nyrstar

Nyrstar

Unaudited Interim Condensed Consolidated Financial Statements

30 June 2017

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	Note	six months ended 30 Jun 2017	six months ended 30 Jun 2016*
Continuing operations			
Revenue		**1,806.2**	**1,320.6**
Raw materials used		(1,226.9)	(821.4)
Freight expense		(24.6)	(27.1)
Gross profit		**554.7**	**472.1**
Other income		8.2	4.3
Employee benefits expense		(162.1)	(154.5)
Energy expenses		(129.2)	(100.0)
Stores and consumables used		(64.3)	(55.9)
Contracting and consulting expense		(67.5)	(55.8)
Other expense		(23.8)	(23.9)
Depreciation, amortisation and depletion		(77.1)	(87.4)
Merger and acquisition related expense		0.4	(1.5)
Restructuring expense		(1.5)	(1.0)
Impairment reversal / (loss)	5,7	-	(57.8)
Loss on the disposal of subsidiaries		(1.6)	-
Result from operating activities		**36.2**	**(61.4)**
Finance income		2.5	0.6
Finance expense		(67.9)	(53.7)
Net foreign exchange (loss) / gain		(35.1)	(4.4)
Net finance expense		**(100.5)**	**(57.5)**
Loss before income tax		**(64.3)**	**(118.9)**
Income tax benefit / (expense)	6	8.7	(23.3)
Loss for the period from continuing operations		**(55.6)**	**(142.2)**
Discontinued operations			
Profit /(loss) from discontinued operations, net of income taxes	5	35.1	(99.6)
Loss for the period		**(20.5)**	**(241.8)**
Attributable to:			
Equity holders of the parent		(20.5)	(241.8)
Loss per share for profit attributable to the equity holders of the Company during the period (expressed in EUR per share)			
basic	16	(0.22)	(2.98)
diluted	16	(0.22)	(2.98)

* Prior year amounts have been re-presented for the impact of the discontinued operation, see Note 5

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	six months ended 30 Jun 2017	six months ended 30 Jun 2016*
Loss for the period		**(20.5)**	**(241.8)**
Other comprehensive income			
Continuing operations			
Items that may be reclassified to profit or loss:			
Foreign currency translation differences		0.1	(10.5)
Transfers to the income statement		2.2	-
Gains / (losses) on cash flow hedges		14.2	(21.2)
Less: transfers to the income statement		(5.3)	(3.6)
Income tax (expense) / benefit		(3.4)	4.6
Change in fair value of investments in equity securities		(0.1)	0.7
Other comprehensive income / (loss) for the period, net of tax		**7.7**	**(30.0)**
Discontinued operations			
Items that may be reclassified to profit or loss:			
Foreign currency translation differences		(1.3)	(4.8)
Transfers to the income statement	5	(29.5)	**-**
Income tax expense on defined benefit plans		(0.2)	**-**
Other comprehensive loss for the period, net of tax		**(31.0)**	**(4.8)**
Other comprehensive loss for the period, net of tax		**(23.3)**	**(34.8)**
Total comprehensive loss for the period		**(43.8)**	**(276.6)**
Attributable to:			
Equity holders of the parent		(43.8)	(276.6)
Non-controlling interest		-	-
Total comprehensive loss for the period		**(43.8)**	**(276.6)**

* Prior year amounts have been re-presented for the impact of the discontinued operation, see Note 5

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	as at 30 Jun 2017	as at 31 Dec 2016
Property, plant and equipment	8	1,456.2	1,416.0
Intangible assets		3.4	6.0
Investments in equity accounted investees		3.4	3.4
Investments in equity securities	10	21.7	22.4
Zinc purchase interest		-	-
Deferred income tax assets	6	351.6	343.0
Other financial assets	10	180.6	165.3
Other assets		1.9	2.0
Total non-current assets		**2,018.8**	**1,958.1**
Inventories		749.7	720.1
Trade and other receivables		218.5	219.0
Prepayments		10.4	9.2
Current income tax assets		7.1	7.3
Other financial assets	10	51.7	52.8
Other assets		1.3	-
Cash and cash equivalents		95.1	127.1
Assets classified as held for sale	5	30.1	41.3
Total current assets		**1,163.9**	**1,176.8**
Total assets		**3,182.7**	**3,134.9**
Share capital and share premium		2,153.5	2,153.1
Perpetual securities	13	138.8	131.6
Reserves	18	(115.9)	(103.9)
Accumulated losses		(1,674.7)	(1,647.1)
Foreign currency translation differences accumulated in equity relating to disposal group held for sale	18	(0.9)	10.2
Total equity attributable to equity holders of the parent		**500.8**	**543.9**
Total equity		**500.8**	**543.9**
Loans and borrowings	9	932.5	565.0
Deferred income tax liabilities		103.5	87.8
Provisions		143.9	160.4
Employee benefits		71.0	74.0
Other financial liabilities	10	56.0	85.2
Deferred income	11	34.6	52.7
Total non-current liabilities		**1,341.5**	**1,025.1**
Trade and other payables		614.0	606.9
Current income tax liabilities		0.6	2.9
Loans and borrowings	9	148.6	427.0
Provisions		23.4	28.2
Employee benefits		35.9	36.0
Other financial liabilities	10	131.3	121.9
Deferred income	11	372.4	313.0
Other liabilities		2.5	1.3
Liabilities classified as held for sale	5	11.7	28.7
Total current liabilities		**1,340.4**	**1,565.9**
Total liabilities		**2,681.9**	**2,591.0**
Total equity and liabilities		**3,182.7**	**3,134.9**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Note	Share capital	Share premium	Perpetual securities	Reserves	Accumulated losses	Total amount attributable to shareholders	Total equity
As at 1 Jan 2017		**1,024.1**	**1,129.0**	**131.6**	**(93.7)**	**(1,647.1)**	**543.9**	**543.9**
Loss for the period		-	-	-	-	(20.5)	(20.5)	(20.5)
Other comprehensive loss		-	-	-	(23.1)	(0.2)	(23.3)	(23.3)
Total comprehensive loss		-	-	-	(23.1)	(20.7)	(43.8)	(43.8)
Capital increase	12	0.1	0.3	-	-	-	0.4	0.4
Issuance of perpetual securities		-	-	7.2	-	-	7.2	7.2
Distribution on perpetual securities		-	-	-	-	(3.7)	(3.7)	(3.7)
Share-based payments		-	-	-	-	(3.2)	(3.2)	(3.2)
As at 30 Jun 2017		**1,024.2**	**1,129.3**	**138.8**	**(116.8)**	**(1,674.7)**	**500.8**	**500.8**

EUR million	Note	Share capital	Share premium	Perpetual securities	Reserves	Accumulated losses	Total amount attributable to shareholders	Total equity
As at 1 Jan 2016		**960.9**	**931.1**	**21.8**	**(31.0)**	**(1,239.2)**	**643.6**	**643.6**
Loss for the period		-	-	-	-	(241.8)	(241.8)	(241.8)
Other comprehensive income		-	-	-	(34.8)	-	(34.8)	(34.8)
Total comprehensive loss		-	-	-	(34.8)	(241.8)	(276.6)	(276.6)
Capital increase		63.2	199.1	-	-	-	262.3	262.3
Issuance of perpetual securities		-	-	45.2	-	-	45.2	45.2
Distribution on perpetual securities		-	-	-	-	(1.1)	(1.1)	(1.1)
Change in par value		1.2	(1.2)	-	-	-	-	-
Treasury shares	15	(1.2)	-	-	1.2	-	-	-
Share-based payments		-	-	-	-	0.6	0.6	0.6
As at 30 Jun 2016		**1,024.1**	**1,129.0**	**67.0**	**(64.6)**	**(1,481.5)**	**674.0**	**674.0**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	six months ended 30 Jun 2017	six months ended 30 Jun 2016*
Loss for the year		(20.5)	(241.8)
Adjustment for:			
Depreciation, amortisation and depletion		77.7	109.8
Income tax (benefit) / expense	6	(8.6)	29.4
Net finance expense		102.7	59.7
Impairment (reversal) / loss	5,7	(16.1)	124.0
Equity settled share based payment transactions		0.8	2.5
Other non-monetary items		(11.3)	(17.7)
Gain on disposal of subsidiary		(27.9)	-
Gain on sale of property, plant and equipment		(0.5)	(0.7)
Income tax paid		(7.1)	(11.5)
Cash flow from operating activities before working capital changes		**89.2**	**53.7**
Change in inventories		(85.9)	(139.9)
Change in trade and other receivables		(4.5)	24.6
Change in prepayments		(1.5)	(0.6)
Change in deferred income		72.9	68.2
Change in trade and other payables		34.7	(18.4)
Change in other assets and liabilities		8.4	1.4
Change in provisions and employee benefits		(5.2)	(4.4)
Cash flow from / (used in) operating activities		**108.1**	**(15.4)**
Acquisition of property, plant and equipment	8	(166.0)	(131.1)
Proceeds from sale of property, plant and equipment		0.5	1.5
Proceeds from sale of intangible assets		0.9	0.5
Proceeds from sale of subsidiary		6.2	-
Interest received		1.5	0.6
Cash flow used in investing activities		**(156.9)**	**(128.5)**
Capital increase		0.4	262.3
Proceeds from borrowings		438.7	105.7
Repayment of borrowings		(168.2)	(415.3)
Repayment of zinc prepayment		(41.5)	-
Change in SCTF credit facility		(166.2)	197.2
Issue of perpetual instrument		7.2	45.2
Distribution on perpetual securities		(3.7)	(1.1)
Interest paid		(45.9)	(62.2)
Cash flow from financing activities		**20.8**	**131.8**
Net decrease in cash held		**(28.0)**	**(12.1)**
Cash at beginning of the reporting period		129.4	96.1
Exchange fluctuations		(6.3)	(1.6)
Cash at end of the reporting period		**95.1**	**82.4**

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

1. GENERAL INFORMATION

On 29 October 2007, Nyrstar NV ("Nyrstar" or the "Company") commenced trading on Euronext Brussels Stock Exchange. The Company is incorporated and domiciled in Belgium. The interim condensed consolidated financial statements of the Company, reviewed by the external auditors, as at and for the six months ended 30 June 2017 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The Group is primarily a global multi-metals business, producing significant quantities of zinc and lead as well as other products (including silver, gold and copper) through mining, metals processing and alloying operations.

The interim condensed consolidated financial statements of the Group, reviewed by the external auditors, as at and for the six months ended 30 June 2017 are available upon request from the Company's registered office at Zinkstraat 1, 2490 Balen, Belgium or at http://www.nyrstar.com.

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors of Nyrstar NV on 1 August 2017.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all of the information required for full annual financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2016 (available at http://www.nyrstar.com).

The impact of seasonality or cyclicality on operations is not regarded as significant to the unaudited interim condensed consolidated financial statements.

(b) Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016 with the exception of a new policy note (note 13) in connection with the perpetual securities. As at 31 December 2016, the perpetual securities were classified as compound financial instruments comprising of both equity and liability components. During the six months ended 30 June 2017, the terms of the perpetual securities were amended which resulted in the perpetual securities being classified as equity instruments at 30 June 2017. The classification of the perpetual securities as equity instruments did not impact the financial statements on the basis the liability portion was insignificant at 31 December 2016.

Adoption of the following new and revised standards and interpretations effective as of 1 January 2017

During the first six months of 2017, there were no new nor revised standards and interpretations which were effective as of 1 January 2017 and endorsed by the European Union.

New IFRS accounting standards, amendments and interpretations not yet adopted

The Group has not early adopted any other amendment, standard, or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date. The following new IFRS standards in issue but not yet effective are expected to have a significant impact on the Group:

IFRS 15 – Revenue from Contracts with Customers – effective for year ends beginning on or after 1 January 2018

IFRS 15 was issued in May 2014 and subsequent amendments, Clarifications to IFRS 15, were issued in April 2016. IFRS 15, as amended, is effective for accounting periods beginning on or after 1 January 2018, although the April 2016 amendments have not yet been endorsed by the EU. For the Group, transition to IFRS 15 will take place on 1 January 2018.

The Group has outlined its initial view on the impacts of transitioning to IFRS 15 below. However, as the Group's assessment is continuing these views may change upon completion of the detailed assessment.

Under IFRS 15 the revenue recognition model will change from one based on the transfer of risk and reward of ownership to the transfer of control of ownership. The Group's revenue is predominantly derived from commodity sales, where the point of recognition is dependent on the contract sales terms, known as the International Commercial terms (Incoterms). As the transfer of risks and rewards coincides with the transfer of control at a point in time for the Incoterms as part of the Group's commodity sales arrangements, the timing and the amount of revenue recognised is unlikely to be materially affected for the majority of sales.

IFRS 15 introduces the concept of performance obligations that are defined as a 'distinct' promised good or service. For the Incoterms Cost, Insurance and Freight ("CIF"), the seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination. Consequently, the freight service on export commodity contracts with CIF Incoterms will meet the criteria of a separate performance obligation. The Group will often transact under CIF incoterms and is therefore assessing the impact of these types of arrangements. The impact of this change would be:

- Deferral of freight revenue: Some of the revenue currently recognised when the goods passes the ship's rail at origin will be deferred and recognised as the shipping services (i.e. freight) are subsequently provided; and

- Disaggregated disclosure: the revenue allocated to shipping services may need to be disclosed separately from goods revenue, either on the face of the income statement and other comprehensive income or in the notes.

The Group continues to work on the transition to the new standard by gathering the information required for the new quantitative disclosure requirements. The appropriate changes to systems, processes, internal controls, policies and procedures will be further implemented during 2017. The Group expects to apply IFRS 15 for annual reporting periods beginning on or after 1 January 2018 with the cumulative effect of initially applying IFRS 15 recognised at the date of initial application.

IFRS 9 – Financial Instruments – effective for year ends beginning on or after 1 January 2018

IFRS 9 was issued in July 2014 and becomes effective for the accounting periods beginning on or after 1 January 2018, which will be the date the Group transitions to IFRS 9. The new standard is applicable to financial assets and financial liabilities, and covers all three aspects of the accounting for financial instruments project: classification and measurement, impairment and de-recognition of financial assets and financial liabilities, and a new hedge accounting model.

In 2016 and first six months of 2017, the Group performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analysis or additional reasonable and supportable information being made available to the Group in the future.

The standard will impact the classification and measurement of the Group's financial instruments and will require certain additional disclosures. The changes to classification and measurement of financial instruments are not expected to have a significant impact on the Group's existing accounting treatment. Consequently, the Group is assessing whether to take the accounting policy choice to continue to account for all hedges under IAS 39 Financial Instruments: Recognition and Measurement.

The new standard will require an 'expected credit loss' model being applied for impairment of financial assets as opposed to the 'incurred loss' model currently used under IAS 39. The provision for lifetime expected losses on all financial assets is currently being quantified, however, based on the initial assessment no material impact is expected due to low counterparty default risk as a result of the credit risk management processes that are in place.

IFRS 16 – Leases – effective for year ends beginning on or after 1 January 2019

IFRS 16 was published in January 2016 and will be effective for the Group from 1 January 2019, replacing IAS 17 leases subject to EU endorsement. IFRS 16 will primarily change lease accounting for lessees; lease agreements will give rise to the recognition of an asset representing the right to use the leased item and a loan obligation for future lease payables. Lease costs will be recognised in the form of depreciation of the right to use the leased item and a loan obligation for future lease payables. Lessee accounting under IFRS 16 will be similar to existing IAS 17 accounting for finance leases, but will be substantively different for operating leases when rental charges are currently recorded on a straight line basis and no lease asset or lease loan obligation is recognized. Certain exemptions are available for leases with lease term of 12 months or less or where the underlying asset is of low value and there is an option not to reassess existing arrangements on transition.

The Group is in the process of quantifying the impact of the new standard. This could have a material impact on the Group's consolidated income statement and balance sheet as well as on some alternative performance measures used by the Group, e.g. the Underlying EBITDA, as a significant number of arrangements that are currently accounted for as operating leases will be recognised on the Group's balance sheet. The Group is also working through the options provided by IFRS 16 for the transition to the new standard to determine whether the impacts noted above will be applied prospectively or retrospectively.

IFRS 17 – Insurance contracts – effective for year ends beginning on or after 1 January 2021

IFRS 17 – Insurance Contracts – issued on 18 May 2017, IASB effective on 1st January 2021. This standard establishes the principles, measurement, presentation and disclosure of insurance contracts. The objective is to ensure providing relevant information that faithfully represent those contracts. The information should give a basis for users of financial statements to assess effect that insurance contracts have on the entity's financial position, financial performance, and cash flow. Application of IFRS 17 will not have a material impact on the financial statements of the Company.

Other issued standards and amendments that are not yet effective and are not expected to have material impact on the financial statements, are listed below:

- Amendments to IAS 7 – Disclosure initiative - as issued by IASB effective on 1st January 2017, however not yet endorsed for use in the EU.
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - as issued by IASB effective on 1st January 2017, however not yet endorsed for use in the EU.
- Annual Improvements to IFRSs 2014-2016 Cycle (Dec 2016) – a collection of amendments to IFRSs, in response to issues addressed during the 2014–2016 cycle
- Amendments to IAS 40 – Transfers of Investment Property – as issued by IASB effective on 1st January 2018.
- IFRIC 22 – Foreigner Currency Transactions and Advance Consideration - as issued by IASB effective on 1st January 2018.
- Amendments to IFRS 4 – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts – as issued by IASB effective on 1st January 2018.
- Amendments to IFRS 2 – Classification and Measurement of Share-Based Payment Transactions contracts – as issued by IASB effective on 1st January 2018.
- Clarifications to IFRS 15 – Clarifications to IFRS 15 Revenue from Contracts with customers - as issued by IASB effective on 1st January 2018. For the impact of IFRS 15 Revenue from Contracts with customers please refer to the paragraphs above.
- IFRIC 23 – Uncertainty over Income Tax Treatments – issued on 7 June 2017, IASB effective on 1st January 2019. IFRIC 23 clarifies the accounting for uncertainties in income taxes.

(c) Going concern

The Company has assessed that, taking into account its available cash and cash equivalents (including undrawn committed facilities available at the date of authorisation of the consolidated financial statements), its cash flow projections for the next 12 months from 1st August 2017, based on the approved budgets and management's forecasts, it has sufficient liquidity to meet its present obligations and cover working capital needs for the next 12 months and will remain in compliance with its financial covenants throughout this period.

The cash flow projections for next 12 months incorporate the following key assumptions:

Commodity prices and foreign exchange rates

Commodity prices and foreign exchange rates were developed from externally available sources from a number of different market commentators

Production output and capital and operating costs

Based on historical results unless definitive plans are in place which are expected to have a significant effect on operations

Treatment charges

Treatment charges were developed from externally available forecasts and recent historical rates

Port Pirie Redevelopment Project

Capital costs are based on the most recent review of forecast costs to complete the project. The cash flow projections for the second half of 2017 do not include any revenue from this project and the cash flow projections for 2018 are based on the latest forecast of the ramp up profile.

The Company has undertaken a sensitivity analysis of its liquidity testing through independently adjusting the cash flow projections for the next 12 months for zinc prices, treatment charges and smelter production output.

- Forecast zinc prices were adjusted to use the zinc price of USD 2,300/t which is the floor price of 2018 zinc strategic hedges that the Company entered into in 2017.
- Forecast treatment charge rates were adjusted to use the lowest annual average for the previous 10 years.
- Forecast smelter production output was adjusted down by 5%, a smelter production level which the Company has exceeded in each of the last 5 years.

In all cases the sensitivity analysis indicated that the Company would have sufficient liquidity to meet its present obligations and cover working capital needs for the next 12 months and remain in compliance with its financial covenants throughout 2017 and the first half of 2018.

3. SEGMENT REPORTING

The Group's operating segments (Metals Processing and Mining) reflect the approach of the Nyrstar Management Committee (NMC) towards evaluating the financial performance and allocating resources to the Group's operations. The NMC has been identified as the chief operating decision making group. The NMC assesses the performance of the operating segments based on a measure of 'Underlying EBITDA'.

The segmentation and the basis of measurement of 'Underlying EBITDA' and components of gross profit are unchanged to those presented in the audited consolidated financial statements as at 31 December 2016.

For the six months ended 30 Jun 2017, EUR million	**Metals Processing**	**Mining**	**Other and eliminations**	**Total**
Revenue from external customers	1,804.5	1.7	-	**1,806.2**
Inter-segment revenue	0.3	105.5	(105.8)	**-**
Total segment revenue	**1,804.8**	**107.2**	**(105.8)**	**1,806.2**
Payable metal / free metal contribution	181.9	105.1	-	287.0
Treatment charges	171.3	(10.4)	-	160.9
Premiums	79.2	-	-	79.2
By-products	78.7	9.2	-	87.9
Other	(55.5)	(5.6)	0.7	(60.4)
Gross Profit	**455.6**	**98.3**	**0.7**	**554.6**
Employee expenses	(111.8)	(38.5)	(11.8)	(162.1)
Energy expenses	(117.2)	(9.7)	-	(126.9)
Other expenses / income	(109.6)	(36.5)	(10.1)	(156.2)
Direct operating costs	**(338.6)**	**(84.7)**	**(21.9)**	**(445.2)**
Non-operating and other	0.3	1.6	(0.3)	1.6
Underlying EBITDA	**117.3**	**15.2**	**(21.5)**	**111.0**
Depreciation, amortisation and depletion				(77.1)
Merger and acquisition related expense				0.4
Restructuring expense				(1.5)
Other income				7.4
Embedded derivatives				(2.4)
Loss on the disposal of subsidiaries				(1.6)
Net finance expense				(100.5)
Income tax benefit				8.7
Profit from discontinued operations, net of taxes				35.1
Loss for the period				**(20.5)**
Capital expenditure	**(140.1)**	**(19.7)**	**(1.5)**	**(161.3)**

For the six months ended 30 Jun 2016, EUR million *	Metals Processing	Mining	Other and eliminations	Total
Revenue from external customers	1,318.9	1.7	-	1,320.6
Inter-segment revenue	0.1	64.1	(64.2)	-
Total segment revenue	**1,319.0**	**65.8**	**(64.2)**	**1,320.6**
Payable metal / free metal contribution	109.0	71.7	-	180.7
Treatment charges	188.9	(14.6)	-	174.3
Premiums	76.8	-	-	76.8
By-products	79.1	8.7	-	87.8
Other	(45.5)	(4.3)	2.3	(47.5)
Gross Profit	**408.3**	**61.5**	**2.3**	**472.1**
Employee expenses	(112.0)	(31.8)	(10.7)	(154.5)
Energy expenses	(89.0)	(7.0)	(0.1)	(96.1)
Other expenses / income	(101.8)	(25.1)	(7.7)	(134.6)
Direct operating costs	**(302.8)**	**(63.9)**	**(18.5)**	**(385.2)**
Non-operating and other	(1.0)	3.1	1.2	3.3
Underlying EBITDA	**104.5**	**0.7**	**(15.0)**	**90.2**
Depreciation, amortisation and depletion				(87.4)
M&A related transaction expense				(1.5)
Restructuring expense				(1.0)
Impairment loss				(57.8)
Embedded derivatives				(3.9)
Net finance expense				(57.5)
Income tax expense				(23.3)
Loss from discontinued operations, net of taxes				(99.6)
Loss for the period				**(241.8)**
Capital expenditure	**(117.8)**	**(16.0)**	**(1.6)**	**(135.4)**

* Prior year amounts have been re-presented for the impact of the discontinued operation, see Note 5

4. DISPOSAL OF BUSINESS

Disposals

In the six months ended 30 June 2017 the Company disposed of its controlling interest in the Campo Morado mine and in the Coricancha mine. In 2016, the Company disposed of its controlling interest in the El Toqui mine and in the El Mochito mine.

The income statements of the disposed mines for the six months ended 30 June 2017 and the comparative period were re-presented under discontinued operations (note 5).

The carrying value of the assets and liabilities over which control was lost and net cash received from these disposals are detailed below:

EUR million	Note	Coricancha mine	Campo Morado mine	Total
Property, plant and equipment		1.6	26.0	27.6
Other assets		-	0.1	0.1
Total non-current assets		**1.6**	**26.1**	**27.7**
Inventories		2.6	-	2.6
Trade and other receivables		1.1	1.4	2.5
Prepayments		-	0.1	0.1
Cash and cash equivalents		0.1	-	0.1
Total current assets		**3.8**	**1.5**	**5.3**
Provisions		9.8	6.9	16.7
Total non-current liabilities		**9.8**	**6.9**	**16.7**
Trade and other payables		1.4	1.3	2.7
Provisions		1.5	1.6	3.1
Employee benefits		0.2	-	0.2
Total current liabilities		**3.1**	**2.9**	**6.0**
				-
Carrying value of net (assets) / liabilities disposed		**7.4**	**(17.8)**	**(10.4)**
Add: cash and cash equivalents received		-	3.1	3.1
Add: receivables recorded in relation to the disposal		0.1	14.7	14.8
Add: other financial liability recorded in relation to the disposal		(7.5)	-	(7.5)
Add: Foreign currency translation gains recycled to the income statement on the disposal		1.1	28.4	29.5
Net gain on disposal	5	**1.1**	**28.4**	**29.5**
				-
Cash and cash equivalents received		**-**	**3.1**	**3.1**
Less: cash and cash equivalents disposed		0.1	-	0.1
Cash received from disposals in 2016				3.2
Net cash received from disposal		**(0.1)**	**3.1**	**6.2**

5. DISCONTINUED OPERATIONS

Discontinued operations in 2017

Coricancha mine

The transaction closed on 30 June 2017 (the “Closing Date”) at which point the Group recognised the sale of the Corricancha mine (note 4). As at 31 December 2016, Coricancha was recognised under discontinued operations.

On 20 December 2016 Nyrstar announced that it has entered into a Share Purchase Agreement to sell its Coricancha mine in Peru to Great Panther Silver Limited (“Great Panther”), a primary silver mining and exploration company listed on the Toronto Stock Exchange, for a total cash consideration of USD 0.1 million (EUR 0.1 million) plus earn-out consideration of up to USD 10 million (EUR 9.5 million) (the "Transaction"). Under the earn-out, Nyrstar will be paid 15% of the free cash-flow generated by the Coricancha mine during the 5-year period after which the Coricancha mine is cumulative free cash-flow positive from closing of the transaction. Additionally, as a part of the sales consideration Nyrstar provided a guarantee letter for a value of USD 9.7 million (EUR 9.2 million) as security in favour of the Ministerio de Energia y Minas of Peru for closure obligations of the Coricancha mine (the Mine Closure Bond"). The Mine Closure Bond is currently secured by a cash-backed account for the full exposure in favor of the issuing bank guarantor, the balance of which is included in the Company's restricted cash. Upon the Closing Date, Nyrstar recognised a financial liability owing to Great Panther. Should Great Panther:

a. not close the Coricancha mine within three years of the completion of the sale, Great Panther Silver Limited must release the Company from all obligations under the Mine Closure Bond in favor of the Ministerio de Energia y Minas of Peru; or

b. elect to close the Coricancha mine within three years of the completion of the sale, it may call upon the Company to pay the full amount of the Mine Closure Bond to off-set closure costs. Upon payment of these monies Great Panther will assume the obligations under the Mine Closure Bond and release the Company from all obligations to the Ministerio de Energia y Minas of Peru.

Upon release of Nyrstar from the Mine Closure Bond, the other financial liability shall be derecognised and the monies in the cash backed account in favour of the issuing bank guarantor shall be released to the Company at which time cash shall be reclassified from restricted cash to cash and cash equivalents.

Additionally, as a part of the sales consideration, the Company has agreed to fund certain reclamation works of the Coricancha mine of up to USD 20.0 million (EUR 19.0 million). The best estimate of this liability amounting to EUR 11.6 million has been included as a part of the sales consideration of the mine.

Nyrstar also agreed to indemnify Great Panther for any fines or sanctions arising from administrative, judicial or arbitration proceedings or regulatory actions relating to Coricancha existing at the time the sale is completed. Nyrstar's maximum liability under this indemnity is limited to USD 4.0 million (EUR 3.8 million) in connection with any amounts paid or payable under proceedings or actions not under appeal from Nyrstar at the time the sale is completed, but is unlimited in the case of any which are under appeal by Nyrstar at that time. The maximum aggregate amount recoverable by Great Panther from Nyrstar under the indemnities in the share purchase agreement are limited to (i) the sum of the purchase price and any earn-out consideration paid to Nyrstar, (ii) a USD 1.5 million (EUR 1.4 million) payment previously made to Nyrstar by Great Panther in 2015 as consideration for an option to purchase the Coricancha mine, and (iii) the amount outstanding under the mine closure bond.

Prior to reclassification as disposal group held for sale, the Coricancha mine was part of mining segment in note 3.

Campo Morado mine

On 27 April 2017 Nyrstar announced that it has entered into Share Purchase Agreements (the Agreement) to sell its Campo Morado mine in Mexico to Telson Resources Inc. ("Telson") and Reynas Minas S.A. de C.V. ("Reynas Minas") for a total cash consideration of USD 20 million (the "Consideration"), plus the potential for additional future proceeds through the creation of a new royalty on the Campo Morado mine (the "Transaction"). Pursuant to the Agreement, Telson will own 99.9% of the purchased shares while Reynas Minas, a Mexican based mining consulting company, will own the other 0.1%.

The transaction closed on 14 June 2017 at which point the Group recognised the sale of the Campo Morado mine (note 4). The Consideration payable to Nyrstar consists of USD 0.8 million that was paid to Nyrstar upon signing the Agreement, USD 2.7 million paid to Nyrstar in cash in June 2017, and USD 16.5 million (EUR 14.5 million) payable in cash on or before the 12 month anniversary of the closing of the Transaction.

No indemnities have been provided by the Company to Telson and Reynas Minas in connection with the sale of the Campo Morado mine.

Prior to reclassification as disposal group held for sale, the Campo Morado mine was part of the mining segment (note 3).

Contonga mine

On 14 December 2016 Nyrstar announced that it has entered into Share Purchase Agreements to sell its Contonga mine in Peru to subsidiaries of Glencore plc (“Glencore”), a global diversified natural resources company, for a total cash consideration of USD 21.0 million (EUR 19.9 million), (the "Transaction"). The Transaction is expected to close in the third quarter of 2017. At 30 June 2017, the Contonga mine has been classified as a disposal group held for sale from 14 December 2016 and has been presented as a discontinued operation.

In connection with the sale of the mine, Nyrstar agreed to indemnify Glencore up to a maximum aggregate of USD 22.0 million (EUR 20.9 million) for the following: (i) for a period of six years after the completion of the sale, any unknown tax liabilities incurred prior to the completion of the sale; (ii) for a period of three years after the completion of the sale, all unknown environmental liabilities relating to events or circumstances occurring prior to the completion of the sale (except for certain liabilities specifically assumed by Glencore and set forth in the purchase agreement); (iii) for a period of 12 months after the completion of the sale, any unknown Contonga liabilities arising in relation to the period prior to the completion of the sale (other than those specifically assumed by Glencore) and any Contonga losses occurring as a result of the sale process and structure. Subject to the same USD 22.0 million (EUR 20.9 million) aggregate liability cap, Nyrstar also remains liable for 50% of all liabilities arising from an old tailings deposit in the Contonga mine to the extent that such liabilities exceed USD 8.0 million (EUR 7.6 million), and liable for all such liabilities that exceed USD 11.0 million (EUR 10.4 million).

Prior to reclassification as disposal group held for sale, the Contonga mine was part of mining segment (note 3).

Quebec mineral claims

At the same time and in connection with the sale of Contonga, the Group also agreed to sell various mineral claims located in Quebec, Canada to another subsidiary of Glencore for cash consideration of USD 5 million (EUR 4.7 million). The transaction closed in April 2017 (the “Closing Date”) at which point the Group recognised the sale of the Quebec mineral claims. The carrying value of the mineral claims located in Quebec was Nil.

Discontinued operations in 2016

El Toqui mine

On 27 June 2016 Nyrstar announced that it has entered into a Share Purchase Agreement (the "Agreement") to sell its El Toqui mine in Chile to Laguna Gold Limited ("Laguna"), an Australian based mining company (the "Transaction"). The Transaction closed on 3 November 2016 (the “Closing Date”) at which point the Group recognised the sale of the El Toqui mine (note 4).

At 31 December 2016 the Group received a Cash Consideration payable to Nyrstar of USD 12 million (EUR 11.1 million) payable in cash on the Closing Date. The Group recognised a receivable representing a net present value of the USD 13 million (EUR 11.6 million) cash payments over a four year period following the Closing Date valued at EUR 9.6 million. In addition, the Group recognised an estimated value of the expected tax refund of EUR 3.2 million and the estimated working capital adjustment of EUR 7.4 million. Finally, Nyrstar also recognised a value of EUR 13.3 million related to cash proceeds through a price participation agreement with Laguna on the first 7.9 million tonnes of ore processed at El Toqui following the Closing Date.

Nyrstar also agreed to indemnify Laguna for (i) any financial penalties relating to environmental prosecutions that existed as at the closing date of the transaction up to a maximum aggregate liability of USD 3.0 million (EUR 2.8 million) for the four years following completion of the sale, and (ii) any costs or liabilities arising out of a specified royalty dispute with a third party. Nyrstar has recognised a provision of EUR 0.8 million in relation to these risks on its balance sheet at 31 December 2016.

Prior to reclassification as disposal group held for sale, the El Toqui mine was part of the mining segment (note 3).

El Mochito mine

On 22 September 2016 Nyrstar announced that it has entered into a Share Purchase Agreement to sell its El Mochito mine in Honduras ("El Mochito") to Morumbi Resources Inc. ("Morumbi"), a Canadian based mining company, for cash consideration of USD 0.5 million (EUR 0.4 million). The transaction closed on 21 December 2016 (the "Closing Date") at which point the Group recognised the sale of the El Mochito mine (note 4).

In connection with the sale, Nyrstar agreed to indemnify Morumbi for any financial loss relating to certain specified legal and tax proceedings pending at the time of sale, up to a maximum aggregate liability of USD 2.0 million (EUR 1.9 million) in connection with the legal proceedings and USD 1.0 million (EUR 0.9 million) in connection with the tax proceedings.

Prior to reclassification as disposal group held for sale, the El Mochito mine was part of mining segment (note 3).

Income statement from discontinued operations:

EUR million	Note	six months ended 30 Jun 2017	six months ended 30 Jun 2016
Revenue		**6.6**	**67.3**
Gross profit		**6.4**	**44.9**
Other expenses		(14.0)	(47.6)
Depreciation, amortisation and depletion		(0.6)	(22.4)
Impairment loss		(4.6)	(48.3)
Impairment reversal /(loss) on remeasurement to fair value less cost to sell		20.7	(17.9)
Gain on the disposal of subsidiaries	4	29.5	-
Result from operating activities		**37.4**	**(91.2)**
Net finance expense		**(2.2)**	**(2.3)**
Profit / (loss) before income tax		**35.2**	**(93.5)**
Income tax expense		(0.1)	(6.1)
Profit / (loss) for the period from discontinued operations		**35.1**	**(99.6)**

Cash flows from discontinued operations:

EUR million	six months ended 30 Jun 2017	six months ended 30 Jun 2016
Cash flow from operating activities	(9.1)	(12.4)
Cash flow used in investing activities	(0.1)	(9.8)
Cash flow used in financing activities	(5.5)	26.8
Net increase / (decrease) in cash held	**(14.7)**	**4.6**

Details of assets and liabilities held for sale at 30 June 2017:

EUR million	as at 30 Jun 2017
Property, plant and equipment	24.4
Total non-current assets	**24.4**
Total current assets	**5.7**
Total assets	**30.1**
Provisions	9.0
Total non-current liabilities	**9.0**
Total current liabilities	**2.7**
Total liabilities	**11.7**

6. INCOME TAX

(a) Income tax recognised in the income statement

Nyrstar recognised an income tax benefit for the six months ended 30 June 2017 of EUR 8.6 million (for the six months ended 30 June 2016: income tax expense of EUR 29.4 million) representing an effective tax rate of 29.4% (30 June 2016: -13.9%) based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

(b) Reconciliation of effective tax rate

EUR million	six month ended 30 Jun 2017	six month ended 30 Jun 2016
Loss before income tax	(29.1)	(212.4)
Tax at aggregated weighted average tax rate (2017: 19.8% / 2016: 29.1%)	5.8	61.8
(Non-deductible) / non-taxable amounts	(0.4)	(2.9)
Net non-recognition of tax assets	(4.8)	(86.3)
Prior year adjustments and tax rate change	8.3	(1.5)
Non-recoverable withholding tax	(0.3)	(0.6)
Income tax (expense) / benefit	**8.6**	**(29.4)**
Income tax benefit / (expense) from continuing operations	8.7	(23.3)
Income tax expense from discontinued operations	(0.1)	(6.1)
Effective tax rate	29.4%	-13.9%

The effective tax rate is impacted by losses incurred by the Group, including the discontinued operations, for which no tax benefit has been recognised, and recognition of previously unrecognised tax assets.

(c) Recognised net deferred income tax assets

EUR 349.8 million (31 December 2016: EUR 343.0 million) of the net deferred tax assets arise in entities that have been loss making in either 2017 or 2016, respectively.

In evaluating whether it is probable that taxable profits will be earned in future accounting periods, all available evidence was considered including the analysis of historical operating results and the assessment of the approved budgets, forecasts and business plans. The forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes. The assessment considered (i) the underlying reasons for historical tax losses, (ii) likelihood of the losses to repeat in the future, (iii) nature and predictability of the future taxable income and (iv) the impact of the time restriction to utilise the tax losses in.

The most significant net deferred tax assets arise in the Company's subsidiaries in the USA, Switzerland and Canada where the Company has recognised a net deferred tax asset of EUR 98.1 million, EUR 243.5 million and EUR 8.2 million, respectively.

US tax group

US tax law allows for a twenty year carry-forward period for tax losses. The Company has evaluated the models for its US fiscal unity which includes both the smelting and the mining operations of the Company in the USA. The assumptions used for the forecasts and the recoverability of the tax losses are consistent with the assessment carried out for the year ended 31 December 2016. The recoverability of the tax losses is largely supported by the expected future profitability of the Clarksville smelter which has a history of operating profits that are stable and predictable. In addition, the US fiscal unity generated a taxable profit for the period ended 30 June 2017 which is expected to continue in the second half of 2017 primarily due to favourable zinc prices. The impact of the restart of the of the Middle Tennessee mines ahead of schedule has been considered with the costs of the ramp-up being included in the assessment. Based on the assessment the Company has determined that it is probable that the available deferred tax assets related to the tax losses incurred in the USA will be fully utilised before expiring.

Switzerland

Swiss tax law allows for a seven year carry-forward period for tax losses. The Company's Swiss subsidiary is the marketing entity for the Metal Processing segment. Therefore, the profitability of the Swiss subsidiary is closely linked to the profitability of the Company's Metals Processing segment. The unused tax losses recognised in the Swiss subsidiary primarily resulted from impairing its investments in the mining assets. The investments in the mining assets held by Company's Swiss subsidiary have been substantially impaired and therefore, no further impairment losses are expected to be incurred.

The Group has assessed the recoverability of the deferred tax asset in the Swiss subsidiary based on the same analysis as at year ended 31 December 2016. Based on the evaluation of the forecasts of the Swiss subsidiary it was determined that it is probable that taxable profits will be available in the future before expiration of recognised tax assets.

The key assumptions included in the assessment of the recoverability of the tax losses previously incurred by the Swiss entity are those that drive the profitability of the Metal Processing Segment. The key assumptions include:

i) Commodity prices, treatment charges and exchange rates consistent with those applied for impairment assessment

ii) Completion of the construction phase of the Port Pirie Redevelopment project (the “Project”) in the second half of 2017

iii) Ramp up of the Project to full capacity in the second half of 2019.

These assumptions are consistent with the assumptions used as a basis for assessment for the year ended 31 December 2016 and the Project is on track (commissioning expected in the third quarter of 2017). Based on the assessment the Company expects to fully utilise the recognised tax losses before expiry.

Canada

Canadian tax law allows for a twenty year carry-forward period for tax losses. The Group evaluated the expected profitability the Langlois mine using the same analysis and method and based on assumptions consistent with those for the assessment of the profitability applied for the year ended 31 December 2016. Based on the assessment the Company has determined that it is probable that the available and recognised deferred tax assets related to the tax losses incurred in Canada will be fully utilised before expiring.

(d) Tax Audit

Nyrstar periodically assesses its liabilities and contingencies for all tax years open to audit based on the latest information available. For those matters where it is probable that an adjustment will be made, the Group recorded its best estimate of these tax liabilities, including related interest charges. The final outcome of tax examinations may result in a materially different outcome compared to the recorded tax liabilities and contingencies.

Since in certain jurisdictions some of the circumstances that are subject to tax audits are still in existence at 31 December 2016, similar arguments may be put forward by the tax authorities for additional years that are currently not under audit, which may lead to significant tax expenses in the future. For these matters, the best estimate of the quantifiable possible exposure as at 31 December 2016 is between Nil and EUR 82 million. Although Nyrstar cannot estimate the risk related to these tax matters as remote, it does not consider it probable that these tax matters will result in additional tax liabilities to the Company. Therefore, it has not recognised a provision in respect of these matters.

As part of tax dispute procedures, Nyrstar Netherlands (Holdings) BV is challenging a corrective corporate income tax assessment relating to an intra-group reorganisation in the year ended 31 December 2010 and a corrective assessment for the year ended 31 December 2011 issued to the Company in the first quarter of 2017 related to the matter. Further, Nyrstar Belgium NV is challenging an assessment relating to the non-deductibility of interest expenses incurred in the year ended 31 December 2012. Despite the recent court decision in first instance in favour of the tax authorities' position, Nyrstar continues to defend itself in court and remains confident that it has a strong position which will prevail in the next instances. Nyrstar has not recorded a provision in respect of these matters.

7. IMPAIRMENT LOSS

30 June 2017

There were no indicators of impairment for the six months ended 30 June 2017.

30 June 2016

The carrying values of assets related to the Metals Processing and to the Mining segments at 30 June 2016 were EUR 1,179.6 million and EUR 322.1 million respectively. In the half-year ended 30 June 2016 Nyrstar recognised pre-tax net impairment losses of EUR 106.1 million (30 June 2015: EUR 417.5 million). The impairment losses related to pre-tax impairment charges on Nyrstar's Mining assets (30 June 2015: EUR 407.3 million related to the impairment of Nyrstar's mining assets).

The allocation of the impairment charges for the period to individual assets, cash generating units and operating segments is outlined below:

in EUR million		whereof		
	Impairment loss	PP&E and Intangible assets	Investments	Other
El Mochito	(48.3)	(48.3)	-	-
Myra Falls	(27.1)	(27.1)	-	-
Middle Tennessee Mines	(30.7)	(30.7)	-	-
Total Mining	**(106.1)**	**(106.1)**	**-**	**-**

Impairment testing for mining operations (2016)

Recoverable values were determined in their functional currencies on the basis of fair value less costs of disposal (FVLCD) for each operation. The FVLCD recoverable values for Mining operations were determined as the present value of the estimated future cash flows (expressed in real terms) expected to arise from the continued use of the assets (life of asset), including reasonable forecast expansion prospects and using assumptions that an independent market participant would take into account. These cash flows were discounted using a real after-tax discount rate that reflected current market assessments of the time value of money and the risks specific to the operation. The FVLCD measurement represents in its entirety Level 3 of the fair value hierarchy. Management projected the cash flows over the expected life of the mines, which varied from 7 to 18 years.

The key assumptions underlying the FVLCD were forecast commodity prices, foreign exchange rates, treatment charges, discount rates, amount of inferred resources, production assumptions and capital and operating costs.

Commodity price and foreign exchange forecasts were developed from externally available forecasts from a number of different market commentators. A broad range of externally available reputable forecasts were utilised in establishing the robust composite price sets. Equal weighting was applied to each of the individual forecasts in order to exclude any bias. The metal prices applied in the impairment assessment varied in accordance with the year the sale of production was expected to occur with long term prices held flat effective from 2023. The ranges of prices used are outlined in the table below showing the high and low prices over the period of assumed cash flows:

	Low	High	Long term
Commodity prices (USD)			
Zinc (per tonne)	2,077	2,579	2,283
Lead (per tonne)	1,772	1,842	1,747
Copper (per tonne)	4,903	6,907	6,907
Gold (per ounce)	1,124	1,256	1,256
Silver (per ounce)	15.14	19.41	19.41
Foreign exchange rates (versus USD)			
Honduran Lempira	22.78	24.86	24.86
Canadian Dollar	1.30	1.30	1.30

Zinc treatment charge assumptions are determined by reference to benchmark treatment charges and historical treatment charge rates as a proportion of the associated metal price and range from 9% to 10% (30 June 2015: 8% to 12%) of the underlying metal price.

Discount rates are determined using a weighted average cost of capital methodology on an operation specific basis. The discount rates applied for operations with impairment charges on property, plant and equipment are outlined in the table below:

	Discount rates 30 June 2016
El Mochito	13.40%
Myra Falls	7.90%
Middle Tenneessee Mines	7.70%

Production assumptions and capital and operating costs are determined based on approved budgets and forecasts with greater weight given to historical results unless definitive plans are in place for capital projects which are expected to have a significant, favourable effect on the operation. In such circumstances, expenditures associated with the capital project are incorporated into the FVLCD model.

Nyrstar has included inferred mineral resources in its valuation models. An inferred mineral resource is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on more limited information than indicated and measured mineral resources. Due to the uncertainty that may be attached to inferred mineral resources it cannot always be assumed that all or any part of an inferred mineral resource will be upgraded to an indicated or measured mineral resource as a result of continued exploration. Due to this uncertainty, Nyrstar has not included 100% of inferred resources in its model, but instead included differing levels of inferred resources for each mine based on management's view of the likely conversion of inferred resources into reserves at that asset. On average across all the mines, Nyrstar has included 45.1% of inferred resources in its valuation models.

The carrying amounts of each mining CGU at 30 June 2016 are outlined in the table below:

Cash generating unit		EUR million
El Mochito	FVLCD	23
Myra Falls	FVLCD	28
Middle Tennessee Mines	FVLCD	25
East Tennessee Mines	FVLCD	95
Contonga	FVLCD	39
Langlois	FVLCD	112
Coricancha	FVLCD	-
Pucarrajo	FVLCD	-
Campo Morado	FVLCD	-

Sensitivity analysis

The results of the impairment testing are affected by changes in commodity prices, foreign exchange rates, discount rates and rate of utilisation of inferred resources. Sensitivities to variations in relevant assumptions are depicted in the following table, which sets out the estimated impact on the impairment charges for the half-year ended 30 June 2016 (in EUR million):

Parameter	Variable	EUR million
Zinc price	+/- 5%	23 / (35)
Lead price	+/- 5%	4 / (4)
Copper price	+/- 5%	6 / (6)
Gold price	+/- 5%	7 / (7)
Silver price	+/- 5%	7 / (7)
Foreign exchange rates	+/- 5%	31 / (44)
Discount rate	+ 100bps	(8)

Impairment charges related to mining operations

Based on the results of its impairment testing at 30 June 2016, the Group has recorded impairment losses related to its mining operations totalling EUR 106.1 million (30 June 2015: 407.3 million). The impairment loss was caused by a decrease in the long term zinc price forecast, unfavourable movement in the USD/CAD exchange spread impacting Myra Falls, continued care and maintenance of Myra Falls and Mid Tennessee mines, and revised production profile and ore grade assumptions at El Mochito.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017 the Group's capital expenditure in the normal course of business amounted to EUR 161.3 million (six months ended 30 June 2016: EUR 134.6 million) of which EUR 67.5 million (six months ended 30 June 2016: EUR 65.6 million) related to the Port Pirie re-development.

9. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

EUR million	as at 30 Jun 2017	as at 31 Dec 2016
Convertible bonds	185.7	211.5
Fixed rate bonds	735.2	340.8
Unsecured bank loans	11.2	12.2
Finance lease liabilities	0.4	0.5
Total non-current loans and borrowings	**932.5**	**565.0**
SCTF Credit Facility	146.2	329.9
Unsecured bank loans	2.2	2.1
Loans from related parties	-	94.8
Finance lease liabilities	0.2	0.2
Total current loans and borrowings	**148.6**	**427.0**
Total loans and borrowings	**1,081.1**	**992.0**

Fixed rate bonds

In March 2017 Nyrstar issued a EUR 400.0 million 6.875 % Senior Notes listed on the Luxembourg Stock Exchange's Euro MTF market, due in 2024.

In May 2016 Nyrstar repaid its 5.375% fixed rate bonds with an original face value of EUR 525 million, due May 2016.

Convertible bonds

In March 2017, Nyrstar bought back part of its own 4.25% convertible bonds (due in 2018) with a face value of EUR 29.5 million for a total cash consideration of EUR 29.5 million.

SCTF credit facility

SCTF credit facility is a secured multi-currency revolving structured commodity trade finance credit facility with a limit of EUR 500 million (2016: EUR 400 million). The facility will mature in June 2019 (with run-off period during the final year before the maturity). The facility includes an accordion to increase its size to EUR 750.0 million on a pre-approved but uncommitted basis.

Funds drawn under the facility bear interest at EURIBOR plus a margin of 2.25%.

Directly attributable transaction costs are recognised in the Income Statement over the term of the credit facility using the effective interest rate method.

Transaction costs related to the current SCTF credit facility amount to EUR 2.8 million.

Loans from related parties (see Note 20)

In May 2016 Nyrstar entered into a USD 150 million (EUR 135.1 million) revolving working capital facility agreement with Trafigura. The facility was uncommitted and was secured by the shares of Nyrstar France SAS, a subsidiary of the Company, with a term through to January 2017 and with an interest of LIBOR plus 4%. In November 2016, with the effective date of 1 January 2017, the working capital facility became committed, was extended till 31 December 2017 and was increased to USD 250 million (EUR 219.1 million). The amended working capital facility is secured by a share pledge over the shares of Nyrstar France SAS, a subsidiary of the Company. At 30 June 2017, the facility was undrawn.

10. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amount of all financial assets and liabilities recognised at amortised cost on the interim condensed consolidated statement of financial position approximate their fair value, with the exception of the fixed rate bonds of EUR 735.2 million (31 December 2016: EUR 340.8 million) and the convertible bonds of EUR 185.7 million (31 December 2016: EUR 211.5 million), with fair values based on quoted prices in active markets (Level 1 measurement), of EUR 791.2 million (31 December 2016: EUR 381.4 million) and EUR 241.1 million (31 December 2016: EUR 245.4 million) respectively.

The fair value measurement policies and valuation procedures of Nyrstar's financial assets and liabilities are consistent with the fair value measurement disclosures in the notes to the consolidated financial statements as at 31 December 2016.

EUR million	Valuation technique(s) and key input(s)	**Level 1**	**Level 2**	**Level 3**	**Total Jun 30, 2017**
Investment in equity securities (i)		**21.7**	**-**	**-**	**21.7**
Commodity contracts – fair value hedges	a	-	7.3	-	7.3
Commodity contracts – cash flow hedges	a	-	10.6	-	10.6
Foreign exchange contracts – held for trading	b	-	2.4	-	2.4
Embedded derivative	c	-	74.6	-	74.6
Total		**-**	**94.9**	**-**	**94.9**
Commodity contracts – fair value hedges	a	-	(16.0)	-	(16.0)
Commodity contracts – cash flow hedges	a	-	(23.9)	-	(23.9)
Foreign exchange contracts – held for trading	b	-	(10.3)	-	(10.3)
Total		**-**	**(50.2)**	**-**	**(50.2)**

EUR million	Valuation technique(s) and key input(s)	Level 1	Level 2	Level 3	Total Dec 31, 2016
Investment in equity securities (i)		**22.4**	**-**	**-**	**22.4**
Commodity contracts – fair value hedges	a	-	16.7	-	16.7
Commodity contracts – cash flow hedges	a	-	5.5	-	5.5
Foreign exchange contracts – held for trading	b	-	5.2	-	5.2
Foreign exchange contracts – cash flow hedges	b	-	0.6	-	0.6
Embedded derivative	c	-	59.2	-	59.2
Total		**-**	**87.2**	**-**	**87.2**
Commodity contracts – fair value hedges	a	-	(3.5)	-	(3.5)
Commodity contracts – cash flow hedges	a	-	(18.8)	-	(18.8)
Foreign exchange contracts – held for trading	b	-	(2.8)	-	(2.8)
Total		**-**	**(25.1)**	**-**	**(25.1)**

(i) All investments in equity securities are measured at level 1 under the fair value measurements using quoted bid prices in an active market, with the exception of the company's investment of EUR 1.5 million (31 December 2015: EUR 1.5 million) in Exeltium SAS, which is a private company and carried at cost and has not been included in the tables above.

For level 2 fair value measurements, fair values are determined based on the underlying notional amount and the associated observable forward prices/rates in active markets. The key inputs in these valuations are as follows (with reference to the tables above):

a) forward commodity prices in active market
b) forward exchange rates in active market
c) forward electricity prices in active market

Zinc prepayment

In December 2015, Nyrstar entered into a zinc prepayment, a tripartite agreement between a physical offtaker and a bank, in the nominal amount of USD 150 million (EUR 137.8 million) through a special purpose vehicle ("SPV") structure. The zinc prepayment was increased in the second half of 2016 to USD 185 million (EUR 175.6 million). The prepayment agreement is linked to the physical delivery of refined zinc metal to Trafigura under the terms of a three-year offtake agreement and the zinc prepayment was arranged by Deutsche Bank AG. The zinc metal prepayment has an amortising structure with a three-year term and a 12-month grace period following which the prepayment will be repaid in equal monthly zinc metal deliveries over a period of two years.

The risks and obligations of Nyrstar as to the SPV are fully described above except that in the event of Trafigura failing to take physical delivery of the zinc delivered by Nyrstar, the Company is required to, on a best efforts basis, find alternative buyers on behalf of the SPV. No financial risks arise to Nyrstar from this obligation.

The zinc metal deliveries are priced at the date of delivery based on prevailing market prices and have not been hedged by the Company thereby retaining full price exposure to zinc metal prices.

Directly attributable transaction costs have been deducted at initial recognition of the zinc prepayment and are amortised over the term of the zinc prepayment together with the interest of LIBOR plus a margin of 4.5%. The outstanding balance of the zinc prepayment at 30 June 2017 is EUR 118.0 million (31 December 2016: EUR 170.4 million).

11. DEFERRED INCOME

EUR million	as at 30 Jun 2017	as at 31 Dec 2016
Prepayments for deliveries of silver metal	34.6	52.7
Total non-current deferred income	**34.6**	**52.7**
Prepayments for deliveries of silver metal	165.1	77.6
Prepayments for deliveries of zinc and lead metal	202.9	229.0
Other prepayments	4.5	6.4
Total current deferred income	**372.4**	**313.0**
Total deferred income	**407.0**	**365.7**

Deferred income consists of payments received by the Company from customers for future physical deliveries of metal production that are expected to be settled in normal course of business.

Prepayments for deliveries of silver metal

During the six months ended 30 June 2017, Nyrstar entered into three silver prepay transactions for which it received total funds of USD 160 million (EUR 140 million):

- The first silver prepay of USD 50 million (EUR 43.8 million) has a six months grace period and six months delivery period with equal instalments and total delivery of 4.2 million oz. As at 30 June 2017, no silver has been delivered. The remaining 4.2 million oz will be delivered between January 2018 and June 2018.
- The second silver prepay of USD 50 million (EUR 43.8 million) has a nine months grace period with a five months delivery period with variable silver instalments based on the silver price at the time of deliveries. As at 30 June 2017, no silver has been delivered. The remaining approximately 3.2 million oz will be delivered between April 2018 and August 2018.
- The third silver prepay of USD 60 million (EUR 52.6 million) has a six months grace period with a six months delivery period with variable silver instalments based on the silver price at the time of deliveries. As at 30 June 2017, no silver has been delivered. The remaining approximately 3.8 million oz will be delivered between October 2017 and March 2018.

During the six months ended 30 June 2016 Nyrstar entered into a silver prepay agreement under which Nyrstar received approximately USD 75 million (EUR 67.6 million) prepayment and agreed to physically deliver 6.8 million oz of silver in monthly instalments. The silver prepayments were amortised into revenue as the underlying silver was physically delivered. As at 30 June 2017 there were no oz of silver to be delivered (30 June 2016: 2.3 million oz).

During the six months ended 30 June 2015 Nyrstar entered into silver prepay agreements under which Nyrstar received approximately USD 175 million (EUR 156.4 million) prepayment and agreed to physically deliver 13.1 million oz of silver in monthly instalments. The silver prepayments were amortised into revenue as the underlying silver was physically delivered. As at 30 June 2017 there were no oz of silver to be delivered (30 June 2016: 12.7 million oz).

In October 2014, Nyrstar entered into a forward sale of a portion of the future incremental silver production from the Port Pirie smelter for a gross upfront payment of approximately AUD 120 million (net proceeds of EUR 85.2 million) in order to fund the second component of the funding package of the redevelopment of its smelter in Port Pirie. The forward sale is for a term of five years. Under the terms of the forward sale, the majority of the silver volumes will be delivered under a defined delivery schedule post commissioning of the redeveloped Port Pirie smelter from 2016 until the end of 2019. Silver prices have been hedged with counterparties.

In connection with the silver prepay agreements with the fixed silver oz deliveries Nyrstar entered into forward purchase contracts with equivalent delivery dates to hedge the silver price exposure related to delivery commitments. These contracts are accounted for as effective fair value hedges of the firm sales commitments in the silver prepay agreements. The change in fair value of the forward purchase contracts of EUR 4.3 million has been included in other financial assets and the portion of deferred income related to the silver prepay agreement of EUR 4.3 million effectively offsets in the income statement.

Prepayments for deliveries of zinc and lead metal

The prepayments for deliveries of zinc and lead metal consist of prepayments received from the Company's customers for future physical deliveries of zinc and lead metal under existing offtake agreements.

12. SHARE CAPITAL AND SHARE PREMIUM

As at 30 June 2017 the share capital of Nyrstar NV comprised 93,648,929 ordinary shares (31 December 2016: 93,563,960 ordinary shares) with a par value of EUR 1.038 (31 December 2016: EUR 1.038). In June 2017 the Company issued 84,969 new ordinary shares for a cash consideration of EUR 0.4 million (consisting of capital and issue premium) within the framework of the authorised capital. The new shares were subscribed for by certain existing senior employees of the Company and its subsidiaries.

The extraordinary shareholders' meeting on 18 May 2017 approved that the Board of Directors shall be authorised to increase the share capital of the Company by a maximum aggregate amount of 30%. This authorisation shall be valid for a period of three years.

In February 2016 Nyrstar issued 608,165,740 new shares as the result of the completion of a capital increase in the amount of EUR 273.7 million within the framework of a rights offering which was approved by the extraordinary general shareholders' meeting of 18 January 2016. The associated costs of the capital increase amounted to EUR 11.4 million.

In May 2016 the Company implemented a share consolidation with respect to all outstanding shares by means of a 1-for-10 reverse stock split (the "RSS"). The RSS was effective as of 9 June 2016.

13. PERPETUAL SECURITIES

Commencing in November 2015, Nyrstar Port Pirie (NPP) issued tranches of perpetual securities (the Securities) related to the Nyrstar Port Pirie lead smelter redevelopment (the Project). The Securities are perpetual, subordinated and unsecured. Distributions on the Securities are unconditionally deferrable into perpetuity and cumulative if deferred. The Securities are redeemable at the option of Nyrstar or on insolvency of the Group.

At 30 June 2017, an aggregate total of EUR 138.8 million (31 December 2016: EUR 131.6 million) of perpetual securities had been issued.

Each tranche is an amount equal to the forecast project costs actually payable in the following calendar month (less the unspent amount of any previous tranches and less any required overrun funding). Nyrstar will issue further tranches throughout the second half of 2017 up to a total amount of AUD 291.3 million (EUR 196.2 million) and until the Project is commissioned which is expected in the second half of 2017.

Whilst the Securities are outstanding, NPP is subject to forms of economic compulsion which compel the Company to make the intended distributions on the Securities. During the six months ended 30 June 2017, there have not been any changes to the clauses relating to economic compulsion, and distributions were made in accordance with the targeted distribution schedule. The Company estimates, taking into consideration the forms of economic compulsion, it will continue to make future distributions and then redeem the Securities according to the targeted amortisation schedule. The redemption of the Securities is expected to commence in May 2018 through to November 2022.

Contractual amendments relating to perpetual securities

During the six months ended 30 June 2017, Nyrstar agreed with the holder of the Securities to amend or exclude certain clauses relating to the contingent option for the holder to request redemption (i.e. a contingent settlement provision). Nyrstar can undertake certain actions to prevent a contingent settlement event from occurring. There are no circumstances, where Nyrstar would have to mandatorily redeem the Securities. As such, the Securities have been accounted for as entirely equity financial instruments as at 30 June 2017. This classification did not impact the interim financial statements as at 30 June 2017 on the basis that the fair value of the financial liability component of the compound financial instrument presented in the 31 December 2016 financial statements was insignificant.

The final contingent settlement provisions for the Securities are provided below.

Nyrstar NV ceases to legally or beneficially own (directly or indirectly) 100% of the issued voting share capital of NPP.

NPP breaches its obligation not to make a distribution other than in the few permitted circumstances and does not remedy the breach within 5 business days of its occurrence.

a) NPP does not comply with the tolling agreement and, where that event can be remedied, it has not been remedied within 10 days of a Securities holder requesting remedy or NPP becoming aware of the event provided that for the avoidance of doubt, if NPP or NSM AG is unable to fully perform any of its obligations under the Tolling Agreement as a result of:

    a. actual or anticipated financial distress of any member of the Nyrstar Group; or

    b. external events beyond the control of any member of the Nyrstar Group (which may include changes in the economic situation of countries the Nyrstar Group members are operating in, changes in market prices or changes in the competitive environment),

then such non-performance alone of itself is not an Early Redemption Event.

NPP fails to comply with its undertakings in respect of:

(i) not misrepresenting
(ii) not providing Security holders with a no default certificate;
(iii) not providing negative pledge;
(iv) not disposing of its assets;
(v) not entering into any amalgamation, demerger, merger or corporate reconstruction (other than any amalgamation, merger or corporate reconstruction within the Nyrstar Group that does not involve NPP);
(vi) not changing its business;
(vii) not entering into any derivative transactions (other than in accordance with the hedging policy);
(viii) not joining a tax consolidated group;
(ix) not commingling property;
(x) not providing financial accommodation, guarantees or finance debt;
(xi) insurance; and
(xii) the project documents,

except where, if any such non-compliance can be remedied, NPP remedies the non-compliance within 5 business days of a Security holder requesting remedy or NPP becoming aware of the non-compliance.

b) In addition to the requirement to redeem the Securities upon an early repayment event, NPP is obliged to redeem the Securities upon liquidation of either NPP or the Company (other than for the purpose of a solvent merger, restructure or amalgamation, provided that the merged, restructured or amalgamated entity has equivalent or better financial standing and technical expertise and provides guarantees and indemnities on the same terms as the Company issued guarantee and Indemnity and closure indemnity).

14. SHARE BASED PAYMENTS

During the six months ended 30 June 2017, the Group decided to settle the Grant 7 of the Executive Long Term Incentive Plan (LTIP) for a cash consideration of EUR 4.0 million. Additionally, in the same period the Group modified the Grant 9 of the LTIP and issued the awards under the Grant 10 of the LTIP.

The modification of Grant 9 and the issuance of Grant 10 were made in accordance with the rules and conditions of the LTIP. 871,000 awards of Grant 9 were modified and 1,155,536 awards of Grant 10 were granted with an effective accounting grant date of 30 April 2017 and a performance period of 3 years, commencing 1 January 2016 and 1 January 2017 respectively, over which the performance conditions are assessed.

To ensure that the LTIP is aligned with maximising shareholder returns, the Board has set two performance conditions under the modified Grant 9 and under Grant 10. These performance conditions are:

- Nyrstar achieving a target underlying EBITDA in 2018 (LTIP 9) and in 2019 (LTIP 10) (70% weighting); and
- Nyrstar's share price movement (as a percentage) is to outperform the MSCI World Metals and Mining Index movement (as a percentage) on average over the performance period (30% weighting).

Shares are awarded pro rata to executives to the extent that the target underlying EBITDA is met and predetermined scaling thresholds for the second market-based condition is met. Settlement of the awarded shares will be in the way of an allocation of shares.

The fair value of services received in return for the modified Grant 9 award and the newly issued Grant 10 award issued for the six month period to 30 June 2017 was EUR 0.6 million.

During the six months ended 30 June 2016, the Group decided to settle the Grant 6 of the Executive Long Term Incentive Plan (LTIP) for a cash consideration of EUR 2.1 million.

There have been no other changes to the Group's share based payment plans as disclosed in detail in the notes to the consolidated financial statements for the year ended 31 December 2016.

15. TREASURY SHARES

The treasury shares reserve comprises the par value of the Company's shares held by the Group. As at 30 June 2017, the Group did not hold shares of the Company (31 December 2016: nil).

The extraordinary general shareholders' meeting held on 18 January 2016 approved the cancellation of all 12,571,225 treasury shares held by the Company.

Movement in treasury shares	**six month ended 30 Jun 2017**	**six month ended 30 Jun 2016**
As at 1 Jan	-	12,571,225
Cancellation of treasury shares	-	(12,571,225)
As at 30 June	**-**	**-**

16. EARNINGS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share (EPS) for the six months ended 30 June 2017 was based on the loss attributable to ordinary shareholders of EUR 20.5 million (for the six months ended 30 June 2016: loss of EUR 241.8 million) and a weighted average number of ordinary shares outstanding of 93.6 million (30 June 2016: 81.1 million). The basic EPS is calculated as follows:

EUR million	six months ended 30 Jun 2017	six months ended 30 Jun 2016
Shareholders of Nyrstar		
Loss attributable to ordinary shareholders (basic)	(20.5)	(241.8)
Weighted average number of ordinary shares (basic, in million)	93.6	81.1
Loss per share (basic, in EUR)	**(0.22)**	**(2.98)**
Continuing operations		
Loss attributable to continuing operations (basic)	(55.6)	(142.2)
Weighted average number of ordinary shares (basic, in million)	93.6	81.1
Loss per share continuing operations (basic, in EUR)	**(0.59)**	**(1.75)**
Discontinued operations		
Profit / (loss) attributable to discontinued operations (basic)	35.1	(99.6)
Weighted average number of ordinary shares (basic, in million)	93.6	81.1
Earnings/(loss) per share discontinued operations (basic, in EUR)	**0.38**	**(1.23)**

(b) Diluted loss per share

As the entity incurred a loss for the six months ended 30 June 2017, the diluted loss per share EUR 0.22 (continuing: EUR 0.59, discontinued (earnings per share): EUR 0.38) equals the basic loss per share (for the six months ended 30 June 2016: EUR 2.98 (continuing: EUR 1.75, discontinued: EUR 1.23)).

17. CAPITAL COMMITMENTS

The value of commitments for acquisition of plant and equipment contracted for but not recognised as liabilities at the reporting date are set out in the table below.

EUR million	as at 30 Jun 2017	as at 31 Dec 2016
Within one year	50.2	53.1
Between one and five years	0.3	-
More than five years	-	-
Total	**50.5**	**53.1**

18. RESERVES

EUR million	Treasury shares	Translation reserves	Reverse acquisition reserve	Cash flow hedge reserve	Convertible bond	Investments reserve	Total
As at 1 Jan 2017	**-**	**83.9**	**(265.4)**	**45.5**	**39.2**	**3.1**	**(93.7)**
Gains on cash flow hedges	-	-	-	5.5	-	-	5.5
Foreign currency translation differences	-	(28.5)	-	-	-	-	(28.5)
Change in fair value of investments in equity securities	-	-	-	-	-	(0.1)	(0.1)
As at 30 June 2017	**-**	**55.4**	**(265.4)**	**51.0**	**39.2**	**3.0**	**(116.8)**

EUR million	Treasury shares	Translation reserves	Reverse acquisition reserve	Cash flow hedge reserve	Convertible bond	Investments reserve	Total
As at 1 Jan 2016	**(1.2)**	**148.8**	**(265.4)**	**59.5**	**24.5**	**2.8**	**(31.0)**
Losses on cash flow hedges	-	-	-	(20.2)	-	-	(20.2)
Foreign currency translation differences	-	(15.3)	-	-	-	-	(15.3)
Change in fair value of investments in equity securities	-	-	-	-	-	0.7	0.7
(Acquisition) / distribution of treasury shares	1.2	-	-	-	-	-	1.2
As at 30 June 2016	**-**	**133.5**	**(265.4)**	**39.3**	**24.5**	**3.5**	**(64.6)**

19. CONTINGENCIES

Legal actions

Although Nyrstar is the subject of a number of claims and legal, governmental and arbitration proceedings incidental to the normal conduct of its business, neither the Company nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the six months ended 30 June 2017 which may have or has had significant effects on the financial position or profitability of the Company and its subsidiaries, taken as a whole.

The sanction process initiated at Coricancha in 2014, related to alleged non-compliances identified by the environmental regulator (OEFA) during an inspection in April 2013, remains open at 30 June 2017. Nyrstar has filed a legal defense contesting OEFA's findings and Nyrstar's assessment is that material monetary penalties are unlikely to be incurred. Efforts to return the sites to compliance are being pursued, however the potential for regulatory action cannot be excluded.

20. RELATED PARTIES

Relationship with Trafigura

Overview of the relationship with Trafigura

Trafigura is a significant shareholder of the Company through its subsidiary, Urion Holdings (Malta) Ltd ("Urion"). It acquired its shareholding in the Company through several acquisitions, which were notified to the Company.

Since the notification of significant shareholding received by the Company at 1 September 2015, Urion acquired additional shares in the Company via market purchases. According to the most recent information received by the Company, at 30 June 2017 Urion held 23,055,662 shares representing 24.62% of the voting rights.

Following the annual general shareholders' meeting held at 27 April 2016, the Board of Directors includes two non-executive dependent directors, namely Mr. Christopher Cox and Jesús Fernandez. Both Mr Christopher Cox and Jesús Fernandez represent Urion.

Trafigura Relationship Agreement

In connection with Trafigura's commitment to support the Offering (see below), on 9 November 2015 the Company entered into a relationship agreement (the "Relationship Agreement") with Trafigura Group Pte. Ltd. to govern Nyrstar's relationship with Trafigura Group Pte. Ltd. and its affiliated persons (collectively "Trafigura").

The Relationship Agreement provides amongst other things for the following:

All transactions between the Group and Trafigura are to be conducted at arm's length and on normal commercial terms.

Trafigura will during the term of the Relationship Agreement not acquire (directly or indirectly) any shares or voting rights in the Company that would bring its aggregate holding of shares or voting rights (when aggregated with the holdings of any person with whom it acts in concert, including, as the case may be, the Group) to a level above 49.9% of the outstanding shares or voting rights of the Company. Furthermore, Trafigura does not intend to and will not, directly or indirectly, solicit, launch or publicly announce the solicitation or launching of a private or public offer or any proxy solicitation with respect to all or substantially all of the voting securities of the Company that is not recommended or otherwise supported by the board of directors of the Company. The aforementioned restrictions would automatically fall away in case of the announcement by a third party at the request of the Belgian FSMA regarding its intention to carry out a public tender offer, the announcement of an actual public tender offer by a third party, an acquisition by a third party of shares such that such person's holding of shares reaches or exceeds 10% of the outstanding shares in the Company, and it becoming unlawful for the Relationship Agreement to remain in force. The restrictions do not prevent Trafigura from soliciting, launching or publicly announcing the solicitation or launching of a private or public offer or any proxy solicitation with respect to all or substantially all of the voting securities of the Company that is recommended or otherwise supported by the board of directors of the Company, tendering shares in a public tender offer (including the entering into an irrevocable commitment with respect to such public tender offer) or entering into another transaction in relation to its shares, such as sale of its shares.

Trafigura will be able to nominate or propose the nomination of such number of directors to the Company's board of directors as it determines, but limited to a number that does not constitute a majority of the Company's board of directors (such directors being a "Trafigura Director", but it being noted that the director appointed upon proposal of Trafigura, Mr. Martyn Konig, prior to the date of the Relationship Agreement who is an "independent director" shall not for these purposes be considered as a Trafigura Director). The Relationship Agreement also provides that the proposal for appointment of any new independent director requires the approval of a majority of the directors other than the Trafigura Directors, it being understood however, that the Relationship Agreement in no way restricts the Trafigura group as shareholder to vote in favour of or against any proposed independent director. In case a Trafigura Director is chairman of the board of directors or chairs a meeting of the board of directors, he or she shall not have a casting vote. Furthermore, the Relationship Agreement provides that the attendance quorum for a board meeting shall be at least one independent director and one Trafigura

Director, but if this attendance quorum is not met, a subsequent board meeting can be held with the same agenda if at least any two directors are present.

After completion of the Offering, Trafigura may request the Company to take certain steps, including the publication of a prospectus or other offering document in connection with a proposed disposal of some or all of Trafigura's shares.

After completion of the Offering, if the Company issues equity securities, Trafigura will have pro rata subscription rights.

The Relationship Agreement will have effect for as long as Trafigura holds 20% or more but less than 50% of the shares in the Company. It may be terminated by Trafigura if any of the Trafigura Commercial Agreements that it entered into with the Nyrstar Sales & Marketing AG on 9 November 2015 is terminated other than as a result of expiry or non-renewal and other than due to material breach by Trafigura.

Trafigura's Commitment to the Rights Offering

On 9 November 2015, Trafigura, (through its subsidiary, Urion) agreed, subject to certain conditions, to subscribe for shares in the rights offering ("Offering") that was launched on 5 February 2016, for up to a maximum aggregate amount of EUR 125 million, and provided that its aggregate shareholding in the Company after completion of the Offering is not more than 49.9%. Pursuant to the Rights Offering, Urion subscribed with rights for 149,861,803 new shares for an aggregate amount of EUR 67.4 million. As a result of the Offering, Urion's shareholding in the Company remained at 24.64% in aggregate. The Company paid to Trafigura a commission of EUR 5.0 million;

Trafigura Commercial Agreements

On 9 November 2015, Nyrstar Sales & Marketing AG entered into commercial agreements with Trafigura Pte. Ltd. (the "Trafigura Commercial Agreements") relating to the purchase by Nyrstar from Trafigura of zinc concentrate, lead concentrate and finished refined aluminium metal (the "Purchase Agreements") and the sale by Nyrstar to Trafigura of finished refined zinc metal (part of this contract being implemented by way of the 2015 prepay financing), finished refined lead metal and finished refined copper cathodes (the "Sales Agreements").

All of the agreements entered into force on 1 January 2016 for a fixed term of five years, with an option for Trafigura to renew for a further period of five years. Thereafter they are expected to continue on an evergreen basis, provided that with at least one calendar year's notice (which can be given on and from 31 December 2024) (i) Trafigura may terminate at any time and (ii) Nyrstar may terminate if Trafigura's or its affiliates' shareholding in Nyrstar NV or its affiliate falls below 20%. In addition, the agreements are subject to certain termination rights in case of default under the various agreements. The Company is of the opinion that Trafigura Commercial Agreements were entered into at market conditions.

The Purchase Agreements provide for market-based prices with annually agreed treatment charges (for zinc concentrate and lead concentrate) and premiums (for aluminium) subject to certain fallback mechanisms, in case no agreement can be reached between the parties. Subject to annual agreement, the Purchase Agreements will relate to approximately 10-35% of Nyrstar's feedbook requirements. In January 2017, Nyrstar and Trafigura agreed a framework for the granting by Trafigura, on a case by case basis, of deferred payment terms on concentrate deliveries for two specific Purchase Agreements. Any such deferred payments will be secured by the shares of Nyrstar Budel BV, a subsidiary of the Company.

The Sales Agreements provide for market-based prices with (i) market-based premiums subject to specific market-based discounts up to and including 2017 and annually agreed discounts thereafter for zinc metal, (ii) annually agreed premiums for lead metal and (iii) market-based premiums subject to annually agreed discounts for copper cathodes, subject to certain fallback mechanisms in case no agreement can be reached between the parties. The Sales Agreements will relate to substantially all of Nyrstar's commodity grade metal.

In May 2017 Nyrstar and Trafigura amended the "Trafigura Commercial Agreements" entered into on 9 November 2015. These amendments further defined the zinc specifications and volumes by region.

In April 2016 Nyrstar announced that it terminated the offtake and marketing agreement with Noble Group Limited ("Noble") to market and sell 200,000 tonnes per annum of commodity grade zinc metal produced at its European smelters. Nyrstar has included the zinc metal volumes that were previously to be provided to Noble until the end of 2016 into the zinc metal offtake agreement with Trafigura entered into on 9 November 2015 with market based terms and a prepayment mechanism.

Trafigura Off-take Agreement under the zinc prepayment agreement

In December 2015 Trafigura also become the off-taker in the USD 150 million (EUR 137.8 million) zinc prepayment arranged by Deutsche Bank AG that is linked to the physical delivery of refined zinc metal to Trafigura under the terms of a three-year offtake agreement. In second half of 2016 the zinc prepayment was increased to USD 185 million. Trafigura's direct participation in the Zinc prepayment at 30 June 2017 was USD 26.3 million (EUR 23.1 million), (31 December 2016 USD 35 million (EUR 33.2 million).

Trafigura Working Capital Facility

In May 2016 Nyrstar entered into a USD 150 million revolving working capital facility agreement with Trafigura. The facility was uncommitted and was secured by the shares of Nyrstar France SAS, a subsidiary of the Company, with a term through to January 2017 and with an interest of LIBOR plus 4%. In November 2016, with the effective date of 1 January 2017, the working capital facility become committed, was extended till 31 December 2017 and was upsized to USD 250 million (EUR 291.1 million). The amended working facility is secured by a share pledge over the shares of Nyrstar France SAS, a subsidiary of the Company. At 30 June 2017, the facility was undrawn.

Transactions with related parties

Trafigura became a related party to Nyrstar as of 28 August 2015 when it acquired more than 20% ownership in Nyrstar. The transaction values disclosed below include the transactions from 1 January 2017 to 30 June 2017. The comparative 2016 information include transaction from 1 January 2016 to 30 June 2016.

	Transaction values for the six months ended 30 June	
EUR million	2017	2016
Sale of goods and services		
Trafigura Beheer B.V.	-	-
Subsidiaries & associates of Trafigura Beheer B.V.	306.0	78.1
Purchase of goods and services		
Trafigura Beheer B.V.	-	-
Subsidiaries & associates of Trafigura Beheer B.V.	304.1	356.0
Amounts owed by		
Trafigura Beheer B.V.	-	-
Subsidiaries & associates of Trafigura Beheer B.V.	41.3	6.3
Amounts owed to		
Trafigura Beheer B.V.	-	-
Subsidiaries & associates of Trafigura Beheer B.V.	37.5	206.6

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expenses have been recognized in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

EUR million	Transaction values for the six months ended 30 June 2017	2016
Loan from related parties		
Trafigura Beheer B.V.	-	-
Subsidiaries & associates of Trafigura Beheer B.V.[1]	-	103.1
Interest paid to related parties		
Trafigura Beheer B.V.	-	-
Subsidiaries & associates of Trafigura Beheer B.V.	1.3	0.9

[1] The loan from related parties was fully repaid in March 2017.

21. SUBSEQUENT EVENTS

There have been no material reportable events subsequent to 30 June 2017.

STATEMENT OF RESPONSIBILITY

The undersigned, Hilmar Rode, Chief Executive Officer and Christopher Eger, Chief Financial Officer, declare that, to the best of their knowledge:

a) the condensed consolidated interim financial statements for the six month period ended 30 June 2017 which have been prepared in accordance with applicable standards give a true and fair view of the assets, the financial position and income statement of the issuer and its consolidated subsidiaries;

b) any significant transactions with related parties and their impact on the condensed consolidated financial statements have been disclosed in the financial information;

c) there have been no material changes to the risks and uncertainties for the Group as outlined in the 2016 Annual Report; these risks and uncertainties remain applicable for the financial performance of the Group for the remainder of 2017.

Brussels, 1 August 2017

Hilmar Rode
Chief Executive Officer

Christopher Eger
Chief Financial Officer

Deloitte.

Nyrstar SA

Report on the review of the consolidated interim financial information for the six-month period ended 30 June 2017

Report on the review of the consolidated interim financial information of Nyrstar SA for the six-month period ended 30 June 2017

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the the condensed consolidated statement of financial position as at 30 June 2017, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the period of six months then ended, as well as selective notes 1 to 21.

Report on the consolidated interim financial information

We have reviewed the consolidated interim financial information of Nyrstar SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The condensed consolidated statement of financial position shows total assets of 3,183 million EUR and the condensed consolidated income statement shows a consolidated loss (group share) for the period then ended of 21 million EUR.

The board of directors of the company is responsible for the preparation and fair presentation of the consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of review

We conducted our review of the consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit performed in accordance with the International Standards on Auditing (ISA) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Nyrstar SA has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, 1 August 2017

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Gert Vanhees