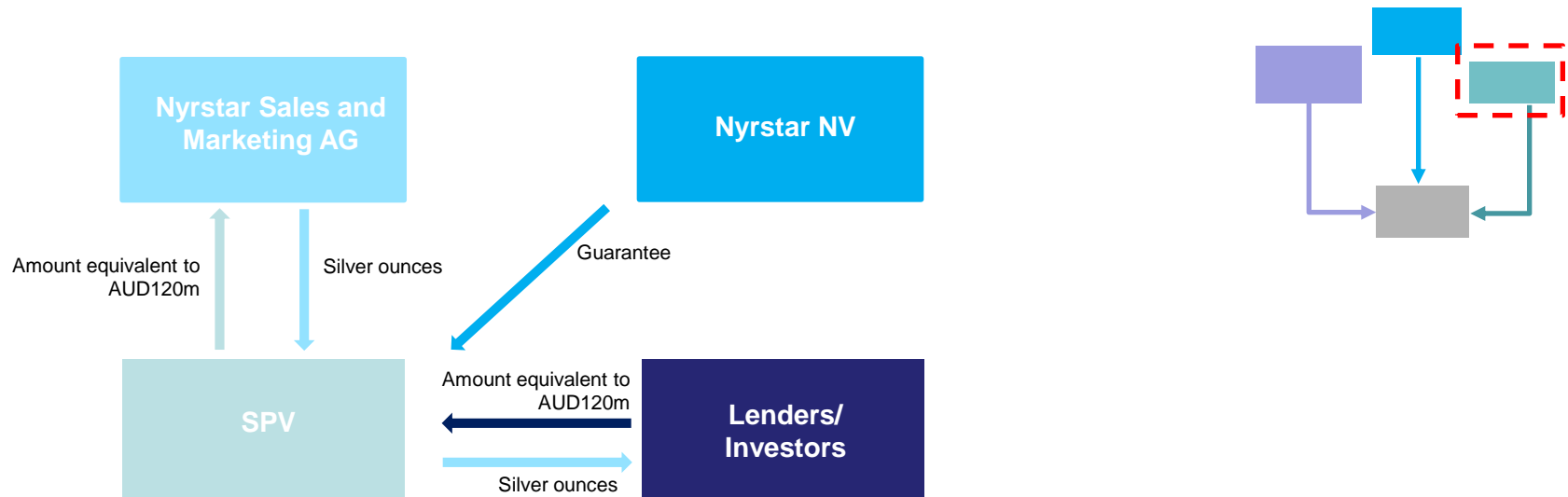


- Structured equity-like investment; perpetual securities receive IFRS equity accounting treatment
- Nyrstar expects to utilise the funding from early 2015
- Forecast distributions expected to reduce amount of perpetual securities outstanding, 2017 - 2021
- Amortisation of perpetual securities is discretionary however no perpetual securities expected to be on issue by the end of 2021

SPV Special Purpose Vehicle.

EFIC: Export Finance and Insurance Corporation.

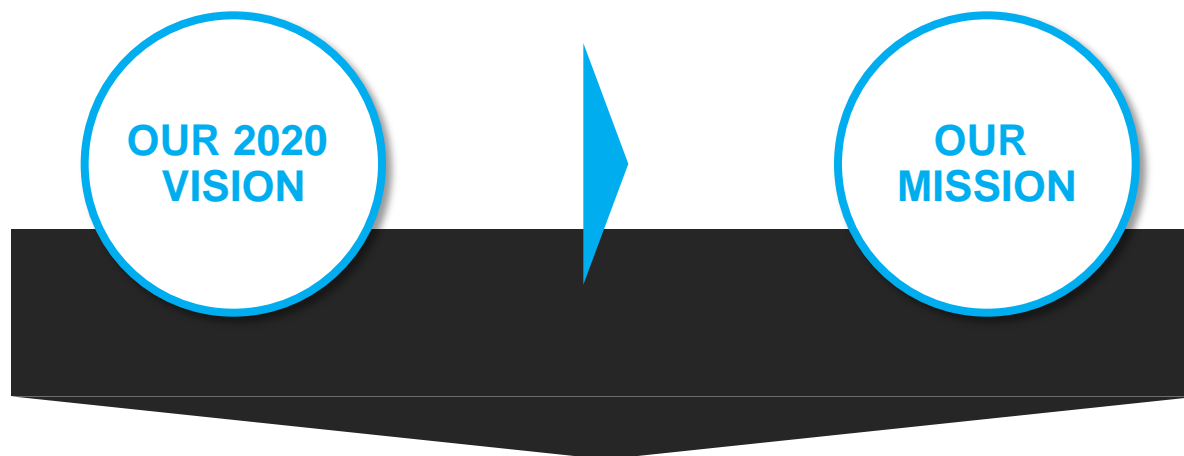
## ...and a non-debt metal prepay on future production...



- Nyrstar intends to enter into a transaction for the forward sale of silver output from the redeveloped Nyrstar Port Pirie facility for an upfront payment of ca. AUD 120 million
- Forward sale is expected to be entered into during 2014 for a term of five years
- Silver price risk hedged via vanilla USD/oz commodity swap
- Silver will be delivered under a defined delivery schedule post commissioning in 2016 until the end of 2019

....to move forward with our stated strategy.....

## Nyrstar 2020



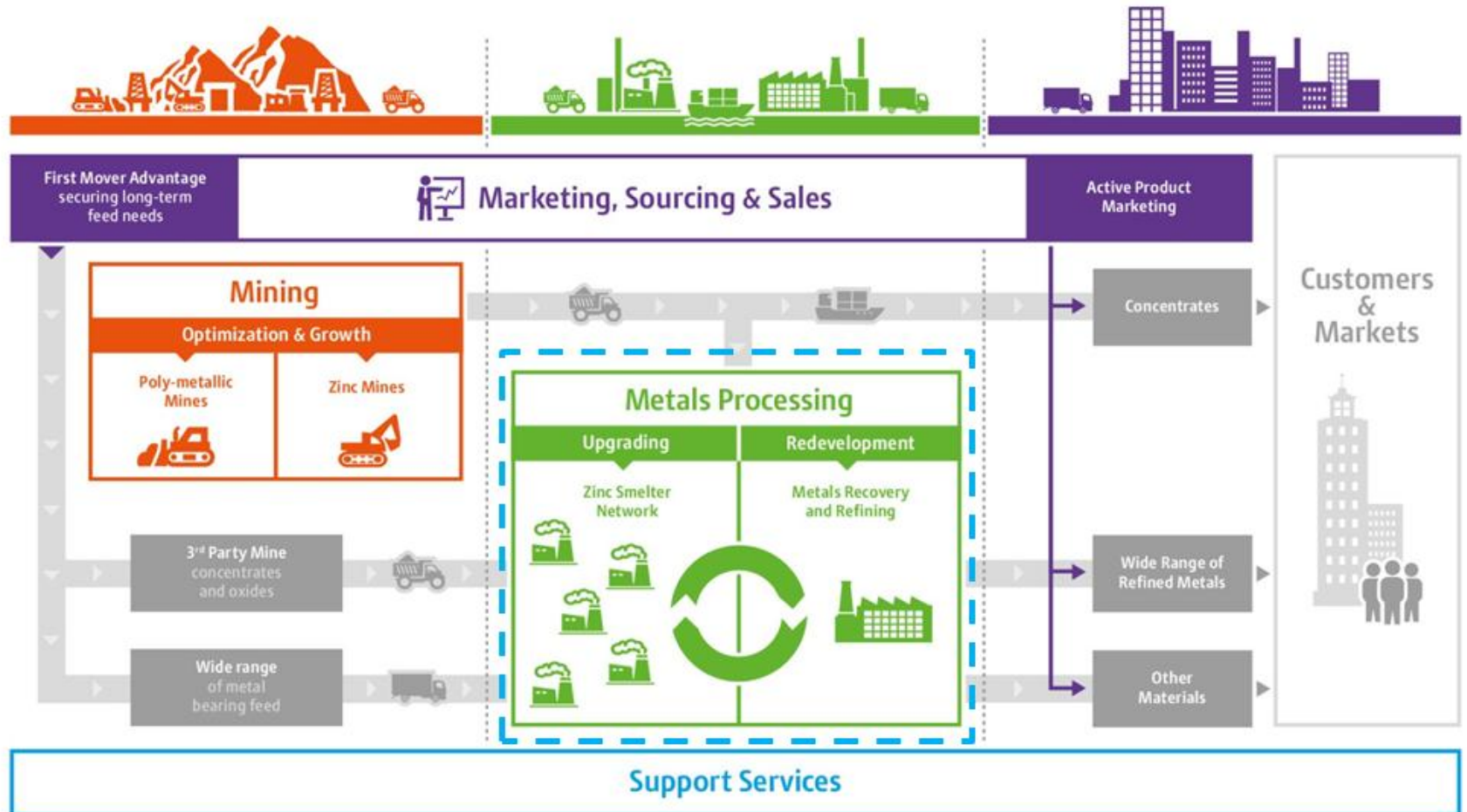
### What we want to be

To be the leading integrated mining and metals business

### What we need to do to get there

To capture the maximum value inherent in mineral resources through deep market insight and unique processing capabilities, generating superior returns for our shareholders

# ...and develop Port Pirie into a core asset of Nyrstar.



Fundamental step in achieving our stated mission to maximise value from our integrated business model



## **2014 Financial Calendar**

24 July 2014

2014 Half Year Results

23 October 2014

2014 Second Interim Management Statement

## **Investor Relations**

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# Appendix



# 2014 Guidance

## Mining production

Metal in concentrate	Production guidance
Zinc (own mines) <sup>1</sup>	280,000 – 310,000 tonnes
Lead	15,000 – 18,000 tonnes
Copper	12,000 – 14,000 tonnes
Silver <sup>2</sup>	4,750,000 – 5,250,000 troy ounces
Gold	65,000 – 70,000 troy ounces

- Reflects Nyrstar's current expectation for 2014 production
- Focus on maximising value rather than production; production mix may be altered depending on prevailing market conditions

## CAPEX

	EURm	
<b>Mining</b>	<b>105 – 115</b>	
Sustaining	40 – 45	
Exploration and Development and Growth	65 – 70	▼
<b>Metals Processing</b>	<b>185 – 220</b>	
Sustaining	75 – 80	
Growth	15 – 35	▼
Port Pirie Redevelopment	95-105	▲
<b>Group</b>	<b>290-335</b>	

<sup>1</sup> Excluding zinc deliveries under the Talvivaara Streaming Agreement.

<sup>2</sup> 75% of the silver produced by Campo Morado is subject to a streaming agreement with Silver Wheaton Corporation whereby only USD 3.90/oz is payable.

## Metals Processing production

Metal	2014 Production guidance
Zinc	1.0 – 1.1 million tonnes

## Smelter planned maintenance shuts

Smelter & production step impacted	Timing and duration	Estimated impact
Balen – roaster F4	Q2: 3 weeks	nil
Holbart – roaster 5	Q2: 3 weeks	6,000t zinc metal
Clarksville - roaster and acid plant	Q3: 1 – 2 weeks	nil – 1,000t zinc metal
Balen – roaster F5	Q4: 1 - 2 weeks	nil
Auby – roaster	Q3: 2 weeks	nil
Port Pirie – lead plant	Q4: 3 weeks	nil-500t

- Production guidance based on maximising EBITDA and free cash flow by targeting optimal balance between production and Sustaining CAPEX
- Estimated impact of maintenance shuts on 2014 production, have been taken into account when determining zinc metal guidance for 2014
- Disciplined CAPEX approach maintained
- Non-growth CAPEX in 2014 expected to be flat or lower year on year



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