

2 NOVEMBER 2016



# Q3 2016 Interim Management Statement



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# Agenda

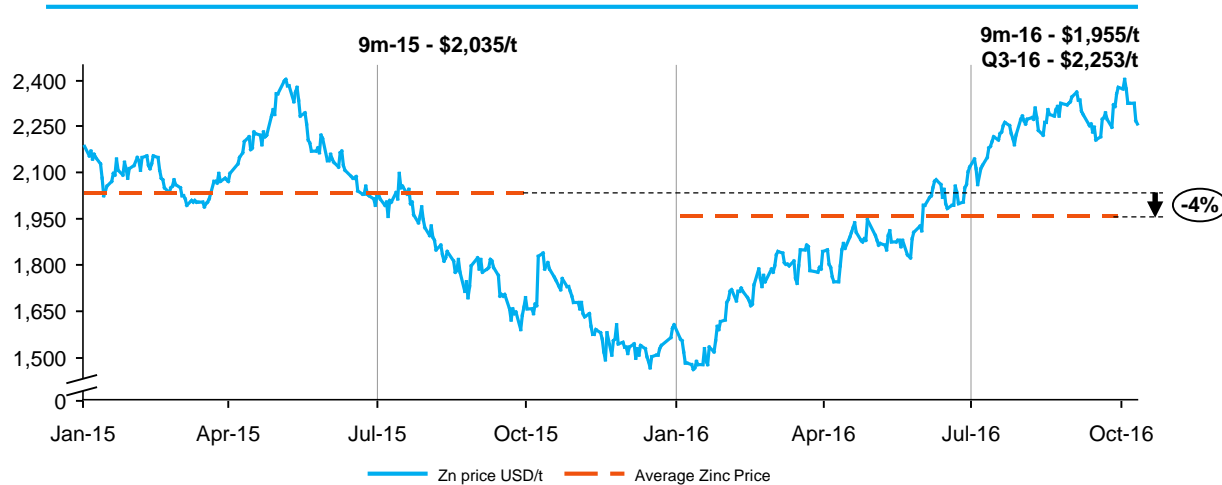
- **Business highlights and macro environment**
- Update on Q3 Operating Results
- Financial review
- Q4 2016 priorities

## Overview of September YTD 2016

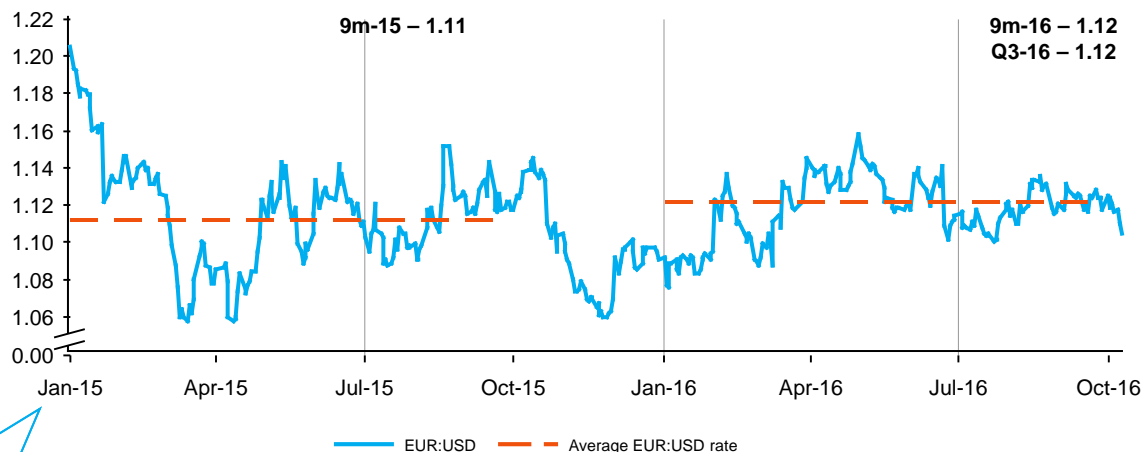
- Further progress on key strategic initiatives:
  - Balance sheet strengthened with completion of a EUR 115 million convertible bond in July 2016;
  - Mining segment divestment advanced with the sale of El Mochito announced in September 2016 and further divestments expected in Q4 2016;
  - Mining segment close to cashflow neutral and group cost reductions ahead of plan
- Group Underlying EBITDA of EUR 123 million for the first 9 months of 2016, approximately 43% down period-on-period primarily due to reductions in zinc prices and treatment charge terms and impact of planned and unplanned volume losses, partially offset by cost reductions
- Net debt of €766m at 30 September 2016, 15% increase over 30 June 2016 primarily due to price impact on working capital
- Port Pirie Redevelopment remains on schedule and budget

# Zinc prices have further strengthened during Q3'16; EUR:USD expected to trend lower

## LME zinc price



## EUR: USD Exchange Rate



## Zinc pricing

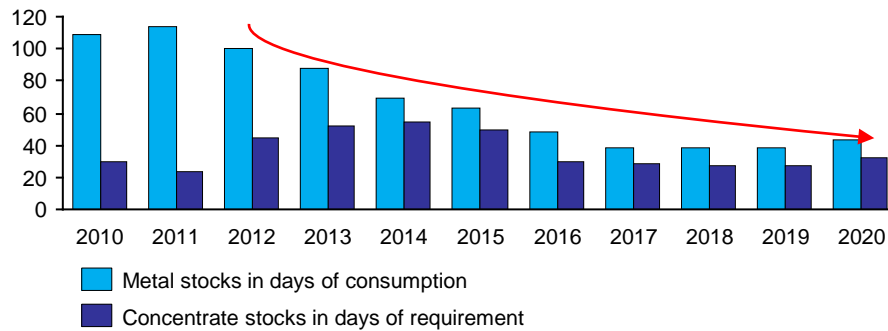
- Strong price growth YTD during 2016, driven by a sharp contraction in mine supply and inventory levels falling to a six-year low
- Lower spot TCs** and a material reduction in the zinc **benchmark TC** settled in March are evidence of growing **raw material tightness**
- Although down year-on-year by 4% over the first 9 months of 2016, Q3'16 over Q2'16 the average zinc price increased by 18% to \$2,253/t; and zinc moved above \$2,400/t in October

## FX

- Year-on-year the first 9 month average USD was weaker against EUR (1%)
- USD has recently strengthened against the EUR with expectations of a Democratic party victory in the US elections and an increasing probability of the Fed raising rates in December 2016; positive for Nyrstar's earnings

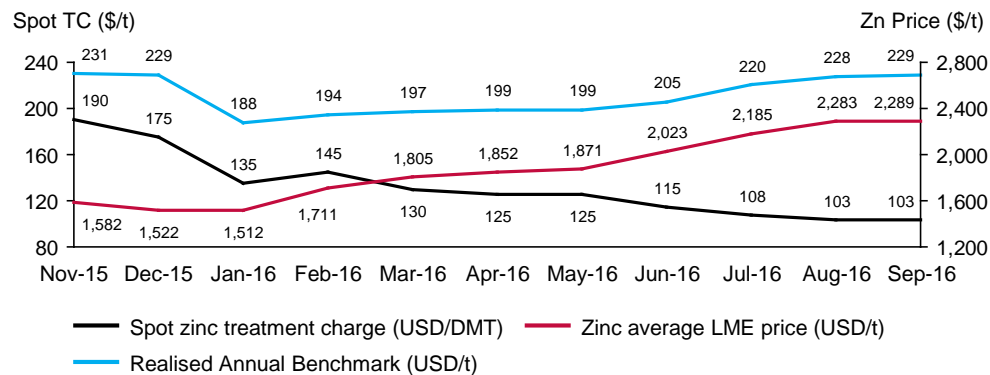
# Macro indicators are supportive for zinc prices

## Metal and concentrate stocks in days of consumption<sup>1</sup>



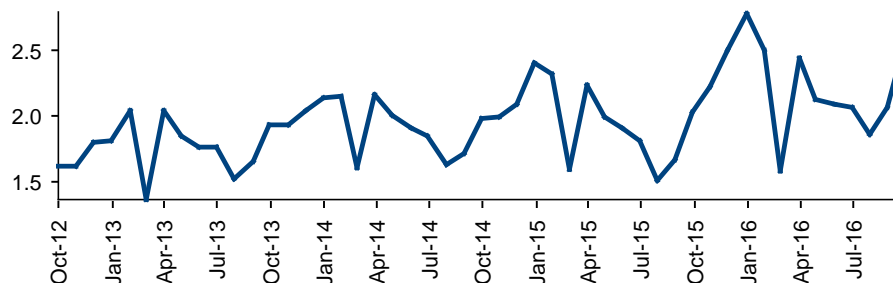
- Stocks of zinc concentrate and zinc metal are continuing to reduce

## Spot and Benchmark treatment charges and LME zinc price<sup>2</sup>



- Benchmark treatment charges for 2016 settled 17% lower YoY and **spot treatment charges have continued to decline year to date** on reduced concentrate availability

## China monthly retail auto sales<sup>3</sup>

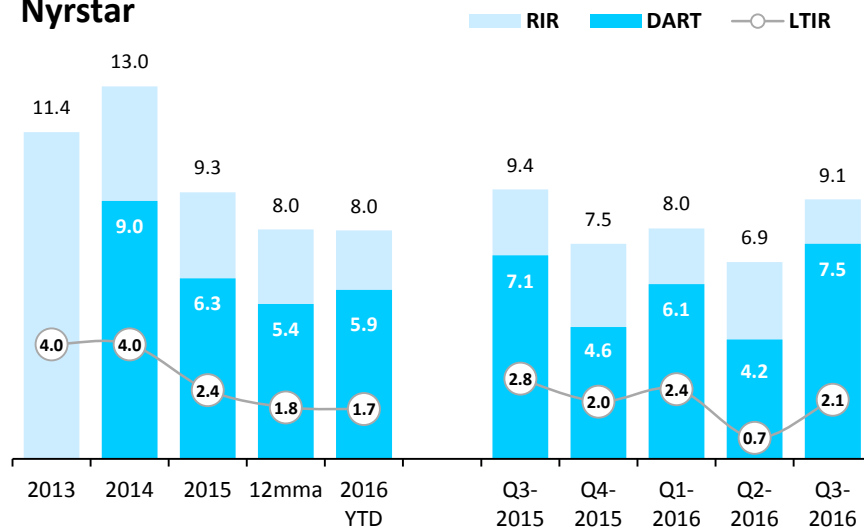


- Chinese infrastructure demand remains strong**
- China's September 2016 retail car sales have risen by 35.5% YoY
- Zinc galvanised steel sheet production improving, providing demand support for zinc

# Despite significant improvements in safety performance during 2016, a further fatal incident occurred in Mining during Q3 2016

## Lagging Safety Indicators

### Nyrstar



<sup>1</sup> Lost Time Injury Rate (LTIR) and Recordable Injury Rate (RIR) are 12 month rolling averages of the number of lost time injuries and recordable injuries (respectively) per million hours worked, and include all employees and contractors directly and non directly supervised by Nyrstar at all operations. Prior period data can change to account for the reclassification of incidents following the period end date

<sup>2</sup> DART = days away, restricted or transferred

## Safety

- Preventing harm is a core value of Nyrstar
- Tragically, a further fatality occurred in August 2016 at the El Mochito mine in Honduras; earlier in the year a fatality occurred at the Langlois mine in Canada and two other separate fatalities at the El Mochito mine
- As result of the fatality at El Mochito during August 2016, operations were suspended until a full assessment of the critical risks and procedures was completed. Operations were restarted in September with a number of changes made to the site's management and operating procedures
- The lost time injury rate (LTIR) for the Company in Q3 2016 was 2.1, an improvement of 25% compared to a rate of 2.8 in Q3 of 2015. Year to date, LTIR remains at 1.7, which is a 32% reduction compared to 2.5 at the same time of 2015. Year to date, the frequency rate of cases with time lost or under restricted duties (DART) and the frequency rate of cases requiring at least a medical treatment (RIR) decreased by 13% and 18% compared to the same time of 2015

## Environment

- No environmental events with material business consequences occurred during Q3 2016



# Agenda

- Business highlights and macro environment
- **Update on Q3 Operating Results**
- Financial Review
- Q4 2016 Priorities

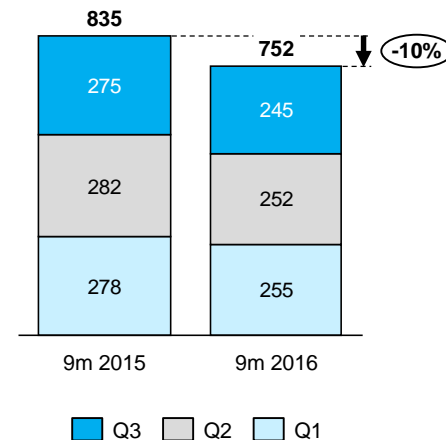


# Production heavily impacted by exceptional outages in Metals Processing and suspension of operations in Mining

## Metals Processing

- Zinc metal production of 752kt, down 10% over first 9 months of 2015
- During Q3 2016 a number of extraordinary operational issues arose reducing zinc metal production by c. 30 kt. This included fires and weather related events
- FY 2016 production is expected to be at the lower end of guidance

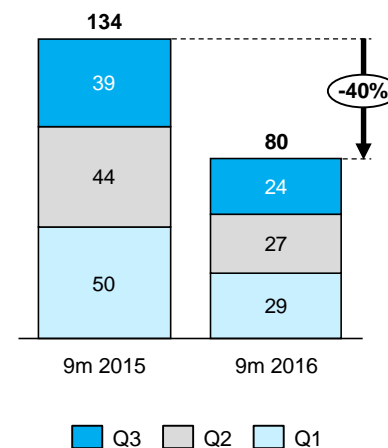
Zinc production (kt)



## Mining

- Zinc in concentrate production in first 9 months of 2016 down 40% period-on-period, primarily due to the suspension of operations at Middle Tennessee (-37kt) and Myra Falls (-9kt) and temporarily production disruptions at Langlois and East Tennessee
- FY 2016 zinc in concentrate production guidance revised down from 130-160kt to 90-110k tonnes

Zinc in concentrate production (kt)<sup>1</sup>



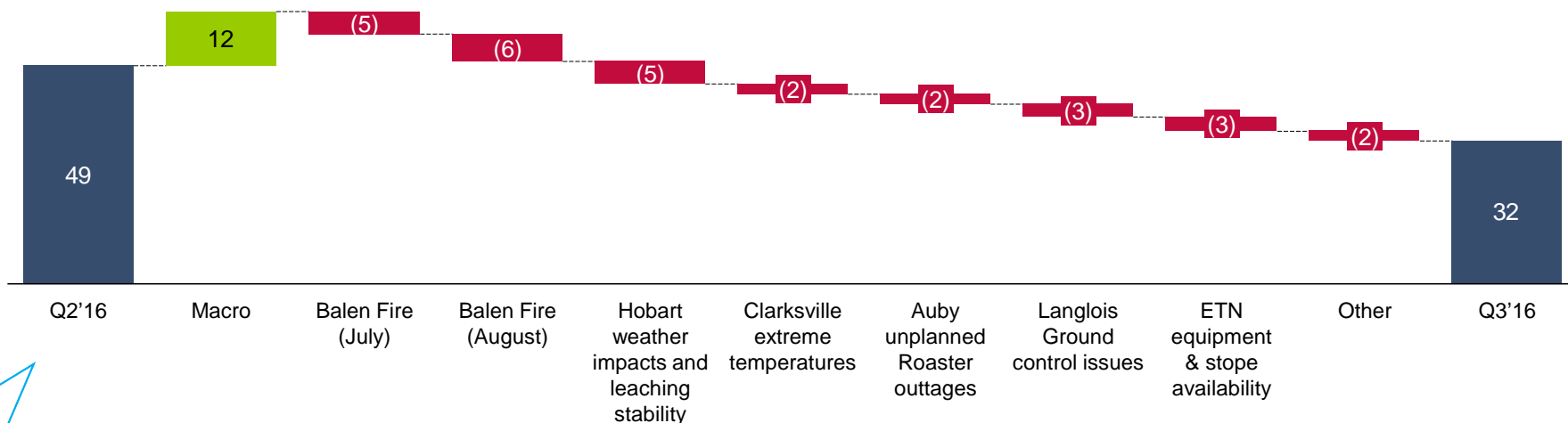
<sup>1</sup> Mining segment historical production excludes discontinued operations at El Toqui and El Mochito

# Exceptional one-off production outages in Q3'16, predominantly weather and fire related, adversely impacted EBITDA in Metals Processing and Mining

## Q3'16 production issues impacts

	Month	Site	Event	Impact	
<b>Metals Processing</b>	July	Balen	Fire in electrolysis department	7kt zinc	Except at Langlois, these issues have now been resolved with sites returned to normal production levels
	August	Balen	Fire in electrical cabinet	9kt zinc	
	July-August	Hobart	Structural damage caused by strong winds and issues with stability in leaching	8kt zinc	
	August	Clarksville	High temperatures impacting electrolysis efficiency	3kt zinc	
<b>Mining</b>	September	Port Pirie	Electricity outage in South Australia	10 day outage <sup>1</sup>	
	Q3	Langlois	Ground control issues	2kt zinc in conc.	
	Q3	East Tennessee	Equipment and stope availability	2kt zinc in conc.	

## Impact of one-off exceptional operational issues on Metals Processing EBITDA in Q3 2016 (€m)



(1) Power outage caused by storm weather in South Australia will negatively impact Port Pirie production and earnings in Q4 2016

## Divestment status update by mine

Sale agreed	El Toqui	<ul style="list-style-type: none"> <li>• SPA signed June '16</li> <li>• Expected to complete Q4'16</li> </ul>
	El Mochito	<ul style="list-style-type: none"> <li>• SPA signed September '16</li> <li>• Targeting to complete Q4'16</li> <li>• Consumed EUR 17 million of cash in first nine months of 2016 and experienced 3 fatalities</li> </ul>
Divestment targeted for Q4'16	Contonga	<ul style="list-style-type: none"> <li>• Advanced negotiations</li> </ul>
	Coricancha	<ul style="list-style-type: none"> <li>• On Care &amp; Maintenance since Q3'13 with good exploration potential</li> <li>• Ongoing advanced negotiations with buyers</li> </ul>
	Campo Morado	<ul style="list-style-type: none"> <li>• Continued unstable security situation in Mexican State of Guerrero</li> <li>• Ongoing negotiations with buyers</li> </ul>
	Myra Falls	<ul style="list-style-type: none"> <li>• Substantial high grade resource which requires investment in development to valorize; suspended in May '15</li> <li>• Continuing discussions with potential buyers</li> </ul>
Cash flow positive and likely to be held into 2017 for divestment	Langlois	<ul style="list-style-type: none"> <li>• Strong free cash flow generation with exploration potential to meaningfully increase the LOM</li> <li>• Impacted by ground control issues in Q3'16 which impacted ore throughput</li> <li>• Several parties have expressed interest late in the process; ongoing accelerated due diligence</li> </ul>
	East Tennessee	<ul style="list-style-type: none"> <li>• Some renewed interest, including from new potential buyers completing phase 1 due diligence</li> </ul>
	Middle Tennessee	<ul style="list-style-type: none"> <li>• Suspended in December '15; re-start commenced in late September 2016 - at current prices results in substantial cash flow improvement for Tennessee mining and smelting complex</li> <li>• Some renewed interest, including from new potential buyers completing phase 1 due diligence</li> </ul>

# Port Pirie Redevelopment remains on schedule and budget

- ✓ Overall capital cost to complete the project remains targeted at AUD 563m and is fully funded
- ✓ As at 30 September 2016, capex incurred was AUD 496m, with AUD 528m committed
- ✓ Government backed perpetual notes to fund the remaining cost to complete the project with AUD 145m drawn by the end of September 2016
- ✓ All vendor supplied equipment has now either being installed in the Chinese module yard or delivered to site. In August 2016, the largest piece of equipment, the 532 tonne Electro Static Precipitator (ESP) module was successfully installed on site



New Acid Plant under construction



View over the main project area with TSL furnace and Acid Plant under construction

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- Business highlights and macro environment
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# Financial Summary

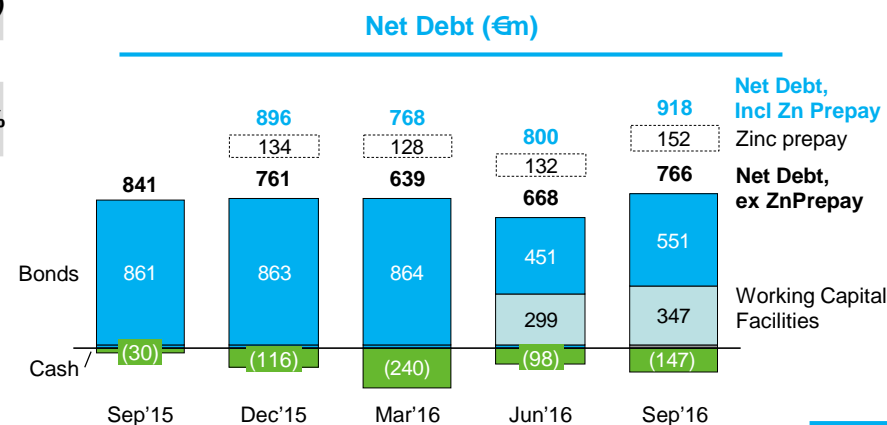
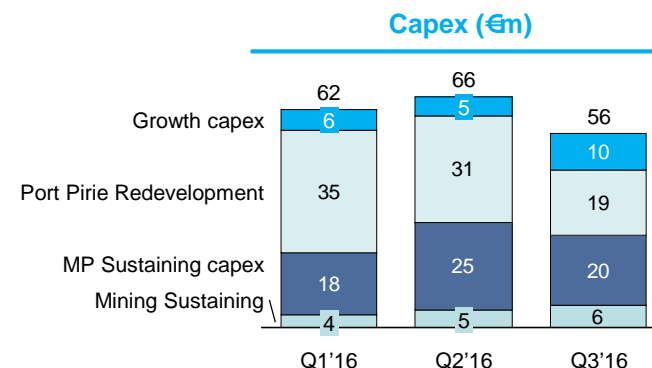
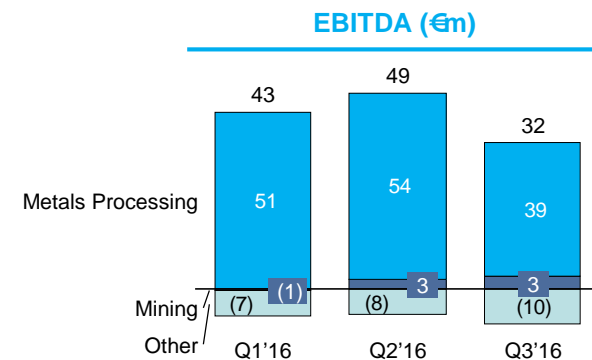
€m	9m'16	9m'15	Δ	Δ%
<b>Revenue</b>	2,005	2,292	(287)	(13%)
MP EBITDA	143	258	(115)	(45%)
Mining EBITDA	5	(18)	23	128%
Other EBITDA	(25)	(26)	1	4%
<b>Group Underlying EBITDA</b>	<b>123</b>	<b>214</b>	<b>(91)</b>	<b>(43%)</b>

## Capex

MP Sustaining	62	52	10	19%
Port Pirie Redevelopment	84	114	(30)	(26%)
MP and Mining Growth	22	46	(24)	(52%)
Mining Sustaining	15	38	(23)	(61%)
<b>Group Capex</b>	<b>184</b>	<b>250</b>	<b>(66)</b>	<b>(26%)</b>

<b>Net Debt, exclusive of Zinc Prepay</b>	<b>766</b>	<b>841</b>	<b>(75)</b>	<b>(9%)</b>
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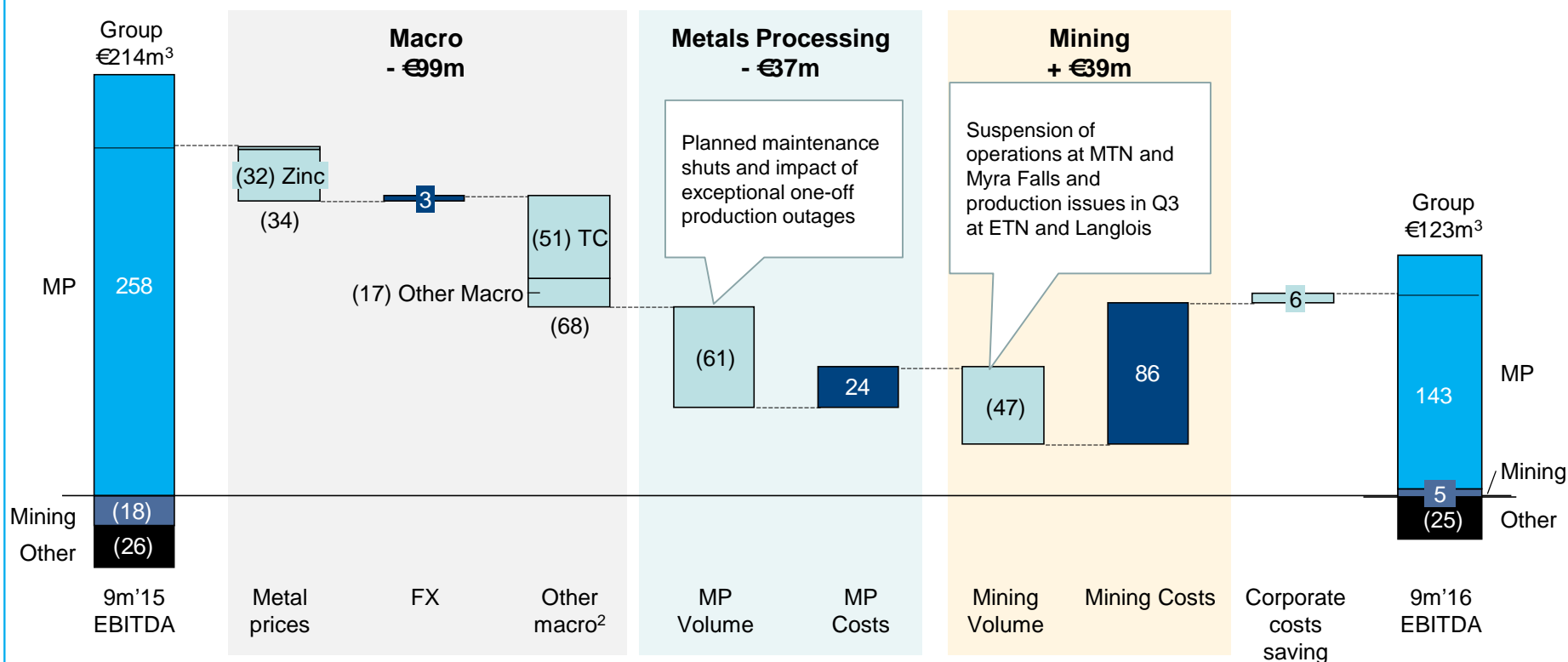
<b>Net Debt, inclusive of Zinc Prepay</b>	<b>918</b>	<b>841</b>	<b>77</b>	<b>9%</b>
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Note: 9m'2015 and 9m'2016 were restated to exclude El Toqui and El Mochito as mines were classified as a discontinued operations

# Group EBITDA – 9m'16 on 9m'15

(€m)

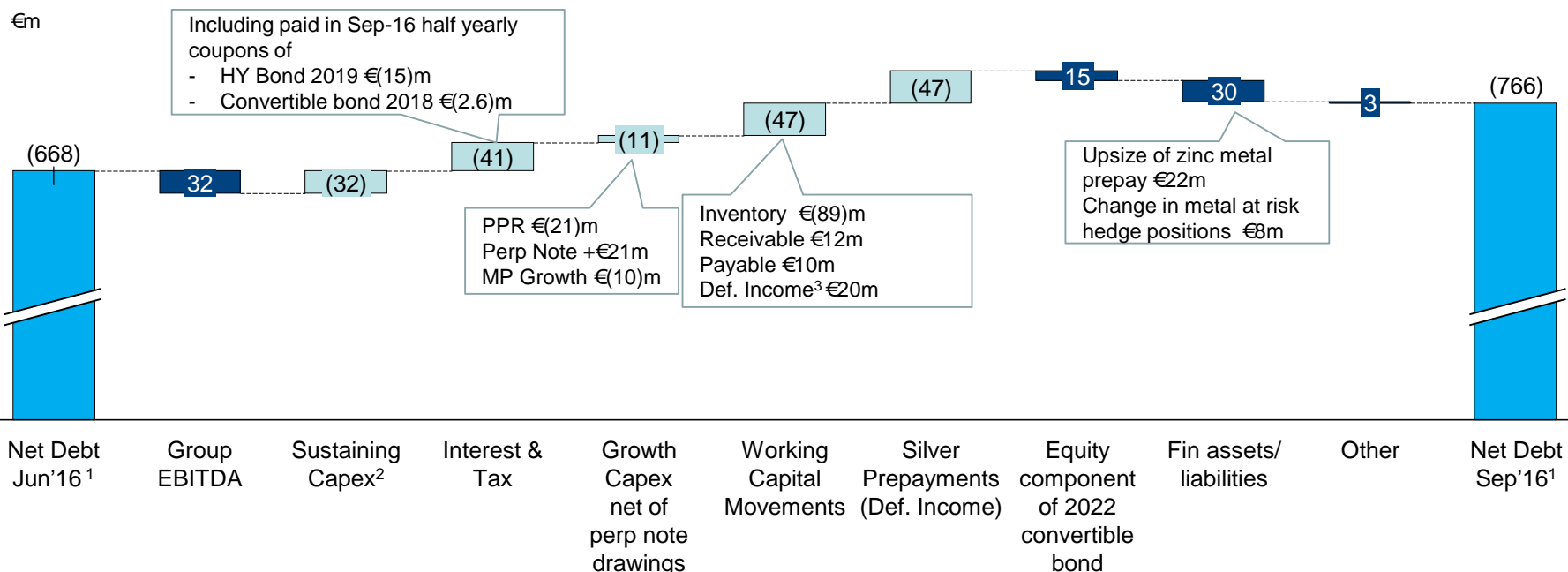


	9m'16	9m'15	Δ
Zinc price (\$/t)	1,955	2,035	(80)
B/M Zn TC (\$/dmt) <sup>1</sup>	202	248	(46)
FX (€/US\$)	1.12	1.11	0.01
FX (€/AU\$)	1.50	1.46	0.04
Zinc metal (kt)	752	835	(83)
Zinc in concentrate (kt)	80	134	(54)

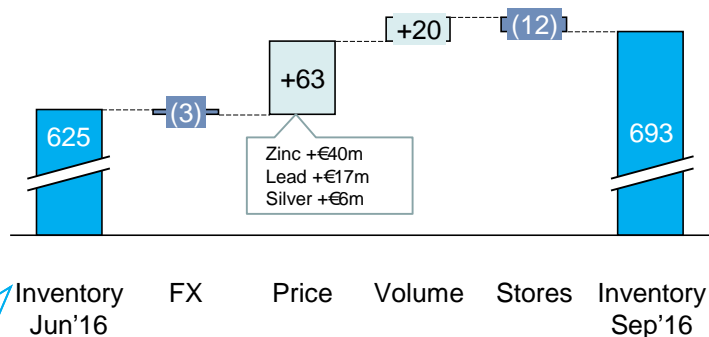
<sup>1</sup> 2016 and 2015 benchmark TC at average 9m'15 and 9m'16 zinc price <sup>2</sup>. Premium, TC and freight rate <sup>3</sup>. Excludes EBITDA contribution from El Toqui and El Mochito



# Evolution of Net Debt since June to September 2016



## Inventory (€m)



- Cash on-hand of €147m and Net Debt<sup>1</sup> of €766m at end September 2016
- €400m committed SCTF facility partly drawn and €50m bilateral facility fully undrawn
- Trafigura working capital facility upsized to USD 250 million and extended to the end of 2017 on a committed basis

<sup>1</sup> Net debt exclusive of zinc metal prepay <sup>2</sup> Capex is shown on cash outflow basis rather than incurred

<sup>3</sup> Prepayments for deliveries of zinc and lead metal under offtake agreements with Trafigura and Glencore

# Balance Sheet substantially strengthened with additional liquidity and extended maturity profile

## Solid financial position

- Diversified sources of funding backed by broad syndicate
- Borrowing base (SCTF) facility committed to June 2019; includes an accordion to increase size to €750m on a pre-approved but uncommitted basis

## Recent Financing Transactions

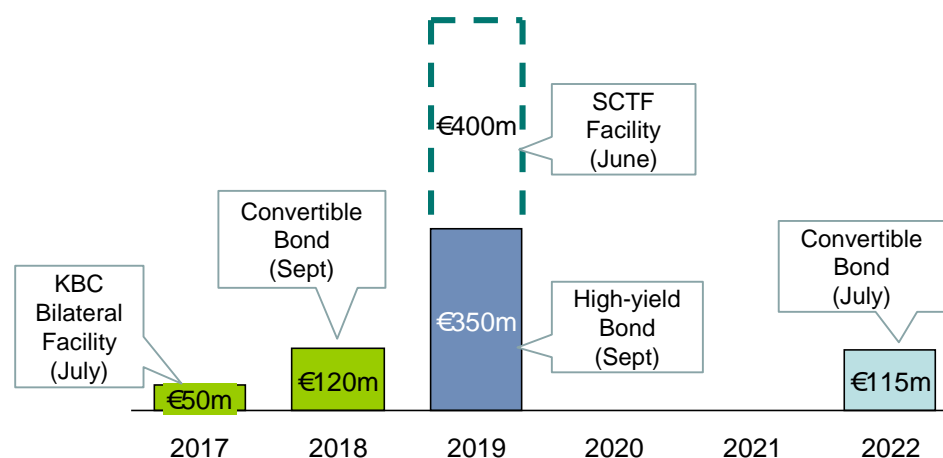
- February 2016 - Rights offering completed (€274m)
- April 2016 - Silver prepay with 8 month amortisation (USD 75m)
- May 2016 - Revolving uncommitted, secured credit facility with Trafigura for a 9 month term (USD 150m)
- May 2016 - Repayment of retail bond (€415m)
- July 2016 - Convertible bond due 2022 (€115m)
- August 2016 – Upsize of USD 150m December 2015 zinc metal prepay (USD 25m)
- October 2016 – Upsize of Trafigura working capital facility to USD 250m with extension to end of 2017 on a committed basis

## Liquidity at the end of Sep 2016 (committed and uncommitted)

€m	Capacity	Drawn	Available
SCTF Facility	400	(347)	53
KBC Facility	50	-	50
Trafigura Facility	230 <sup>1</sup>	-	230 <sup>1</sup>
Cash	147	-	147
<b>Total</b>	<b>830</b>	<b>(347)</b>	<b>480</b>

Excluding intra-month liquidity needs

## Committed Maturity Profile



<sup>1</sup> Pro-forma Trafigura working capital facility completed in October 2016 with an effective date of 1 January 2017

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- **Q4 2016 Priorities**

## Q4 2016 Priorities

- ① Reinforcing our strong safety culture and improving safety leadership across the Company
- ② Progressing the divestment of the Mining segment with certain cash flow positive assets likely to be retained for sale into 2017
- ③ Continuing the construction and commissioning of the Port Pirie Redevelopment
- ④ Continued focus on maintaining a strong balance sheet and liquidity profile utilising a diverse range of funding opportunities

# Questions

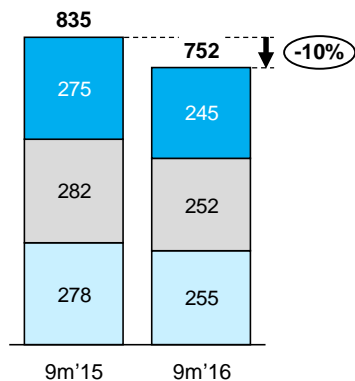


## Historical mining results restated to exclude discontinued operations at El Toqui and El Mochito

(EURm)	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16
<b>Mining EBITDA</b>	<b>(7)</b>	<b>2</b>	<b>(13)</b>	<b>(18)</b>	<b>(1)</b>	<b>3</b>	<b>3</b>
<b>Capex</b>							
Sustaining	4	6	8	7	1	3	3
Exploration and development	1	10	11	6	3	2	3
Growth	4	2	2	1	-	0	-
<b>Mining capex</b>	<b>8</b>	<b>17</b>	<b>20</b>	<b>15</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>Free Cash Flow</b>	<b>(12)</b>	<b>(13)</b>	<b>(31)</b>	<b>(31)</b>	<b>(5)</b>	<b>(2)</b>	<b>(3)</b>
<b>Production</b>							
Ore milled (kt)	1,251	1,225	1,034	1,063	717	689	621
Zinc in concentrate (kt)	50	44	39	39	29	27	24
Lead in concentrate (kt)	0.2	0.3	0.3	0.3	0.2	0.2	0.2
Copper in concentrate (kt)	1.7	1.5	1.4	1.8	1.9	1.9	1.6
Silver ('000 troy oz)	357	388	300	307	310	264	242
Gold ('000 troy oz)	2.6	2.4	0.5	0.6	0.5	0.5	0.4

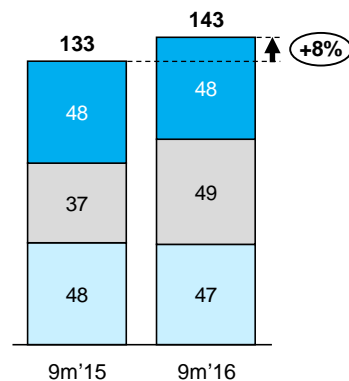
# Metals processing production & capex

## Zinc production (kt)

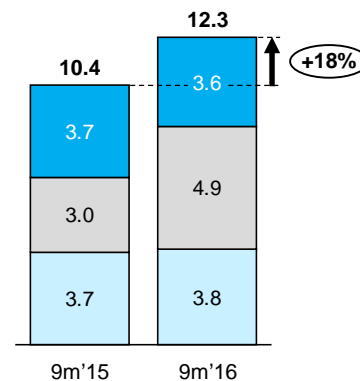


■ Q3 ■ Q2 ■ Q1

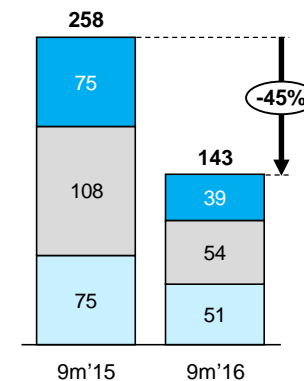
## Lead production (kt)



## Silver production (m toz)



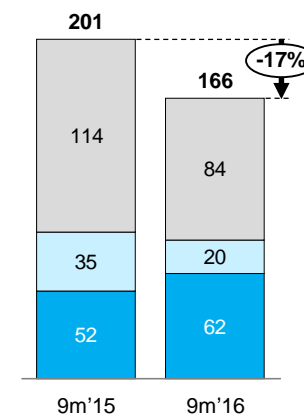
## EBITDA (EURm)



■ Q3 ■ Q2 ■ Q1

- EBITDA of €143m in 9m'16 (down 45% on 9m'15), due to a reduction in the zinc benchmark treatment charge and average discount to treatment charge, lower zinc price, planned maintenance outages and a number of unplanned outages related to weather events and two exceptional fires
- Zinc metal production of 752kt in 9m'16; in-line with guided FY 2016 production of approximately 1 million tonnes
- Sustaining capex in line with guidance; FY 2016 capex guidance for Port Pirie Redevelopment and Metals Processing Growth Pipeline investments maintained

## Capex (EURm)

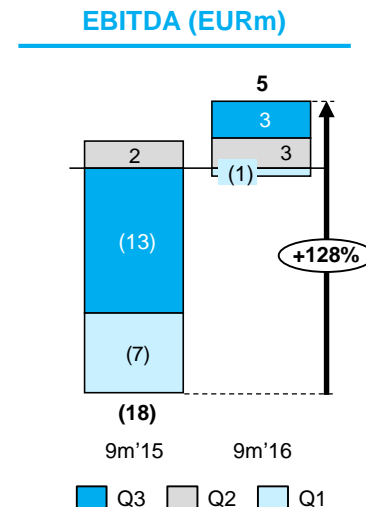
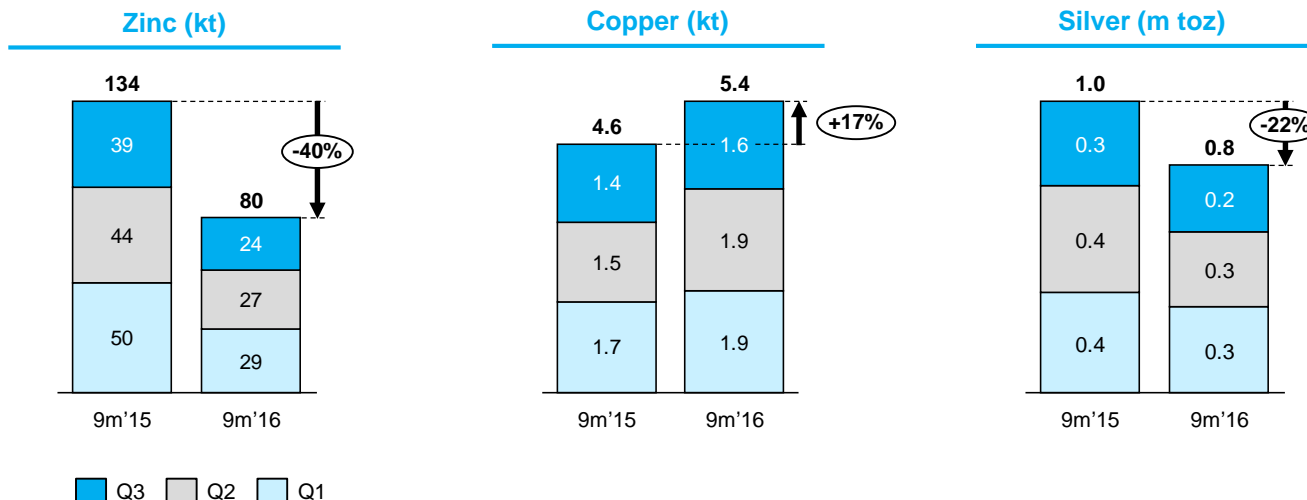


■ Port Pirie Redevelopment  
■ Growth Pipeline  
■ Sustaining

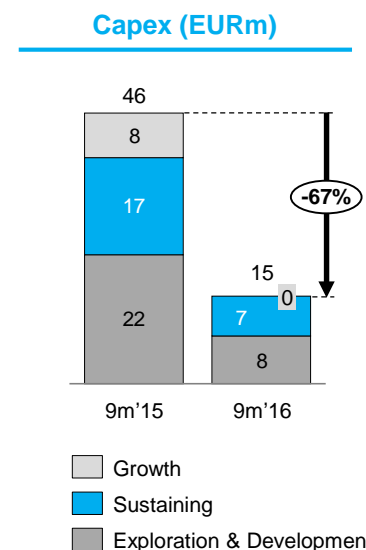


# Mining production & capex<sup>1</sup>

## Production of metals in concentrates

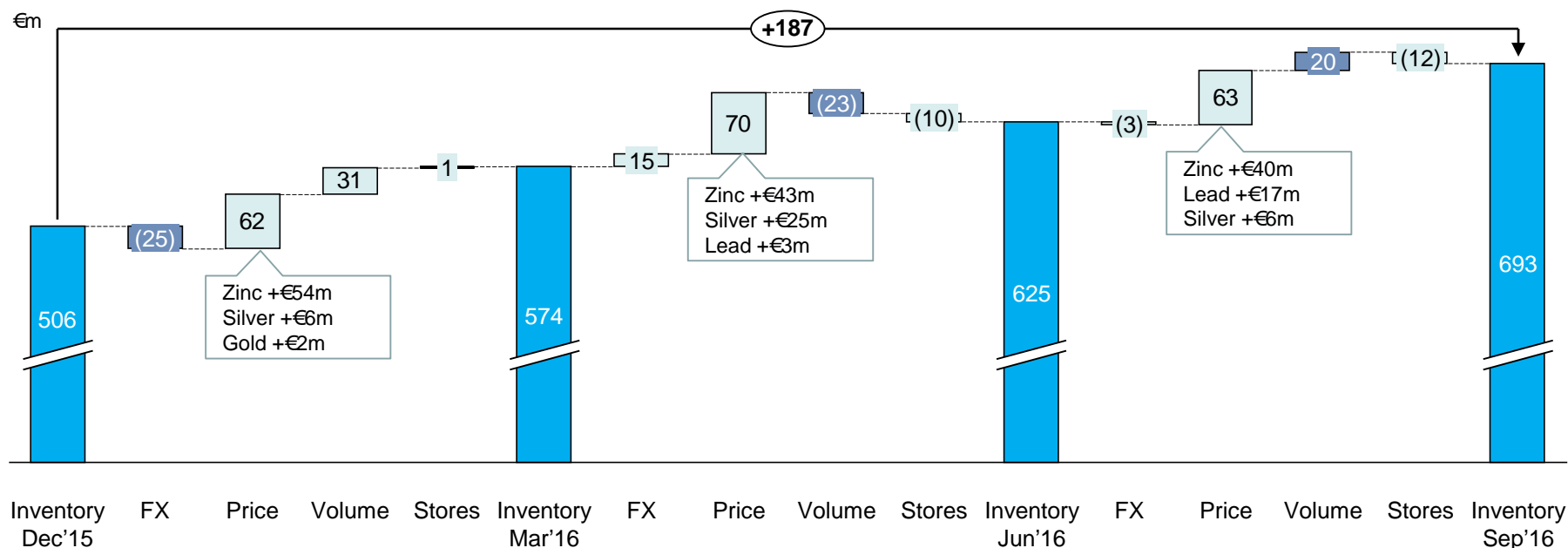


- Mining EBITDA of €5m in 9m'16, increase of €23m on 9m'15, driven by the suspension and care & maintenance of the Myra Falls and Middle Tennessee mines, the exclusion of the negative EBITDA generated by El Mochito which has been eliminated as a discontinued operation and operational improvements which reduced the direct operating costs
- Zinc in concentrate production in 9m'16 of 80kt was down 40% on 9m'15 due to the suspension of operations at Myra Falls and Middle Tennessee and temporary restricted access to high-grade stopes at Langlois
- Capex of €15m, down 67% over 9m'15 due to the postponement of non-essential sustaining capital projects across all mining operations



<sup>1</sup> El Toqui and El Mochito were excluded from 9m 2015 and 9m 2016 as mines were classified as discontinued operations

# Inventory evolution: Dec'15 to Sep'16



Zinc price (USD/t)	Q4-15	Q1-16	Q2-16	Q3-16
Quarterly average	1,613	1,679	1,918	2,253
Closing	1,600	1,785	2,102	2,378

- Approximately €195m of the €187m inventory increase in 9m'16 was due to increased prices, being zinc price (€135m), silver (€38m), lead (€19m) and gold (€3m)
- Volume
  - Volume increase in Q1'16 of €31m was mostly due to increase in zinc concentrate.
  - In Q2'16 Nyrstar has significantly managed the zinc concentrates and work-in-progress volume down (approx. -€60m) with this improvement being partially offset by increased lead concentrate (approx. +€37m) due to larger size shipments from South American mines
  - In Q3'16 the lead concentrate balance decreased (approx. -€23m) while the zinc concentrates and finished metal stock increased (€34m and €10m, respectively)

# 2016 Guidance adjusted to exclude discontinued operations at El Toqui and El Mochito

## Production

	Guidance adjusted at H1 2016 results	Guidance adjusted 3 Oct 2016 <sup>1</sup>
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### Metals Processing

Zinc (kt)	1,000 – 1,100	Approx. 1,000
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### Mining - metal in concentrate

Zinc (kt)	130 – 160	90 – 110
Lead (kt)	7 – 10	7 – 10
Copper (kt)	6 – 8	6 – 8
Silver (k toz)	1,800 – 2,300	1,800 – 2,300
Gold (k toz)	1 – 3	1 – 3

- Zinc, lead, silver and gold mining production guidance for 2016 has been reduced to reflect sale of the El Toqui mine and reduced production at El Mochito
- Mining production guidance will be impacted by the divestment process which is currently underway for the sale of all or some of the mines.
- 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 2016 production, have been taken into account when determining zinc metal guidance for 2016

## Capex

EURm	Guidance adjusted at H1 2016 results	Guidance adjusted 3 Oct 2016 <sup>1</sup>
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### Metals Processing

	240 – 260	240 – 260
Sustaining	95 – 105	95 – 105
Growth	35 – 45	35 – 45
Port Pirie Redevelopment	110	110

### Mining

	35 – 50	35 – 50
Sustaining	15 – 20	15 – 20
Exploration and Development	20 – 30	20 – 30
Growth	–	–

### Group capex

275 – 310	275 – 310
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### Adjusted Planned maintenance shuts

Smelter & production step impacted	Timing and duration		Estimated impact
Auby – roaster, leaching, cellhouse, indium	Q1:	3 weeks	7,600 tonnes
Balen – cellhouse, leaching	Q2:	1 week	4,000 tonnes
Balen – roaster F4	Q1-2:	6 weeks	nil
Balen – roaster F5	H2 2017 <sup>2</sup>	2 weeks	nil
Clarksville – roaster	Q3:	2 weeks	3,400 tonnes
Hobart – roaster	Q2:	2 weeks	nil
Port Pirie – lead plant	H1 2017 <sup>3</sup>	4 weeks	16,600 tonnes

<sup>1</sup> Adjusted guidance excludes discontinued operations at El Toqui and El Mochito

<sup>2</sup> Balen roaster F5 shut was deferred from Q3 2016 to 2017

<sup>3</sup> Port Pirie lead plant shut was deferred from H2 2016 to Q1 2017