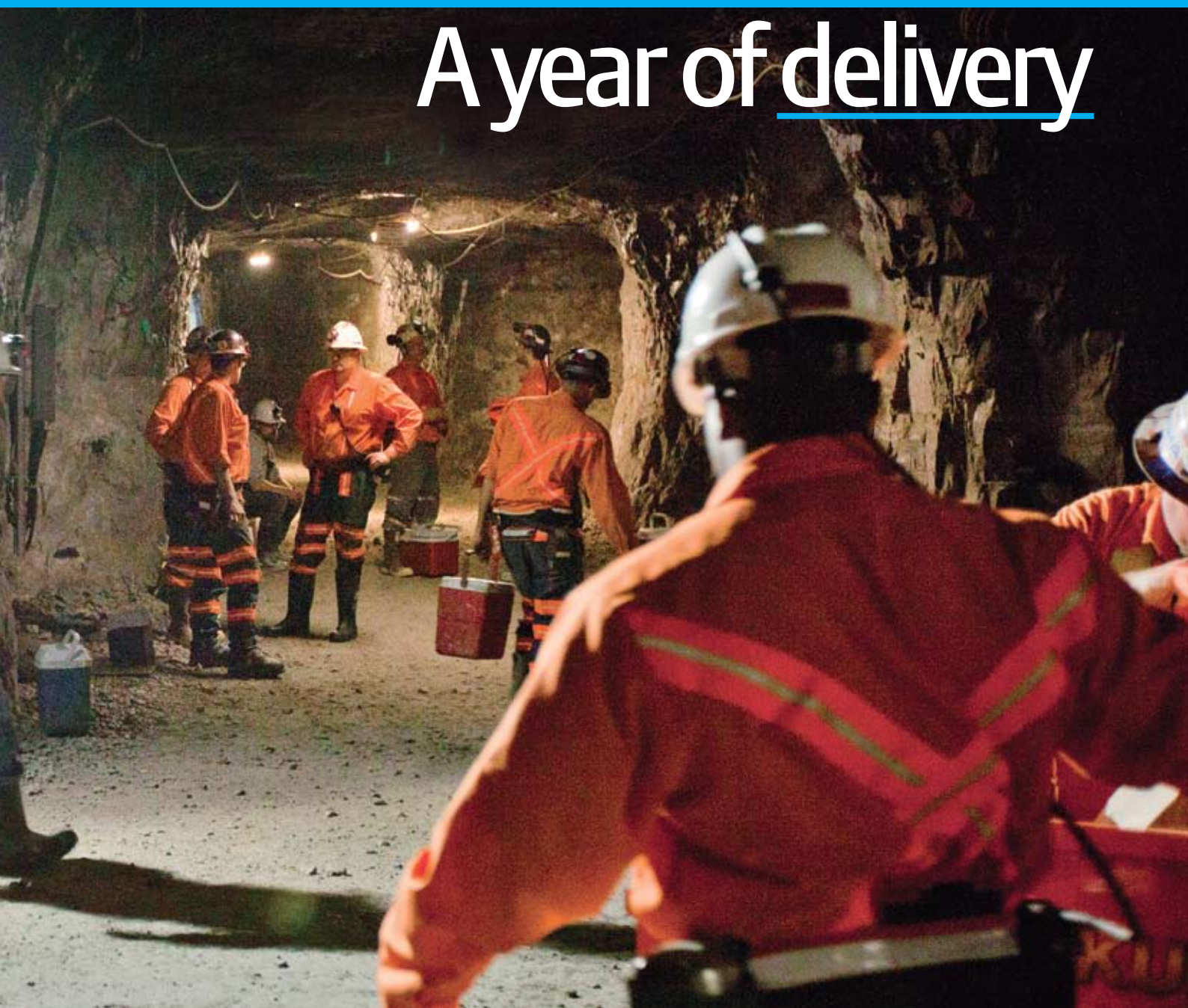




ANNUAL REPORT 2010

A year of delivery



KEY FIGURES

KEY FIGURES	(in € millions unless otherwise indicated)		
For the year ended 31 December	2010	2009	2008
MINING PRODUCTION			
Zinc in Concentrate ('000 tonnes)	84	-	-
Gold in Concentrate ('000 troy ounces)	5	-	-
SMELTING PRODUCTION⁽¹⁾			
Zinc Metal ('000 tonnes)	1,076	809	1,032
Lead Metal ('000 tonnes)	198	227	240
MARKET			
Average LME zinc price (US\$/t)	2,159	1,659	1,870
Average exchange rate (€/US\$)	1.33	1.39	1.47
KEY FINANCIAL DATA			
Revenue	2,696	1,664	2,410
Treatment Charges	403	292	404
Free Metal Contribution	378	159	218
Premiums	105	86	159
By-products	124	92	166
Other	(83)	(35)	(65)
Underlying Gross Profit ⁽²⁾	925	594	881
Underlying Operating Costs ⁽³⁾	(721)	(507)	(735)
Underlying EBITDA ⁽⁴⁾	207	93	153
Results from operating activities before exceptional items	110	32	57
Profit/(loss) for the period	72	10	(595)
Capital Expenditure	147	68	116
CASH FLOW AND NET DEBT			
Net operating cash flow	210	(19)	418
Net debt/(cash), end of period ⁽⁵⁾	296	38	(147)
Gearing (%), end of period ⁽⁶⁾	26%	5%	Net Cash

(1) INCLUDES PRODUCTION FROM PRIMARY AND SECONDARY SMELTERS ONLY (AUBY, BALEN AND OVERPELT, BUDEL, CLARKSVILLE, HOBART, PORT PIRIE AND ARA). INTERNAL TRANSFERS OF CATHODE FOR SUBSEQUENT MELTING AND CASTING ARE REMOVED IN THE ELIMINATION LINE. PRODUCTION DATA FOR 2009 AND 2008 WAS RE-STATE TO EXCLUDE NYRSTAR YUNNAN ZINC ALLOYS (DISPOSED OF IN AUGUST 2009). LEAD PRODUCTION AT ARA REFLECTS NYRSTAR'S OWNERSHIP (50%). PRODUCTION AT FOHL, GALVA 45, GENESIS AND GM METAL (CLOSED IN 2010) ARE NOT INCLUDED.

(2) EQUIVALENT TO GROSS PROFIT FOR THE PERIODS PRESENTED.

(3) UNDERLYING OPERATING COSTS ARE COMPRISED OF EMPLOYEE BENEFITS EXPENSE, ENERGY EXPENSES, STORES AND CONSUMABLES USED, CONTRACTING AND CONSULTING EXPENSES AND OTHER EXPENSES (EACH AS SET OUT IN THE INCOME STATEMENT) EXCLUDING THE NET LOSS ON THE HOBART SMELTER EMBEDDED DERIVATIVES. THE HOBART SMELTER IS PARTY TO A LONG-TERM ELECTRICITY SUPPLY CONTRACT WITH A ZINC-PRICE INDEXATION CLAUSE. ACCORDINGLY, IT CONTAINS AN EMBEDDED DERIVATIVE, WHICH IS MARKED TO MARKET. RESULTING GAINS AND LOSSES ARE CONSIDERED TO BE NON-OPERATIONAL. UNDERLYING OPERATING COSTS IS AN UNAUDITED, NON-IFRS MEASURE.

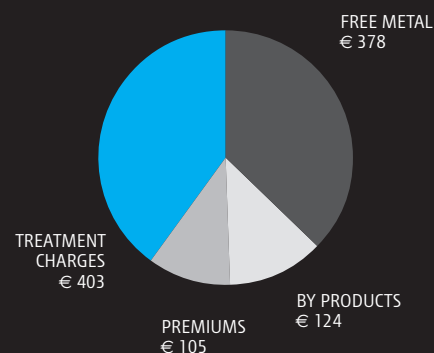
(4) UNDERLYING EBITDA INCLUDES NET PROFIT/(LOSS) FROM EQUITY ACCOUNTED INVESTEEES. UNDERLYING EBITDA IS AN UNAUDITED, NON IFRS MEASURE.

(5) NET DEBT/(CASH) IS CALCULATED AS NON-CURRENT AND CURRENT LOANS AND BORROWINGS LESS CASH AND CASH EQUIVALENTS.

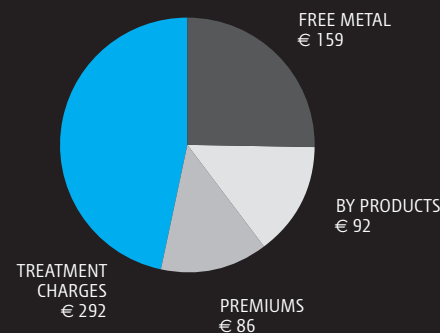
(6) GEARING IS CALCULATED AS NET DEBT TO NET DEBT PLUS EQUITY.

ELEMENTS OF GROSS PROFIT € millions

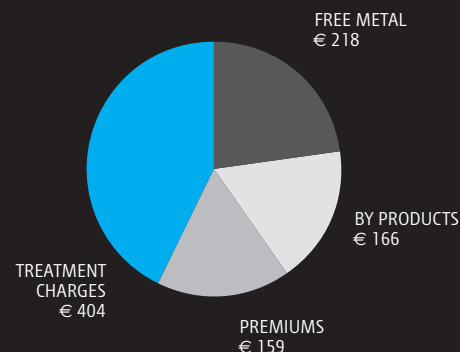
2010



2009



2008



KEY SHARE FACTS

SMELTING PRODUCTION

'000 tonnes

ZINC METAL

2008	1,032
2009	809
2010	1,076

LEAD METAL

2008	240
2009	227
2010	198

MINING PRODUCTION 2010

ZINC IN CONCENTRATE

'000 tonnes

84

GOLD IN CONCENTRATE

'000 troy ounces

5

HEALTH, SAFETY AND ENVIRONMENT

	LTR ⁽¹⁾	RIR ⁽¹⁾	Recordable Environmental Incidents ⁽²⁾
2008	7.6	21	25
2009	6.1	18.1	24
2010	4.5	12.4	28

⁽¹⁾ LOST TIME INJURY RATE (LTR) AND RECORDABLE INJURY RATE (RIR) ARE 12 MONTH ROLLING AVERAGES OF THE NUMBER OF LOST TIME INJURIES AND RECORDABLE INJURIES (RESPECTIVELY) PER MILLION HOURS WORKED, AND INCLUDE ALL EMPLOYEES AND CONTRACTORS AT ALL OPERATIONS

⁽²⁾ THE TOTAL NUMBER OF RECORDABLE ENVIRONMENTAL INCIDENTS FOR ALL SITES OWNED BY NYRSTAR AS OF DECEMBER 31 2010 WAS 38

KEY SHARE FACTS⁽¹⁾

For the year ended 31 December	2010	2009	2008
NUMBER OF ISSUED ORDINARY SHARES	100,000,000	100,000,000	100,000,000
Number of treasury shares	3,631,558	310,000	310,000
MARKET CAPITALISATION (as at 31/12)	€ 1,121,000,000	€ 834,000,000	€ 219,000,000
Underlying Earnings per Share (12 months to 31/12)	€ 0.99	€ 0.32	€ 0.71
GROSS DIVIDEND DISTRIBUTION (PROPOSED)	€ 0.15	€ 0.10	N/A
Share price (as at 31/12)	€ 11.21	€ 8.34	€ 2.19
Year high	€ 11.84 (14/04/10)	€ 9.14 (16/10/09)	€ 16.72 (02/01/08)
Year low	€ 6.90 (21/05/10)	€ 2.05 (21/01/09)	€ 1.53 (28/10/08)
Average volume traded shares per day (12 months to 31/12)	880,000	760,000	582,000
Free float (as at 31/12)	90%	95%	87%
Free float Velocity (full year)	222%	205%	170%

⁽¹⁾ SOURCE EURONEXT

RELATIVE SHARE PRICE PERFORMANCE 2010 (IN %)



⁽¹⁾ MSCI WORLD IS THE STOCK MARKET INDEX OF 1500 'WORLD' STOCKS, MAINTAINED BY MSCI INC. (MORGAN STANLEY CAPITAL INTERNATIONAL).

⁽²⁾ BEL20 IS THE BENCHMARK STOCK MARKET INDEX OF EURONEXT BRUSSELS.

FINANCIAL CALENDAR⁽¹⁾

27 APRIL 2011	ANNUAL GENERAL SHAREHOLDERS MEETING
27 APRIL 2011	FIRST INTERIM MANAGEMENT STATEMENT
27 JULY 2011	2011 HALF YEAR RESULTS
26 OCTOBER 2011	SECOND INTERIM MANAGEMENT STATEMENT
23 FEBRUARY 2012	2011 FULL YEAR RESULTS
25 APRIL 2012	ANNUAL GENERAL SHAREHOLDERS MEETING
25 APRIL 2012	FIRST INTERIM MANAGEMENT STATEMENT
27 JULY 2012	2012 HALF YEAR RESULTS
24 OCTOBER 2012	SECOND INTERIM MANAGEMENT STATEMENT

⁽¹⁾ DATES ARE SUBJECT TO CHANGE, PLEASE CHECK THE NYRSTAR WEBSITE FOR FINANCIAL CALENDAR UPDATES

- PREVENT HARM — BE OPEN AND HONEST — KEEP OUR WORD — TAKE BOLD DECISIONS
- CREATE VALUE — USE INNOVATIVE AND CREATIVE THINKING — BE DRIVEN



In 2010, Nyrstar achieved record annual zinc metal production of approximately 1.076 million tonnes. In our mining segment we achieved our 2010 target of 30% integration.

Nyrstar acknowledges that a company is only as successful as the talents and skills of its people. As the company continues to deliver on its site and corporate plans and objectives, Nyrstar builds a culture of excellence in every aspect of the business.



Resources for a changing world

About us

Nyrstar is a leading global multi-metals business, producing significant quantities of zinc and lead as well as other products such as silver, copper and gold.

Nyrstar is the world's largest zinc smelting company, based on 2010 production according to Brook Hunt.

Nyrstar's zinc mining operations, once fully ramped-up (as expected by the end of 2012) would be one of the 10 largest in the world based on 2010 production according to Brook Hunt.

Our strengths

- Well positioned to leverage off strong zinc market fundamentals.
- A clear strategy to expand into mining, which is the more profitable part of the zinc value chain.
- Large scale, overall and on both the mining and smelting sides of the industry.
- Large and geographically diversified portfolio of assets.
- High environmental standards and management systems to maintain environmental and safety track records.
- An experienced management team with a proven track record of executing its strategy.
- Strong operational capabilities and expertise.

Our future

Nyrstar has a medium-term goal of being capable of producing the equivalent of 50% of its zinc raw material requirements (zinc concentrates and secondary feed materials) from its own mining operations and streaming agreements.

2 >>>

12 >>>

26 >>>

2010 was a year of delivery for Nyrstar. We achieved an underlying EBITDA of €207 million, more than double that of 2009.



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Nyrstar's primary focus is on Zinc

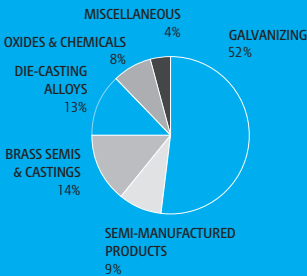
Zinc provides excellent corrosion resistance to steel and is primarily used in steel galvanizing.

Zinc is also a relatively hard metal with a low melting point, making it suitable for die casting, but still soft enough to be formed, rolled or extruded.

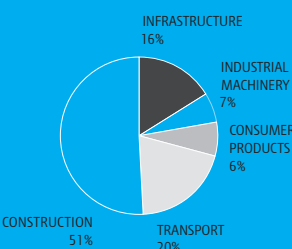
Zinc has diverse applications and uses, from construction and infrastructure, to transport, industrial machinery, communications and electronics, consumer products and even human health.

This makes it an essential and highly sought after resource in an ever demanding world.

ZINC CONSUMPTION BY FIRST USE IN 2010

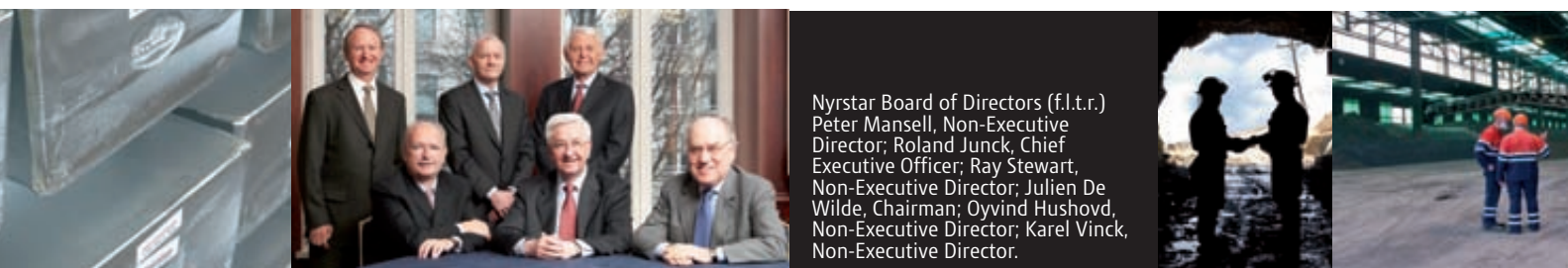


ZINC CONSUMPTION BY END USE IN 2010



SOURCE: BROOK HUNT - A WOOD MACKENZIE COMPANY

Letter to our Shareholders 2010 was **a year of delivery** for Nyrstar. We are pleased to report a very strong financial and operational performance in 2010. **We achieved an underlying EBITDA of €207 million, more than double that of 2009.** Our smelting segment produced record volumes of zinc metal in an environment of higher average metal prices and a weaker euro compared to 2009. **In our mining segment we achieved our 2010 target of 30% integration**

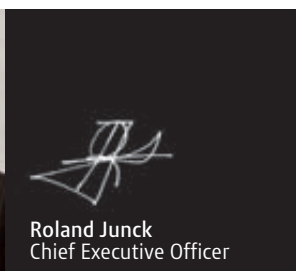
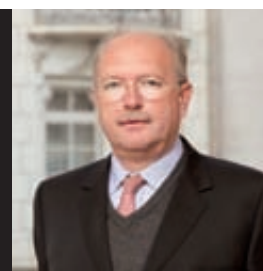


with the acquisition of the Campo Morado operations and we fully ramped up our Contonga, Coricancha and East Tennessee Mines to full production. We are also committed to our safety and environmental performance which saw continued improvement in 2010, despite the fact that we are ramping up our mining operations. Based on full production of our current mining operations and using 2010 global mining data, **we are one of the ten largest zinc miners in the world.** And with a return to full production, **our smelters are again the world's largest producer of zinc.** In 2010, we implemented a number of important financing initiatives. These initiatives have provided Nyrstar with a solid base for the continued execution of our strategy. **We continue to actively explore opportunities to deliver on our strategy of expanding into mining, with a target of 50% integration in the medium term** providing us with greater exposure to the more profitable part of the zinc value chain. Whilst the zinc price in 2010 was volatile it was much stronger than in 2009, supported by a strengthening of our primary markets. Similar to 2010, we expect the zinc price to remain volatile in 2011. However, the fundamental medium to long term outlook for the zinc market remains strong and we believe that Nyrstar,

as the world's largest zinc metal producer and through its continued upstream integration, is **best positioned to leverage off these strong zinc market fundamentals**. After the reporting period in January 2011 we made further progress on our strategy through the acquisition of Campo Morado in Mexico. In March we completed a €490 million Rights Offering. We would like to thank our valued shareholders for making our Rights Offering such a success.



Julien De Wilde
Chairman



Roland Junck
Chief Executive Officer

95 per cent of the rights were taken up during the subscription period, while the remainder was placed by the underwriters with institutional investors. We are committed to the continued delivery of our strategy and your support is greatly appreciated. **With respect to our longer-term strategic vision, Nyrstar has recently launched "Nyrstar2020"**, an internal project aimed at creating a framework for a long term sustainable future for our business. Nyrstar 2020 is primarily a deep reaching change initiative aimed at embedding a culture of value creation through innovative and creative thinking as reflected in a set of behavioral characteristics known as "The Nyrstar Way". At Nyrstar we have the chance to work with people who share our commitment to doing the best we can to create value; taking ownership, looking at things differently in order to find creative solutions and being driven to outperform. In 2010 we have grown due to the significant contributions and determined efforts of our employees across the business. **On behalf of the Board of Directors we would like to thank and offer our gratitude to our employees for their commitment and also thank all our stakeholders for their support and trust in our Company.**

April 2011

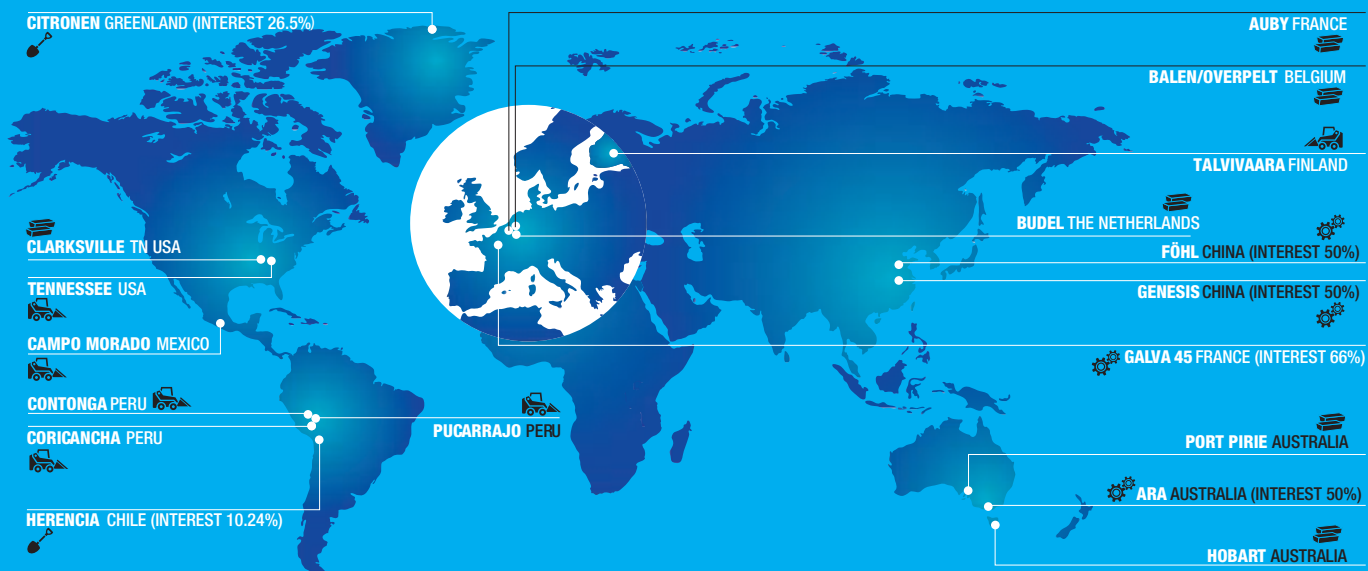
Overview



Nyrstar is a **leading global multi-metals business**, producing significant quantities of **zinc and lead** as well as other products, such as **silver, copper and gold**.

Nyrstar Global Operations

SMELTERS  MINES/STREAMING AGREEMENTS  DEVELOPMENT  OTHER OPERATIONS 



Activities around the world



Nyrstar's primary focus is zinc production and it is the world's largest zinc smelting company, based on 2010 production volumes according to Brook Hunt. Having produced approximately 1.1 million tonnes of zinc in 2010, Nyrstar's share of the global zinc market in 2010 was 8.6% according to Brook Hunt.

Zinc provides excellent corrosion resistance to steel and is primarily used in steel galvanizing. Zinc is also a relatively hard metal with a low melting point, making it suitable for die casting, but still soft enough to be formed, rolled or extruded. Zinc has diverse applications and uses, from construction and infrastructure, to transport, industrial machinery, communications and electronics, consumer products and even human health. This makes it an essential and highly sought after resource in an ever demanding world.

Nyrstar was originally formed in 2007, predominantly as a zinc and lead smelting company. Since 2009, Nyrstar has been undergoing a significant strategic transformation by expanding upstream into mining both to secure raw material supply for its smelters and to gain exposure to the more profitable part of the zinc value chain (zinc mining being historically more profitable than zinc smelting).

Since 2009, Nyrstar has acquired mines in the United States, Peru, and Mexico and has entered into an innovative zinc streaming agreement with the Talvivaara mine in Finland. Nyrstar expects that these mines, once fully ramped-up (as expected by the end of 2012) will be capable of producing the equivalent of approximately 31% of Nyrstar's zinc raw material requirements (based on smelting operations at full capacity).

At such level, Nyrstar's zinc mining operations (including the Talvivaara zinc streaming agreement) would be one of the ten largest in the world based on 2010 production according to Brook Hunt. Nyrstar has a medium-term goal of being capable of producing the equivalent of 50% of its zinc raw material requirements (zinc concentrates and secondary feed materials) from its own mining operations and streaming agreements.

Strategy



Nyrstar's strategic framework is comprised of the following elements:

- **portfolio management**
- **business improvement**
- **growth**

Nyrstar continually reviews its **portfolio of assets to ensure alignment with strategic objectives**. It continually strives to improve the **effectiveness** and **efficiency** of the business, drive **continuous improvement**, realize **synergies** and employ the **best people**. Nyrstar's growth strategy is focused on selectively pursuing **opportunities in mining**, favoring mines that support its existing smelting assets and where it has **expertise and proven capability**.

Resources for a changing world



Vertical integration into mining provides Nyrstar with exposure to the more profitable part of the zinc value chain; based on historical market trends, management believes that producing one tonne of zinc in concentrate is on average more than two times more profitable than smelting one tonne of zinc. Where zinc concentrate produced at its own mines is to be consumed by Nyrstar's smelters, such vertical integration also secures raw material supply. However, zinc concentrate produced at Nyrstar's mines is not necessarily consumed by its smelters.

Based on economic optimization, Nyrstar decides whether concentrate produced by its mines is most profitably consumed within its smelters, sold to third parties or swapped for concentrate produced by a third party mine. The main variables that dictate where concentrate produced by Nyrstar's mines are consumed are whether or not the mine is subject to an off-take agreement; the assay specifications of the concentrate and how efficiently the Nyrstar smelters can extract value from such concentrate and the location of the concentrate. Accordingly, vertically integrating into mining provides Nyrstar not only with physical concentrate production that can potentially be used at Nyrstar's smelters (subject to the considerations described above), but also an attractive financial exposure to the operating margins that are available in zinc mining.

The primary focus of Nyrstar's mining integration strategy is on zinc. However, the polymetallic nature of the ore bodies in the recent mining acquisitions made by Nyrstar in Peru and Mexico means that, in addition to zinc, Nyrstar is increasingly mining deposits that contain silver, copper, gold and lead.

In executing its growth strategy, Nyrstar is targeting mines that are operational or capable of being operational in the short term, with relatively low capital requirements and low ongoing operating costs. Nyrstar is also targeting an average mine operating cost (C1 cash cost) of less than US\$1,000 per tonne across all of its mining operations once at full production, placing those operations, on average, within the second quartile of the zinc mining C1 cash cost curve.

Management expects that its own mines (including the Talvivaara Zinc Streaming Agreement and the recently acquired Campo Morado operation), once at full production (as expected by the end of 2012), will be capable of producing the equivalent of approximately 31% of Nyrstar's zinc raw material requirements (based on smelting operations at full capacity). Accordingly, and giving effect to the Farallon Acquisition completed in early January 2011, Nyrstar has now exceeded its stated target of 30% mining integration.

Nyrstar is now targeting 50% mining capacity integration at full production in the medium term through further mine acquisitions and streaming agreements.

Strategy

Nyrstar2020 With respect to its longer-term strategic vision, Nyrstar has recently launched "Nyrstar2020", an internal project aimed at creating a framework for a long term sustainable future for Nyrstar's business. Nyrstar2020 is primarily a deep reaching change initiative aimed at embedding in Nyrstar a culture of value creation through innovative and creative thinking as reflected in a set of behavioral characteristics known as "The Nyrstar Way".

THE SEVEN ELEMENTS OF THE NYRSTAR WAY ARE:

- Prevent Harm
- Be Open and Honest
- Keep our Word
- Take Bold Decisions
- Create Value
- Use Innovative and Creative Thinking
- Be Driven

UNLOCKING UNTAPPED VALUE

Growth aimed at exploring the opportunities available to Nyrstar to grow and strengthen its business in addition to expanding into mining, principally by exploring untapped value in Nyrstar's polymetallic raw materials and by-product streams.

RAW MATERIALS INTEGRATION

Continued growth into mining.

NYRSTAR WAY

A set of elements that reflect our way of working together, to enhance and guide our culture

EXCELLENCE IN THE EXISTING BUSINESS

Aimed at creating an externally focused business driven by commercial, operational and financial excellence.

A year of delivery

2010 Milestones



February

Innovative acquisition of 1.25 million tonnes of zinc in concentrate from Talvivaara (Finland)

March

Syndication of €400 million Structured Commodity Trade Finance Credit Facility

March

Acquisition of additional 11% stake in Ironbark (Greenland)

April

Retail bond issue completed raising €225 million

July

Acquisition of remaining 15% stake in Coricancha mine (Peru)

July

Acquisition of Contonga and Pucarrajo polymetallic mines (Peru)

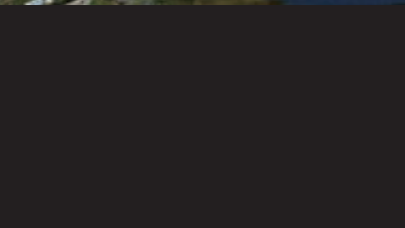
Subsequent events 2011

January

Acquisition of Farallon Mining Ltd (Campo Morado - Mexico)

March

Completion of €490 million Rights Offering



Strengths

Management believes that Nyrstar benefits from the following principal competitive strengths:

AN EXPERIENCED
MANAGEMENT TEAM WITH
A PROVEN TRACK RECORD OF
EXECUTING ITS STRATEGY.



LARGE AND GEOGRAPHICALLY
DIVERSIFIED PORTFOLIO OF
ASSETS.



WELL POSITIONED TO LEVERAGE
OFF STRONG ZINC MARKET
FUNDAMENTALS RESULTING
FROM THE COMBINATION OF
FORECAST INCREASING DEMAND
FOR ZINC METAL (PRIMARILY THE
URBANIZATION OF CHINA'S GROWING
ECONOMY) AND MINE SUPPLY
CONSTRAINTS (A NUMBER OF LARGER
ZINC MINES EXPECTED TO DEplete
OVER THE NEXT FIVE YEARS).

Roland Junck
Chief Executive Officer





Heinz Eigner
Chief Financial Officer

HIGH ENVIRONMENTAL STANDARDS
AND MANAGEMENT SYSTEMS TO
MAINTAIN ENVIRONMENTAL AND
SAFETY TRACK RECORDS.



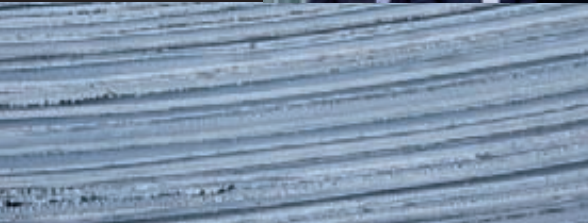
Russell Murphy
Chief Human Resources Officer



Michael Morley
Chief Corporate and Development Officer

LARGE SCALE,
OVERALL AND
ON BOTH THE
MINING AND
SMELTING
SIDES OF THE
INDUSTRY,
POSITIONING IT
WELL TO TAKE A
LEADING ROLE
IN SHAPING
THE ZINC
INDUSTRY'S
FUTURE.

STRONG
OPERATIONAL
CAPABILITIES
AND EXPERTISE.



A CLEAR STRATEGY TO EXPAND INTO
MINING, WHERE PRODUCING ONE
TONNE OF ZINC IN CONCENTRATE IS
ON AVERAGE MORE THAN TWO TIMES
MORE PROFITABLE THAN SMELTING
ONE TONNE OF ZINC.



Greg McMillan
Chief Operating Officer

Operations review



In 2010, Nyrstar achieved **record annual zinc metal production** of approximately 1.076 million tonnes. Nyrstar's **mining segment** produced an approximately **47% increase** in production in H2 2010 compared to H1 2010. Nyrstar continued its improvement in **health and safety performance**.

KEY PRODUCTION INFORMATION

For the year ended 31 December	2010	2009
MINING		
Zinc in Concentrate ('000 tonnes)	84	-
Gold in Concentrate ('000 troy ounces)	5	-
Silver in Concentrate ('000 troy ounces)	271	-
Lead in Concentrate ('000 tonnes)	1	-
Copper in Concentrate ('000 tonnes)	0	-
SMELTING⁽¹⁾		
Zinc Metal ('000 tonnes)	1,076	809
Lead Metal ('000 tonnes)	198	227
Copper cathode ('000 tonnes)	4	4
Silver ('000 troy ounces)	13,399	16,665
Gold ('000 troy ounces)	22	24
Sulphuric acid ('000 tonnes)	1,444	1,119

(1) INCLUDES PRODUCTION FROM PRIMARY AND SECONDARY SMELTERS ONLY (AUBY, BALEN AND OVERPELT, BUDEL, CLARKSVILLE, HOBART, PORT PIRIE AND ARA). INTERNAL TRANSFERS OF CATHODE FOR SUBSEQUENT MELTING AND CASTING ARE REMOVED IN THE ELIMINATION LINE. PRODUCTION DATA FOR 2009 AND 2008 WAS RE-STATE TO EXCLUDE NYRSTAR YUNNAN ZINC ALLOYS (DISPOSED OF IN AUGUST 2009). LEAD PRODUCTION AT ARA REFLECTS NYRSTAR'S OWNERSHIP (50%). PRODUCTION AT FOHL, GALVA 45, GENESIS AND GM METAL (CLOSED IN 2010) ARE NOT INCLUDED.

OPERATIONS OVERVIEW - MINING SEGMENT

PRODUCTION (in '000 tonnes, unless otherwise stated)	2010	2009
ZINC IN CONCENTRATE		
Contonga and Pucarrajo	2	-
Coricancha	1	-
Tennessee Mines	63	-
Talvivaara Zinc Stream ⁽¹⁾	18	-
TOTAL	84	-
GOLD ('000 troy oz)		
Coricancha	5	-
SILVER ('000 troy oz)		
Contonga and Pucarrajo	70	-
Coricancha	201	-
LEAD IN CONCENTRATE		
Contonga and Pucarrajo	0.1	-
Coricancha	0.6	-
COPPER IN CONCENTRATE		
Contonga and Pucarrajo	0.2	-

(1) DELIVERIES TO ANTWERP UNDER THE TALVIVAARA ZINC STREAMING AGREEMENT.

Excellence across every aspect of our business



Mining segment

The Coricancha mine in Peru, having been on care and maintenance since May 2008 under its previous owner and acquired by Nyrstar in November 2009 recommenced production in the second half of 2010 following the re-commissioning of the mine and mill and construction of a new tailings facility. In 2010, the Coricancha mine produced approximately 5,000 troy ounces of gold and 201,000 ounces of silver. By the end of 2010, the Coricancha mine was operating at its full capacity, which equates to an annualized rate of approximately 20,000 troy ounces of gold, 1 million troy ounces of silver, 5,000 tonnes of zinc in concentrate and 3,000 tonnes of lead in concentrate. During 2010, Nyrstar expanded the scope of the operations by the addition of a copper circuit to capture unrealized value from copper contained in the ore and commenced an exploration program that is expected to significantly increase mineral resources and reserves and also move a significant portion of mineral resources into the proven and probable categories.

In addition, Nyrstar intends to expand the scale of operations at the mine in order to (approximately) double the existing production capacity.

In 2010 the East Tennessee mines produced approximately 50,000 tonnes of zinc in concentrate and were operating at full capacity by the end of the third quarter. The Middle Tennessee mines were operating at approximately 35% of capacity at the end of 2010 and produced approximately 13,000 tonnes of zinc in concentrate. Nyrstar's management expects that, with the successful commissioning of a new ball mill at the Middle Tennessee mines, which was completed in January 2011 and expected completion of the dewatering and rehabilitation activities at the Cumberland and Elmwood mines (Middle Tennessee) in early 2011, Nyrstar Tennessee Mines will be operating at their full capacity of 130,000 tonnes of zinc in concentrate per annum.

Following the acquisition of the Contonga and Pucarrajo polymetallic mines in Peru in July 2010, 2,400 tonnes of zinc in concentrate and 70,000 troy ounces of silver in concentrate were produced at the Contonga mine, and there was no production from the Pucarrajo mine. Nyrstar is in the process of re-commissioning the Pucarrajo mine and expects to re-commence commercial production in the second half of 2011 and thereafter ramp-up to full capacity by the end of 2012. At full production, expected to be reached by the end of 2012, the Contonga and Pucarrajo mines are expected to produce at an annual rate of approximately 40,000 tonnes of zinc in concentrate, 4,000 tonnes of lead in concentrate, 1,000 tonnes of copper in concentrate and 1.5 million troy ounces of silver. The Contonga and Pucarrajo mines are managed in conjunction with the Coricancha mine by a single experienced management team, utilizing the shared services of Nyrstar's Lima office.

In 2010, the Talvivaara Zinc Stream (Finland) delivered approximately 18,000 tonnes of zinc in concentrate to Nyrstar under the streaming agreement, with a strong ramp-up of deliveries in the fourth quarter. Based on public statements by Talvivaara, Nyrstar anticipates approximately 60,000 tonnes of zinc in concentrate to be delivered from this source in 2011 with the mine ramping-up on schedule thereafter to deliver approximately 90,000 tonnes per annum of zinc in concentrate to Nyrstar by 2012.



OPERATIONS OVERVIEW - SMELTING SEGMENT

PRODUCTION

(in '000 tonnes, unless otherwise stated)

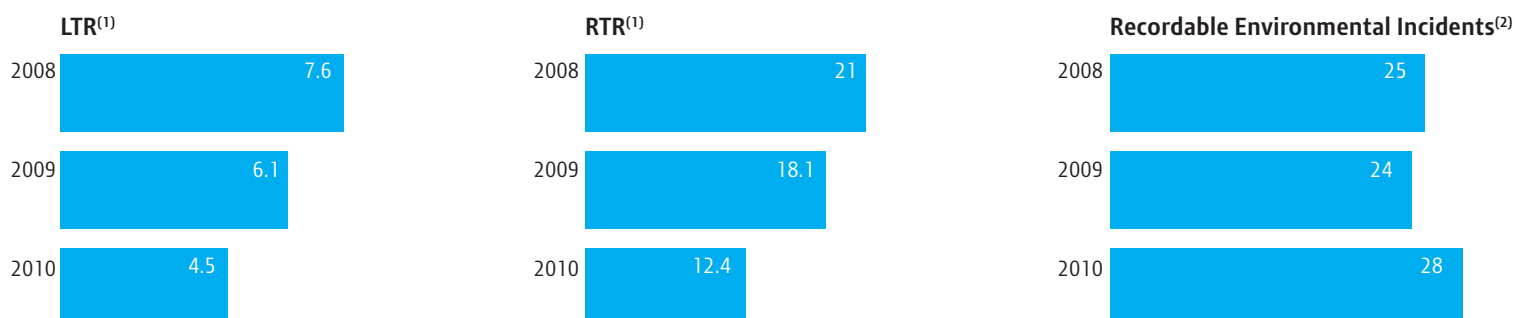
	2010	2009	%
ZINC METAL			
Auby	163	161	1%
Balen/Overpelt	281	137	105%
Budel	264	224	18%
Clarksville	120	94	28%
Hobart	247	264	(6)%
Port Pirie	32	35	(9)%
Elimination	(30)	(106)	(72)%
TOTAL⁽¹⁾	1,076	809	33%
LEAD METAL			
Port Pirie	179	208	(14)%
ARA (50%)	19	19	-
TOTAL	198	227	(13)%
OTHER PRODUCTS			
Copper cathode	4	4	-
Silver ('000 troy ounces)	13,399	16,665	(20)%
Gold ('000 troy ounces)	22	24	(8)%
Sulphuric acid	1,444	1,119	29%

(1) INCLUDES PRODUCTION FROM PRIMARY AND SECONDARY SMELTERS ONLY (AUBY, BALEN AND OVERPELT, BUDEL, CLARKSVILLE, HOBART, PORT PIRIE, ARA). INTERNAL TRANSFERS OF CATHODE FOR SUBSEQUENT MELTING AND CASTING ARE REMOVED IN THE ELIMINATION LINE. 2009 PRODUCTION RE-STATE TO EXCLUDE NYRSTAR YUNNAN ZINC ALLOYS (DISPOSED OF IN AUGUST 2009). LEAD PRODUCTION AT ARA REFLECTS NYRSTAR'S OWNERSHIP (50%). PRODUCTION AT FOHL, GALVA 45, GENESIS AND GM METAL (CLOSED IN 2010) ARE NOT INCLUDED.

Smelting segment

In 2010, Nyrstar achieved record annual zinc metal production of approximately 1.076 million tonnes, and was once again the world's largest zinc smelting company based on production according to Brook Hunt. Production in 2010 was up 33% compared to 2009, primarily due to the return of the Balen smelter (Belgium) from care and maintenance and the return of the Budel (The Netherlands) and Clarksville (U.S.) smelters from reduced production levels to full production. As a result of this increased production, fewer cathodes were transferred to the Balen/Overpelt complex from other Nyrstar smelters for the production of zinc metal in 2010, consequently reducing internal eliminations compared to 2009.

HEALTH, SAFETY AND ENVIRONMENT



(1) LOST TIME INJURY RATE (LTR) AND RECORDABLE INJURY RATE (RIR) ARE 12 MONTH ROLLING AVERAGES OF THE NUMBER OF LOST TIME INJURIES AND RECORDABLE INJURIES (RESPECTIVELY) PER MILLION HOURS WORKED, AND INCLUDE ALL EMPLOYEES AND CONTRACTORS AT ALL OPERATIONS
 (2) THE TOTAL NUMBER OF RECORDABLE ENVIRONMENTAL INCIDENTS FOR ALL SITES OWNED BY NYRSTAR AS OF DECEMBER 31 2010 WAS 38

Production at the Clarksville smelter was 28% higher in 2010 compared to 2009. This is due in part to reduced production levels in the first half of 2009 (in response to market conditions), but also due to zinc recovery improvements through processing local concentrates from the Tennessee Mines. Production at the Budel smelter was up 18% in 2010, again due in part to reduced production in the first half of 2009. Record production at the Auby smelter (France) was achieved for the second consecutive year, with Zinc metal output 2% higher than 2009.

Zinc metal production at Hobart decreased by 6% in 2010 compared to 2009 due to minor equipment failures in the cast house in the first quarter of 2010, and damage to two transformer rectifiers caused by a localized fire in May, which temporarily reduced production to approximately 80% of capacity. The damage was largely repaired in June, restoring production to approximately 95% of capacity at that time, and the operation was restored to 100% of capacity in December 2010.

Lead metal production at the multi metal Port Pirie smelter (Australia) was down 14% in 2010 due to sinter plant reliability issues in the first quarter, which resulted in two unplanned blast furnace shutdowns and restricted production of all metals. In addition, a planned blast furnace shutdown was carried out in July 2010. Following the planned shutdown, both production performance and reliability have been restored at Port Pirie.

Other operations

In November 2009 Nyrstar announced its intention to close the operations of its wholly owned subsidiary GM Metal. The plant ceased operations as planned in the first half of 2010.

Health, safety and environment

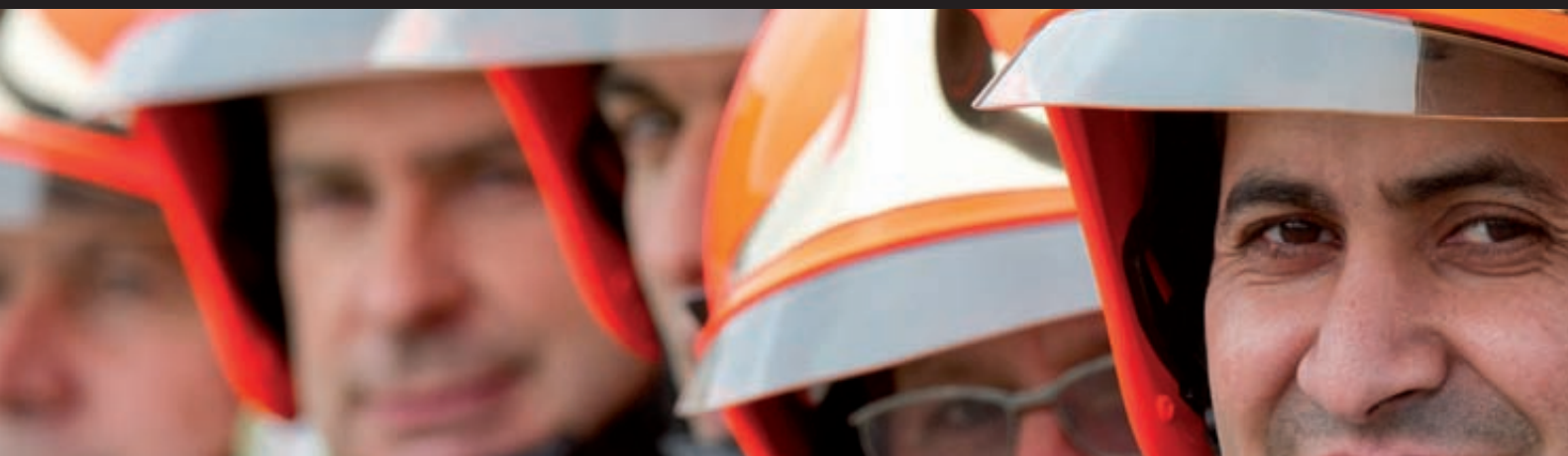
Nyrstar's recordable injury rate decreased 31% to 12.4 in 2010 compared to 18.1 in 2009, and the lost time injury rate decreased 26% to 4.5 in 2010, compared to 6.1 in 2009.

In 2010, Nyrstar completed the roll out of seven critical safety standards at all sites, the roll out of various safety leadership and behavioral programs across its operations, and the development of action plans at its new mining assets as a result of thorough baseline assessments. In addition, a comprehensive strategy was developed for 2011-2012, including the development of cognitive behavioral safety programs, further frontline leadership development and a continued focus on critical risk at both Nyrstar's smelting and mining operations.

Tragically, despite Nyrstar's strong focus on safety, an employee was fatally injured in an incident related to the commissioning of the Coricancha mine in 2010. Nyrstar remains fully committed to continually improving safety performance across all operations.

There were 28 minor recordable environmental incidents in 2010, which is only four more than 2009 despite the ramping-up of the Tennessee, Coricancha, Contonga and Pucarrajo mining operations in 2010. The total number of recordable environmental incidents for all the sites Nyrstar owned as of December 31, 2010, was 38.

Financial Review



Nyrstar's underlying **EBITDA** in 2010 **more than doubled to € 207 million**, compared to €93 million in 2009. The result benefited from the first €24 million underlying EBITDA contribution from the Mining segment, which accelerated in the second half of 2010 with the ramp-up of mining assets, higher average metal prices, and the depreciation in the Euro exchange rate in the period. Denominated in Euros, the average LME zinc price in 2010 was 38% higher than in 2009. Nyrstar also achieved €0.74 basic earnings per share, which was more than seven times greater than the €0.10 achieved in 2009.

	Year Ended December 31, 2010			
(in € millions)	Smelting	Mining	Other & Eliminations	TOTAL
REVENUE	2,654	13	30	2,696
Treatment charges	429	(27)	-	403
Free metal	260	118	-	378
Premiums	105	-	-	105
By-products	115	9	-	124
Other	(81)	(5)	2	(83)
UNDERLYING GROSS PROFIT	827	96	2	925
Employee benefits expense	187	27	48	262
Energy expenses	246	9	1	256
Other expenses	196	35	(29)	203
UNDERLYING OPERATING COSTS	629	71	21	721
UNDERLYING EBITDA	198	24	(15)	207

	Year Ended December 31, 2009			
(in € millions)	Smelting	Mining	Other & Eliminations	TOTAL
REVENUE	1,628	-	36	1,664
Treatment charges	292	-	-	292
Free metal	159	-	-	159
Premiums	86	-	-	86
By-products	92	-	-	92
Other	(54)	-	19	(35)
UNDERLYING GROSS PROFIT	575	-	19	594
Employee benefits expense	164	1	43	209
Energy expenses	181	1	7	188
Other expenses	133	1	(24)	110
UNDERLYING OPERATING COSTS	478	3	26	507
UNDERLYING EBITDA	97	(3)	(2)	93

Strengthening our business around the globe



Mining segment

The Mining segment delivered a positive underlying EBITDA contribution of €24 million, resulting from increasing production at Nyrstar Tennessee Mines, the Talvivaara zinc stream, and Coricancha. The Contonga Mine is currently on full production and the Pucarrajo mine is expected to continue to ramp-up operations in 2011 and contribute to further growth in the Mining segment.

The Mining segment's underlying gross profit was €96 million in 2010. Smelting TC expense was €27 million, Free Metal income was €118 million, contribution from by-products was €9 million and Other Mining gross profit, which includes realization expenses, was € (5) million. Approximately 88% of the Mining segment's gross profit was generated from inter company sales to the Smelting segment.

Underlying mining operating costs were €71 million, with costs increasing during the year with the ramp-up of operations at Nyrstar Tennessee Mines, the Talvivaara zinc stream and Coricancha, and the acquisition of the Contonga and Pucarrajo mines in July 2010.

The C1 cash cost for Nyrstar Tennessee Mines was approximately US\$1,900 per tonne of payable zinc in 2010, which management expects to decrease to approximately US\$1,500 to US\$1,600 in 2011 if such mines are operating at full capacity by that time as expected. The C1 cash cost for zinc delivered from the Talvivaara zinc stream was approximately US\$1,000 per tonne of payable zinc. The C1 cash cost of the Contonga mine was approximately US\$2,915, due to the low volumes produced during ramp-up. At full production, management expects C1 cash costs per tonne of payable zinc for the Contonga and Pucarrajo mines of less than US\$1,000 due to significant by product credits. The C1 cash cost for Coricancha was approximately US\$940 per troy ounce of payable gold in 2010; however, management expects at full production the C1 cash costs to decrease to approximately negative US\$100 to negative US\$200 per ounce of payable gold in 2011 as a result of significant by product credits.

KEY MARKET INFORMATION	Year Average ⁽¹⁾		
	2010	2009	%
Exchange rate (€/US\$)	1.33	1.39	(4)%
Zinc price (US\$/tonne, cash settlement)	2,159	1,659	30%
Lead price (US\$/tonne, cash settlement)	2,148	1,726	24%
Copper price (US\$/tonne, cash settlement)	7,539	5,164	46%
Silver price (US\$/t.oz, LBMA AM fix)	20.19	14.67	38%
Gold price (US\$/t.oz, LBMA AM fix)	1,225	1,125	9%

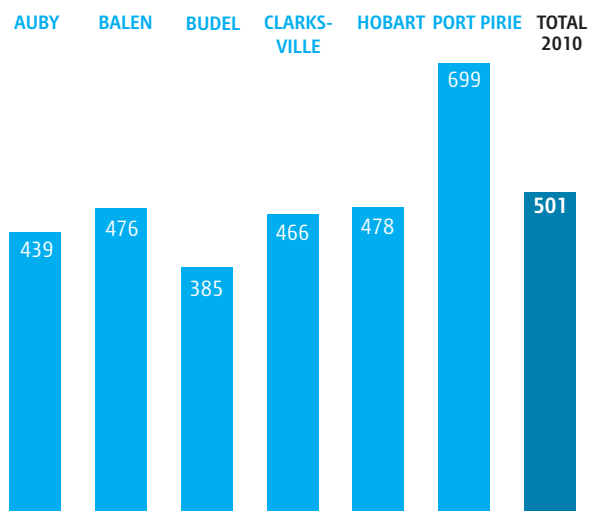
(1) ZINC, LEAD AND COPPER PRICES ARE AVERAGES OF LME DAILY CASH SETTLEMENT PRICES. SILVER AND GOLD PRICES ARE AVERAGES OF LBMA DAILY FIXING PRICES.



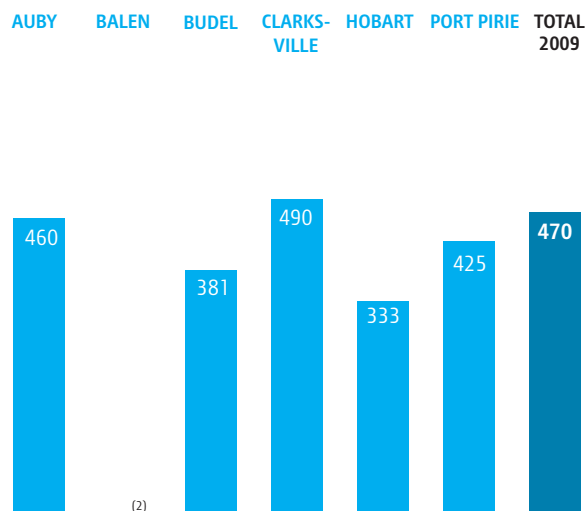
CONTRIBUTION OF SMELTING BY-PRODUCTS TO UNDERLYING GROSS PROFIT

(in € millions)	2010	2009	%
Sulphuric acid	39	37	4%
Leach products	33	16	108%
Copper cathode	19	13	44%
Silver	5	15	(68)%
Gold	4	5	(11)%
Other	15	6	151%
TOTAL	115	92	25%

OPERATING COSTS (IN €)PER TONNE 2010⁽¹⁾



OPERATING COSTS (IN €)PER TONNE 2009⁽¹⁾



(1) TOTAL SMELTING COST PER TONNE IS COMPRISED OF THE SIX SMELTERS' UNDERLYING OPERATING COSTS PER TONNE OF PRIMARY ZINC AND LEAD MARKET METAL PRODUCED AT NYRSTAR'S PRIMARY SMELTERS. SMELTING SEGMENT UNDERLYING OPERATING COST PER TONNE OF PRIMARY MARKET METAL (ZINC AND LEAD, EXCLUDES ARA). PRIOR YEAR OPERATING COSTS PER TONNE HAVE BEEN RESTATED TO BE CONSISTENT WITH THE 2010 OPERATING COSTS PER TONNE CALCULATIONS.

(2) THE BALEN SMELTER WAS ON CARE AND MAINTENANCE DURING 2009 AND THEREFORE ITS COST PER TONNE IS NOT PROVIDED. THE 2009 TOTAL SMELTING COST PER TONNE INCLUDES THE BALEN SMELTER'S CARE AND MAINTENANCE COSTS.



Smelting segment

Underlying EBITDA from the Smelting segment increased 104% to €198 million in 2010 compared to 2009 as a result of higher average metal prices, strengthening of the U.S. Dollar versus the Euro and a year-on-year 33% increase in zinc metal production.

Smelting segment's underlying gross profit increased 44% to €827 million in 2010, compared to €575 million 2009 as a result of the higher metal prices, stronger U.S. Dollar versus the Euro (the majority of smelting sales are denominated in U.S. Dollars) and increased zinc metal production.

Smelting TC income was €429 million in 2010, a 47% increase compared to €292 million in 2009, primarily due to the increased volumes of concentrate treated as well as higher metal prices. Increased volumes were a result of several smelting assets returning to full production in 2010, following the production curtailments in 2009 in reaction to the prevailing economic environment. Higher metal prices resulted in Nyrstar achieving a higher average treatment charge for feedstocks containing zinc and lead.

Smelting free metal contribution from zinc and lead rose 64% to €260 million in 2010 from €159 million in 2009, also due to higher metal prices and increased production. In addition there was an improvement in several smelters' recovery rates, notably at the Clarksville smelter from treating Nyrstar Tennessee Mines concentrates, an important synergy from Nyrstar's acquisition of Nyrstar Tennessee Mines.

Smelting premium contribution was €105 million compared to €86 million in 2009, due to increased volumes as well as an increasing demand for zinc and zinc alloys.

Smelting by-product income improved in 2010 compared to 2009, primarily because other metal prices improved from 2009 levels and sulphuric acid volumes also increased. This resulted in a total by-product profit of €115 million, up 25% on 2009 (€92 million). The table on the left page sets out the contribution of smelting by-products to underlying gross profit.

Smelting other gross profit was negative €81 million in 2010, compared to negative €54 million in 2009, primarily due to higher realization expenses and alloying costs as a result of higher production volumes.

Underlying smelting operating costs were €629 million, an increase of 32% compared to 2009 (€478 million), as a result of the increase in metal production with several smelting assets returning to full production. The weaker Euro versus the U.S. Dollar and Australian Dollar also significantly increased costs in Euro terms at Nyrstar's non-European smelters. As a result of the weaker Euro and temporary production issues at the Hobart and Port Pirie smelters, smelting operating costs per tonne increased (in Euro terms) to €501 in 2010, compared to €470 in 2009. The graph on the left page sets out the cost per tonne per smelter.

Other and Eliminations

The Other and Eliminations segment resulted in an underlying EBITDA contribution of €(15) million, comprising of an elimination of unrealized Mining segment earnings of approximately €(83) million (for material sold internally to own smelters), a net positive contribution of €5 million from other operations, and other group costs. The contribution from Nyrstar's smaller entities declined compared to 2009 due to the closure of the GM Metal wholly owned asset in the first half of 2010.



CASH FLOW

For the year ended 31 December (in € million)	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	72.2	10.4
Non-cash adjustments	105.0	51.2
	177.2	61.6
Changes in inventories	(51.5)	(185.4)
Changes in trade and other receivables	(30.6)	50.7
Changes in trade and other payables	135.1	85.3
Other operating cash flows from operating activities	(19.9)	(31.2)
NET CASH (OUTFLOWS) FROM OPERATING ACTIVITIES	210.5	(19.0)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(145.3)	(67.9)
Acquisitions of zinc purchase interest, subsidiaries and investments	(288.1)	(108.3)
Proceeds from sale of subsidiaries and equity accounted investees	—	5.1
Other cash flows from investing activities	6.8	15.8
NET CASH (OUTFLOWS) FROM INVESTING ACTIVITIES	(426.8)	(155.3)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings	330.7	(37.0)
Distributions to shareholders	(10.0)	—
Other cash flows from financing activities	(29.3)	—
NET CASH (OUTFLOWS) FROM FINANCING ACTIVITIES	291.4	(37.0)
Net increase (decrease) in cash held	75.1	(211.3)
Cash at the beginning of the reporting period	84.0	297.0
Exchange fluctuations	1.5	(1.7)
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	160.6	84.0

Cash flow

As of December 31, 2010, cash and cash equivalents were €161 million, an increase of €76.6 million from December 31, 2009.

Cash flows from operating activities in 2010 generated an inflow of €210 million compared to an outflow of €19 million in 2009, reflecting higher profits due to improved market conditions and successful ramp-up of mining assets. This includes a working capital inflow of €53 million due in part to a lower zinc price at December 31, 2010 compared to December 31, 2009 (US\$2,433 per tonne and US\$2,570 per tonne respectively).

Cash flows from investing activities in 2010 mainly relate to mine acquisitions. This includes the prepayment of €242.6 million to Talvivaara Sotkamo Limited for 1.25 million tonnes of zinc in concentrate under a streaming agreement, the acquisition of the remaining 15% interest in Coricancha mine (Peru) for approximately €3.8 million, the acquisition of the Contonga and Pucarrajo mines (Peru) for approximately €25.7 million, and investments in Herencia and Ironbark for approximately



€1.5 million and €10.3 million, respectively. In total, mine acquisitions amounted to an outflow of approximately € 284 million in 2010, compared to €111 million in 2009. In addition the acquisition of property, plant and equipment increased by € 77.4 million in 2010 compared to 2009.

Cash inflows from financing activities increased to €291 million to finance acquisitions. Included in this amount are the € 225 million proceeds of the 5.5% fixed rate bonds due 2015, issued in April 2010. Cash and available credit lines were sufficient to fund all acquisitions during 2010.

Net debt at December 31, 2010 was €296 million. There was a significant decrease in working capital requirements in part due to renegotiated and accelerated payment terms under the commodity grade off-take agreement (€107 million).

Continuing volatility in metal prices and exchange rates, and their significant impact on working capital requirements, due to their impact on the value of metal inventories, trade receivables and trade payables, of the Smelting segment in particular, significantly influenced Nyrstar's cash flows.

Capital expenditure

Nyrstar makes capital expenditures on an ongoing basis to maintain its operations and to undertake business improvements and expansions.

Capital expenditure was €147 million in 2010, which includes approximately €60 million for mines, of which approximately € 24 million was invested to ramp up Nyrstar's mining operations. Capital expenditure for smelters was €81 million in 2010, which included both maintenance and growth spend. In addition, approximately €6 million was invested at other operations and corporate offices.

Taxation

The main tax jurisdictions in which Nyrstar operated in 2010 were Australia, Belgium, France, the Netherlands, Peru, Switzerland and the United States. Based on the proportion of its income from each of these jurisdictions, Nyrstar's effective statutory tax rate in 2010 was approximately 18.7%. Nyrstar has accumulated tax losses in some of the jurisdictions where it operates and deferred tax benefits have been recognized to the extent it is likely that future taxable amounts will be available. Nyrstar expects to benefit from these deferred tax benefits through a decrease in its actual cash tax payments until such deferred tax benefits are used up or expire.

Proposed distribution

The Board of directors will propose to shareholders at the annual General Meeting to be held in Brussels on 27 April 2011 a gross distribution of €0.15 per share and to structure the distribution as a capital reduction. This reflects the Board's continued confidence in the Company's financial strength and the medium to long-term prospects for the markets in which it operates.

Subsequent events - Farallon Acquisition

In January 2011, Nyrstar successfully completed the acquisition of Farallon Mining Ltd. ("Farallon"), owner of the Campo Morado operation, pursuant to a friendly take-over for approximately CAD409 million (€296 million).

The Campo Morado operation, a zinc-rich polymetallic mining operation in Mexico, comprises approximately 12,000 hectares in six mining concessions, located 160 kilometres south-southwest of Mexico City. The ore deposit currently being mined is the G-9 deposit which achieved commercial production in April 2009 and comprises high grade zinc, copper, lead, gold and silver (the "G-9 Mine"). In addition to the G-9 Mine, there are four additional ore bodies that have been delineated (Reforma, El Largo, El Rey, Naranjo). In 2010, the G-9 Mine produced approximately 42,000 tonnes of zinc in concentrate, 4,000 tonnes of copper in concentrate, 1.8 million troy ounces of silver and 19,000 troy ounces of gold. Nyrstar is currently ramping-up production to an expected rate of 2,500 tonnes per day of ore by the end of



2012, representing production of approximately 70,000 tonnes per annum of zinc in concentrate, 8,000 tonnes of copper in concentrate, 7,000 tonnes of lead in concentrate, 3 million troy ounces of silver and 35,000 troy ounces of gold. At full production, the G-9 Mine is expected to have a C1 cash cost of less than US\$500 per tonne of payable zinc due to significant by-product credits.

Sensitivities

The Company's results are significantly affected by changes in metal prices, exchange rates and Treatment Charges (TCs). Sensitivities to variations in these parameters are depicted in the following table, which sets out the estimated impact of a change in each of the parameters on the Company's full year underlying EBITDA based

on the actual results and production profile for the year ending 31 December 2010.

The sensitivities were calculated by modelling the Company's 2010 underlying operating performance. Each parameter is based on an average value observed during that period and is varied in isolation to determine the annualised EBITDA impact.

Sensitivities are:

- Dependent on production volumes and the economic environment observed during the reference period.
- Not reflective of simultaneously varying more than one parameter; adding them together may not lead to an accurate estimate of financial performance.

- Expressed as linear values within a relevant range. Outside the range listed for each variable, the impact of changes may be significantly different to the results outlined.

These sensitivities should not be applied to the Company's results for any prior periods and may not be representative of the EBITDA sensitivity of any of the variations going forward.

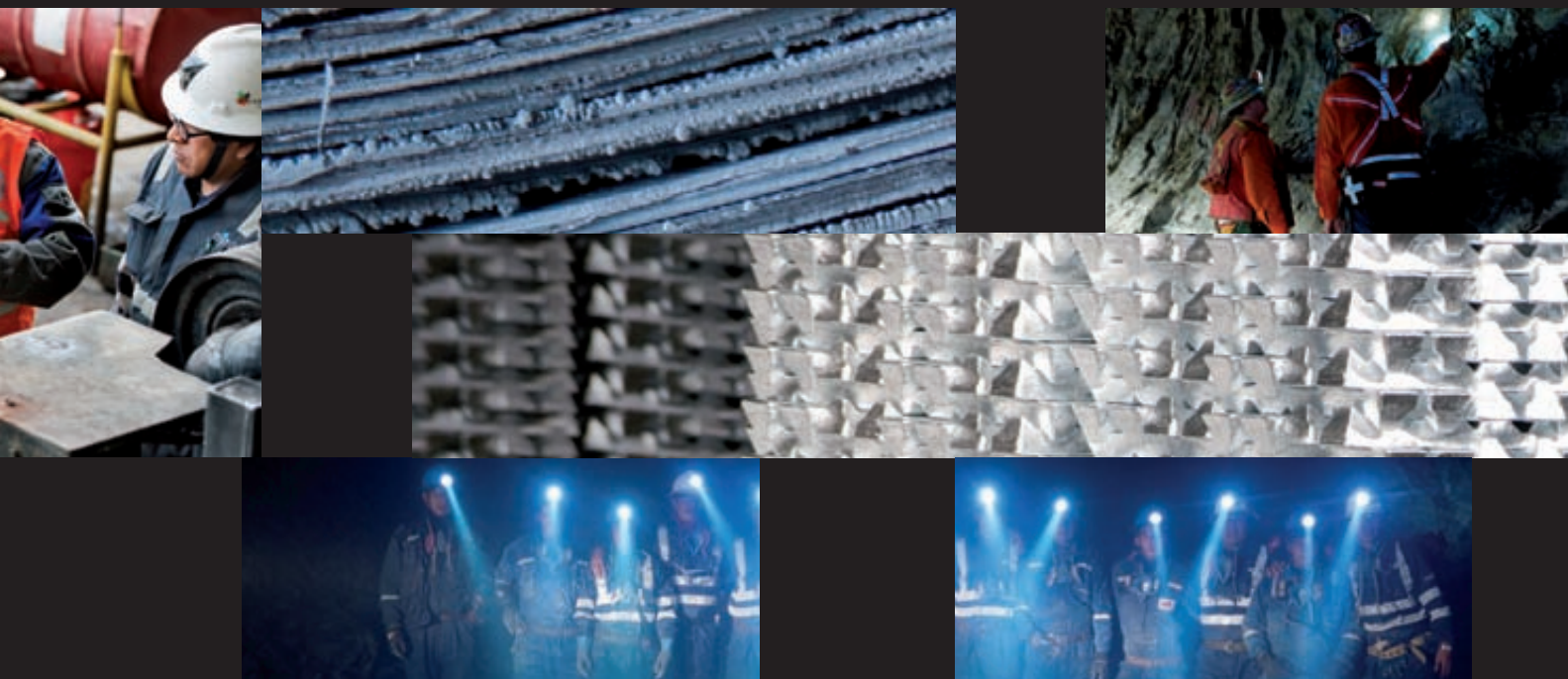
Other significant events in 2010

Amendments to Nyrstar's credit facilities

In January 2010 Nyrstar entered into a secured four-year €250 million multi currency Revolving Structured Commodity Trade Finance Facility underwritten by Deutsche Bank. Prior to entering into this facility, Nyrstar cancelled its pre-existing syndicated facility, which commenced with a limit of €350 million in December 2007 and was reduced to €150 million in December 2009.

Deutsche Bank and Nyrstar subsequently commenced a syndication process targeting an increase in the facility limit to €300 million. In March 2010, Nyrstar announced the completion of the syndication process. The syndication process was more than twice over-subscribed and following the scaling back of allocations was closed with an increased facility limit of €400 million. The syndicated facility incorporates an "accordion" feature that facilitated an increase in the facility limit on an approved, but uncommitted basis to €500 million. In November 2010, Nyrstar exercised the accordion and the syndicate banks

SENSITIVITIES 2010		ESTIMATED EBITDA
PARAMETER	VARIABLE	impact in € millions
Zinc Price	+/- US\$100/tonne	+/-25
Lead Price	+/- US\$100/tonne	+/-0.5
US\$/€	+/- €0.01	+/-10.4
A\$/€	+/- €0.01	-/+ 3.5
Zinc TC	+/- US\$25/dmt	+/-32
Lead TC	+/- US\$25/dmt	+/-5



increased their commitments to €500 million, resulting in a facility limit of €500 million at December 31, 2010.

Contonga and Pucarrajo

On July 19, 2010, Nyrstar acquired the Contonga and Pucarrajo polymetallic mines in Peru for approximately US\$33 million (approximately €26 million), including assumed debt. Part of the purchase price (US\$5 million) will be held in an escrow account for twelve months as security for the vendor's obligations in relation to customary representations and warranties relating to the acquisition. At full production, expected by the end of 2012, the Contonga and Pucarrajo mines are expected to produce at an annual rate of approximately 40,000 tonnes of zinc in concentrate, 4,000 tonnes of lead in concentrate, 1,000 tonnes of copper in concentrate and 1.5 million troy ounces of silver. The ramped-up operations are expected to operate with C1 cash costs of less than US\$1000 per tonne of payable zinc due to significant by-product credits.

Coricancha

In July 2010, Nyrstar acquired the remaining 15% interest in the Coricancha mine in Peru from

Gold Hawk Resources Inc for approximately US\$4.8 million.

Share buy back

During May and June 2010, the board of directors utilized the authority granted in Article 13 of Nyrstar's articles of association to acquire 3,321,558 Shares (approximately 3.3% of issued share capital at that time). These shares will be held as treasury shares with suspended dividend rights, for potential delivery to eligible employees in 2011, 2012 and 2013 to satisfy Nyrstar's outstanding obligations under an Executive Long Term Incentive Plan ("LTIP") and a Management Committee Co-Investment Plan ("Co-Investment Plan"). During the relevant period the designated broker, KBC Securities NV, purchased shares for a price not lower than 10% below the average closing price during the 20 trading days prior to such purchase, and not higher than 10% above the average closing price during the 20 trading days prior to such purchase. The total cost of the buy back program amounted to €29,278,364.

Dividend Payment

For the twelve months to December 31, 2009 Nyrstar proposed a dividend of €0.10

per share. This was subsequently approved by shareholders at the annual general meeting on April 28, 2010 and paid in May 2010.

Ironbark Zinc Limited

In March 2010, Nyrstar agreed to acquire an additional 11% interest in Ironbark for €10.3 million, taking Nyrstar's interest in Ironbark to approximately 31%. The amount raised by the placement was used by Ironbark to fund its 2010 drilling program at the Citronen zinc-lead deposit in Northern Greenland, an important step in the completion of a bankable feasibility study in relation to its potential development. Ironbark conducted a private placement in November 2010 to raise a further AUD\$11.5 million; however, Nyrstar chose not to participate in this placement and currently has a diluted shareholding of approximately 26.5%.

Public bonds

In March 2010 Nyrstar successfully completed the placement of five-year 5.5% fixed rate bonds due 2015 for €225,000,000 through a public offering in Belgium and Luxembourg.

Talvivaara Zinc Streaming Agreement

In February 2010, Nyrstar acquired 1.25 million tonnes of zinc in concentrate from Talvivaara Sotkamo Limited for a purchase price of US\$335 million (approximately €243 million). In addition to the purchase price, Nyrstar will pay Talvivaara certain extraction and processing fees. The agreement is an innovative approach to the execution of Nyrstar's strategy, providing participation in the economic benefits of a low-cost zinc mine with a defined life of 1.25 million tonnes of zinc in concentrate. Based on Talvivaara's public announcements regarding its planned production, Nyrstar expects a ramp-up to approximately 90,000 tonnes per annum of zinc in concentrate by 2012, with deliveries over a period of 10 to 15 years.

Corporate

Nyrstar relocated its management committee and other corporate, marketing and sales functions from Balen (Belgium) and London (United Kingdom) to its new corporate office in Zurich, Switzerland in July 2010. Certain financing functions were also relocated from Balen to Zurich in January 2011.

Market review

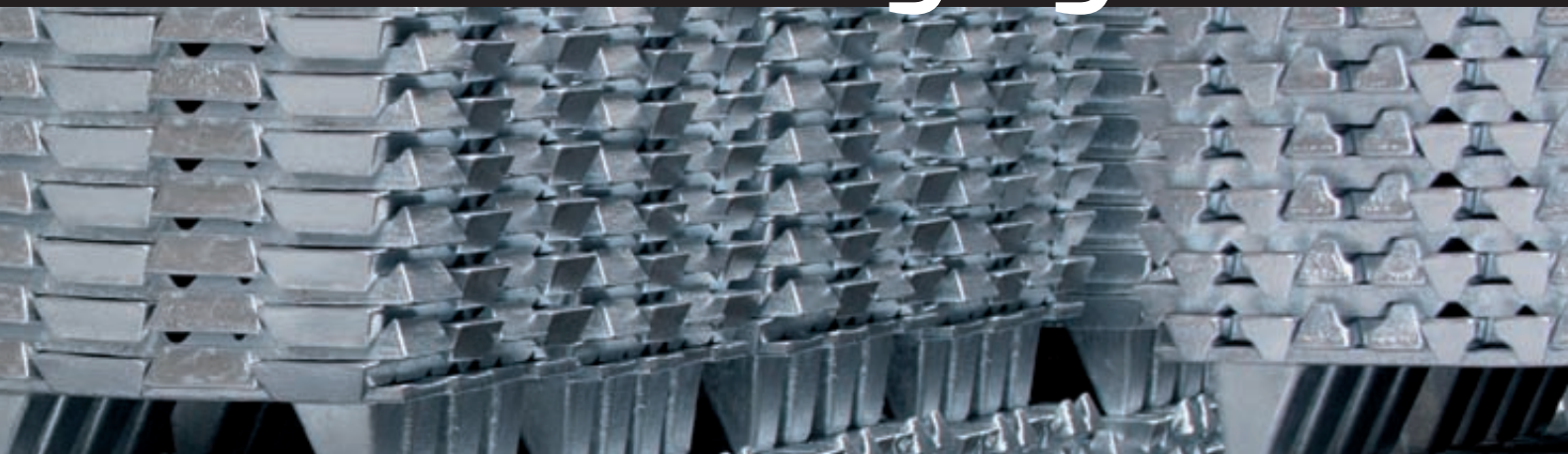


2010 witnessed a **tempered recovery of the world economy** following the global financial crisis of 2008/2009, with continuing uncertainty on the medium-term outlook of several industrialized economies leading to an **increased but fluctuating demand for and price of most metals.**

KEY MARKET INFORMATION	Year Average ⁽¹⁾		
	2010	2009	%
Exchange rate (€/US\$)	1.33	1.39	(4)%
Zinc price (US\$/tonne, cash settlement)	2,159	1,659	30%
Lead price (US\$/tonne, cash settlement)	2,148	1,726	24%
Copper price (US\$/tonne, cash settlement)	7,539	5,164	46%
Silver price (US\$/t.oz, LBMA AM fix)	20.19	14.67	38%
Gold price (US\$/t.oz, LBMA AM fix)	1,225	1,125	9%

(1) ZINC, LEAD AND COPPER PRICES ARE AVERAGES OF LME DAILY CASH SETTLEMENT PRICES. SILVER AND GOLD PRICES ARE AVERAGES OF LBMA DAILY FIXING PRICES.

The development of a changing world



Zinc

Zinc consumption

Brook Hunt estimates that although the economic recovery has yet to return the global economy to normality, robust economic growth, particularly in the first half of 2010, resulted in global refined zinc consumption growth of 14.2% in 2010 to a record 11.6 million tonnes (slightly above the prior peak of 11.4 million tonnes in 2007). Chinese zinc consumption grew by 14.8% in 2010, compared to 8.0% in 2009, despite efforts to normalize the pace of expansion in the Chinese economy, and moves by the government to cut production at steel mills and other major power consumers. The strong rebound in U.S. manufacturing activity resulted in North American zinc consumption growing in 2010 for the first time since 2006 (by 5.2%). Having contracted by 25.5% in 2009, Europe's zinc consumption grew 16.6% in 2010 due to increased demand in the steel and automotive sectors.

Zinc production

World refined zinc production increased by 12.4% to 12.6 million tonnes in 2010, with the market in surplus by approximately 1 million tonnes. Reflecting the market surplus, stocks on the LME and SHFE increased to approximately 1 million tonnes by the end of 2010, approaching record levels at approximately one month of world consumption.

Zinc price

The average LME zinc price rose 30% to US\$2,159/tonne in 2010 reflecting the overall improvement of the world economy and the increased demand for zinc. However the zinc price remained volatile throughout 2010, with the price peaking in early January at US\$2,635/tonne and then falling to US\$1,595/tonne in early June. Later in 2010 the price peaked at US\$2,557/tonne in late October and within one month fell by approximately US\$500/tonne; by the end of 2010 the price recovered to US\$2,433/tonne.

Lead

Brook Hunt estimates world lead consumption growth of 6.4% to 8.8 million tonnes in 2010, a more modest increase compared to other metals but lead consumption also declined

less than other metals in 2008 and 2009. The majority of the growth in lead consumption is attributable to China, where lead consumption increased by 10% to a new record of 3.9 million tonnes.

World refined lead production increased by 5.0% to 9.0 million tonnes in 2010, leaving the market for refined lead with an increased surplus of 0.2 million tonnes. With the market in surplus, LME stocks rose through the year, reaching a eight-year high of approximately 208,000 tonnes at the end of 2010, equivalent to approximately nine days of world consumption.

The LME lead price followed a similar pattern to the zinc price during 2010. The average price for 2010 of US\$2,148/tonne was 24% higher than in 2009 (average price US\$1,726/tonne). As with zinc, the price peaked in early January at US\$2,591/tonne and then fell to a low of US\$1,559/tonne in early June. Later in 2010 the price peaked at US\$2,594/tonne in early November and within approximately two weeks the price fell 17% to US\$2,150/tonne. At the end of 2010 the price recovered to US\$2,587/tonne.

Gold and silver

Gold and silver prices increased throughout 2010, supported by the increasingly risk-averse investor sentiment, with gold rising from US\$1,113/troy oz. at the start of the year to US\$1,410/troy oz. on December 31, 2010, and silver rising from US\$17.74/troy oz. to approximately US\$30.63/troy oz. in the same period.

Sulphuric acid

In 2010, prices achieved by Nyrstar on sales of sulphuric acid, which are predominately based on contracts, improved steadily throughout the year to an average of approximately US\$35/tonne. The increase in the sulphuric acid price reflects the overall improvement of the global economy and particularly the fertilizer and mining industries over this period.

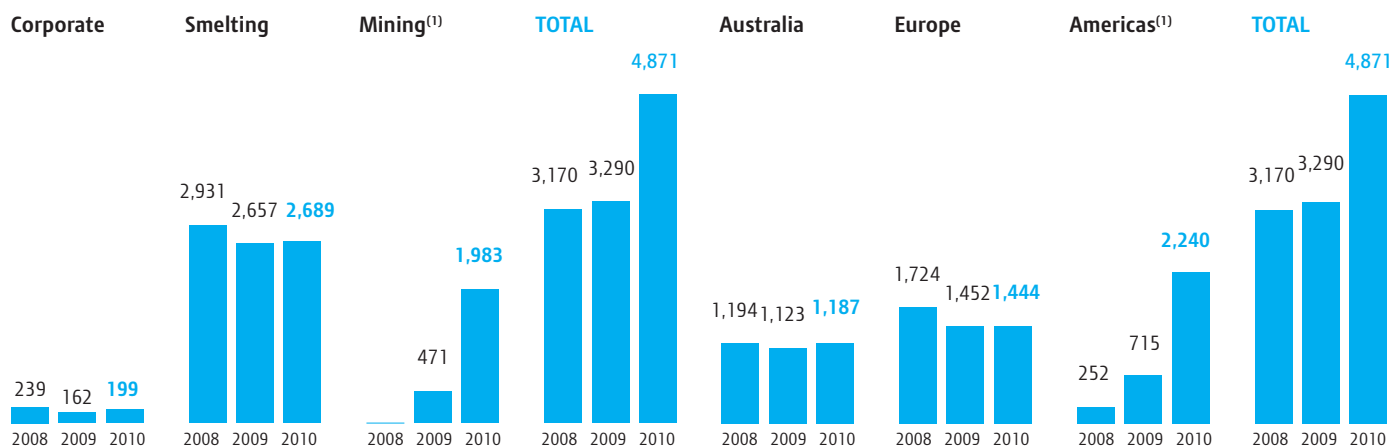
- PREVENT HARM – BE OPEN AND HONEST – KEEP OUR WORD – TAKE BOLD DECISIONS
- CREATE VALUE – USE INNOVATIVE AND CREATIVE THINKING – BE DRIVEN

People



Nyrstar's **long-term sustainability** depends on recruiting, training, developing and retaining a talented, dedicated and **motivated workforce**. The workforce at Nyrstar is comprised of 4,871 employees with 30% of Nyrstar's total personnel employed in Europe, 46% in the Americas (including Campo Morado) and 24% in Australia.

The graph below illustrates the breakdown of employees across the Nyrstar business segments and geographic regions.



(1) INCLUDING THE CAMPO MORADO OPERATION.

Working the Nyrstar Way



Employees

As Nyrstar continues to execute its strategy, the workforce is growing and diversifying. At year end 2010 the workforce was comprised of 4,871 employees versus 3290 in 2009. Importantly, 41% of employees are working within the mining operations, versus 14% in 2009. Given the growth in the mining side of our business, the primary focus in 2010 has been on integration of newly acquired operations, and implementation of Nyrstar's People programs and processes within these new mining operations.

People Programs

Nyrstar has recently launched 'The Nyrstar Way' across the organisation. The Nyrstar Way is a set of seven elements that underpin the very essence of what we stand for and that are critical to our continued success. Nyrstar is currently conducting workshops which all employees will attend to ensure a comprehensive roll out of the Nyrstar Way across the group.

We believe that our employees are one of our greatest assets, and during 2010 Nyrstar continued to foster a culture where safety always comes

first and where the Nyrstar Way guides its decisions and actions. Wherever we operate, we hold the health and safety of our employees, the communities around us and protection of the environment to be core values.

Nyrstar Leadership Program

For our managers and in particular our front-line leaders, the Nyrstar Leadership Program focuses on the development of core people management skills. This program is conducted at each of our sites in local languages.

Safety Leadership

In line with our emphasis on safety and our commitment to zero harm, we conduct a number of behavioural safety programs for operating and supervisory employees. These include programs with an emphasis on the importance of personal leadership in safety. The programs build fundamental skills and awareness in safety and environmental impact, hazard identification and risk assessment, and promotion of a safety-oriented culture and mindset.

Graduate Development Program

The Graduate Development Program is a key component of our overall talent attraction and development strategy and helps us to ensure that Nyrstar is an employer of choice for young professionals. During the two-year program, a Graduate will work at a minimum of two of our operations. The Program is structured to provide a depth and breadth of technical experience and also to enhance interpersonal and leadership skills and personal development.

Organisational Health Index

In December 2010 we conducted an 'Organisational Health Index' survey to assess culture and other organisational characteristics in order to understand the current state and also to help us derive specific opportunities for improvement. 741 employees in leadership roles across Nyrstar were surveyed and each operation is implementing an action plan to address any opportunities identified through this survey.

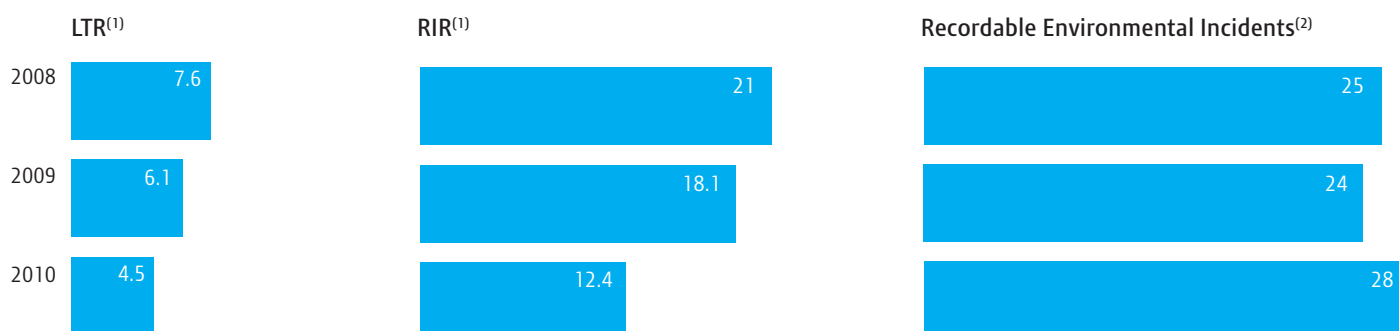
Health and Safety

Safety is a core value of Nyrstar. Nyrstar's health and safety policies and standards provide a clear statement of its commitment and goals for health and safety management. Nyrstar publicly reports its health and safety performance annually in its Nyrstar Sustainability Report.

Nyrstar has core policies and procedures to support a consistent approach to safety and a culture of looking after each other and keeping each other safe. Nyrstar's Health and Safety Policy is underpinned by a set of Management Standards that cover all aspects of health and safety. For each Management Standard, a set of expectations and requirements has been specified.

The requirements under each expectation define the level of safety management Nyrstar would anticipate to deliver above average industry performance. Ongoing implementation of the requirements specified in the standards is planned to deliver Nyrstar's goal of world class safety performance by 2012 as compared to Nyrstar's peers.

HEALTH, SAFETY AND ENVIRONMENT



(1) LOST TIME INJURY RATE (LTR) AND RECORDABLE INJURY RATE (RIR) ARE 12 MONTH ROLLING AVERAGES OF THE NUMBER OF LOST TIME INJURIES AND RECORDABLE INJURIES (RESPECTIVELY) PER MILLION HOURS WORKED, AND INCLUDE ALL EMPLOYEES AND CONTRACTORS AT ALL OPERATIONS
(2) THE TOTAL NUMBER OF RECORDABLE ENVIRONMENTAL INCIDENTS FOR ALL SITES OWNED BY NYRSTAR AS OF DECEMBER 31 2010 WAS 38

The most significant safety risks at Nyrstar's smelter sites relate to exposure to the hazards inherent in Nyrstar's operations such as: molten materials; dusts and fumes containing metals such as lead, cadmium, mercury, and arsenic; acidic liquids; working at height; electricity; materials handling; moving machinery and vehicles; and the manual nature of many of Nyrstar's tasks. At Nyrstar's recently acquired mining assets, the most significant risks are related to exposure to dust and diesel particulates; underground evacuation; fire; inundations; ground instability or rock falls; use of explosives and hoisting activities.

Nyrstar's key strategies for reducing the potential for workplace injury, and therefore the key areas where Nyrstar has opportunities to further improve are:

- systematic identification of hazards, risks and appropriate controls;
- standard best practice management systems, practices and procedures;
- a safe work culture where all individuals take responsibility for their own actions and also ensure that their colleagues are working safely; and
- strong and consistent safety leadership at frontline supervisor level.

The recordable injury rate, defined as the twelve month rolling average of the number of injuries requiring medical treatment beyond first aid per million hours worked, including all employees and contractors across all operations, decreased by 31%, down from 18.1 in 2009 to 12.4 in 2010.

This reduction was due to a number of factors: continued management focus on safety; the introduction of groupwide initiatives such as Nyrstar's behavioral safety programs, the safety first standard and the audit program; and ongoing safety improvement efforts at the operational level.

Another important measure of the company's safety performance is the number of "critical incidents", that is, incidents that did result, or could reasonably have resulted in a fatality or permanent serious disability.

By setting clear expectations and encouraging sites to report this type of incident, Nyrstar aims to increase awareness of critical risks to its people and to its business. During 2010, 17 critical incidents were reported, as compared to 14 in 2009. Both the reporting and prevention of such incidents will remain one of Nyrstar's main priorities going forward.

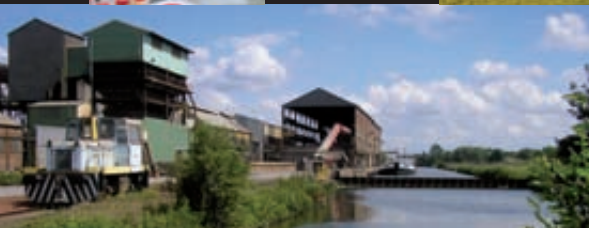
In addition to continuing to track recordable injuries and critical incidents, Nyrstar will also be developing a set of proactive safety performance indicators over the coming year, in line with Nyrstar's goal of preventing harm.

Tragically, despite Nyrstar's strong focus on safety, an employee was fatally injured in June 2010 during commissioning of the Coricanca mine.

Nyrstar Sustainability Report 2010

The sustainability of our operations will be a result of our ability to provide economic benefits to our shareholders, our customers and the communities in which we operate; while not harming our people, our neighbours or the environment. We contribute to sustainable development by extracting metals and other valuable by-products from natural raw materials to meet society's needs.

We also increasingly contribute to the recycling of metals, particularly zinc and lead, from secondary sources. Our sustainability progress and performance is reported publicly on the Nyrstar website, with our annual Sustainability Reports available for download at: www.nyrstar.com/sustainability



Environment

Nyrstar is committed to continual improvement in its environmental performance. Nyrstar's aim is to minimize the environmental impact of both its production processes and its products. Nyrstar will conduct its operations in compliance with all relevant environmental regulations, licenses and legislation.

Nyrstar intends to apply similar standards to all its assets wherever they are located, with the aim of minimizing any harm to people and the environment. Nyrstar identifies, monitors and manages environmental risks arising from its operations. All wholly owned smelters have, and all mines are developing, formal site environmental management systems externally certified to ISO14001 to ensure appropriate focus and integration of environmental issues in its business. Nyrstar has a Corporate Environmental Assurance program to support group governance and risk management processes and ensure that all material environmental issues are regularly reviewed and conformance with group environmental standards and requirements assessed.

The key environmental issues for Nyrstar's smelting and mining sites reflect, in general, the length of time activities have been undertaken at the site and ongoing changes in regulatory standards. At smelters, these issues relate essentially to the remediation of historical soil and groundwater contamination, by-product and waste management, upgrade of pollution control equipment for air and water emissions and upgrade of facilities to reduce fugitive emissions to air and reduce future soil contamination. At mines, issues relate to management of areas of historical disturbance and to management of water and tailings and waste from current mining activities.

All sites have environmental improvement initiatives relating to reducing emissions and waste; and improving the efficiency of use of natural resources and energy. Where required or otherwise appropriate, environmental provisions are held for restoration of existing contamination and disturbance, with all material issues being reviewed annually.

There are a number of specific key environmental improvement initiatives currently planned to be undertaken at Nyrstar sites in the short to medium term. The "ten for them" campaign at Port Pirie Smelter in Australia, where the majority of Nyrstar's lead is produced, has the goal of reducing blood lead levels of the city's children between 0 to 4 years of age to under 10 micrograms per deciliter in line with World Health Organization Standards. Work to reduce emissions from the Port Pirie smelter is on-going and community initiatives to support exposure reduction through nutritional programs, personal hygiene, dust suppression and greening will also continue. At the Balen and Overpelt sites (Belgium), management has instituted a program to install interception and

recovery systems for historically contaminated groundwater.

Contaminated groundwater and containment of stormwater run-off are ongoing projects at the Hobart smelter (Australia), as well as treatment and disposal of historical by-product and waste stockpiles. At Aubay (France), final capping is underway for two closed process residue landfills and upgrading of the capping is required for a further historical process residue pond area. At the Coricancha mine (Peru), relocation of tailings from the existing location up-grading of the process plant to a new facility remote from the plant is underway as part of actions agreed after land instability issues in 2007.

A number of progressive closure actions will be completed at all Nyrstar mines in the medium term to reduce final mine closure liability.



Progress on planned environmental projects to reduce emissions and address historical contamination continued during 2010.

Auby (France):

Upgrading of process liquor containment facilities.

Balen / Overpelt (Belgium):

Commenced installation of infrastructure for the groundwater remediation project at Overpelt. Agreed final soil contamination levels for community remediation projects, for which a second and final phase of works will commence in 2011.

Budel (Netherlands):

Agreed modification to the Aftercare Plan for the historical ponds area, which once formally approved will allow the handover of the responsibility for this area to the Provincial Authorities in 2013 but retain site responsibility for contaminated groundwater treatment until 2025. This results in a lower final fund value than formerly proposed.

Clarksville (US):

Continued recovery and sale of leach by-products stored in on-site impoundments.

Coricancha (Peru):

Commenced relocation of tailings to the new Chinchán tailings storage facility which allowed restart of mining operations.

Hobart (Australia):

Commenced a multi-year program of works for sealing of the cell house basement to prevent future groundwater contamination in this area, continued with treatment and disposal of historical waste stockpiles.

Port Pirie (Australia):

Progressed further fugitive lead emission reduction initiatives in line with the ten-by-10 project, which after a deterioration in results earlier in the year, restored the ongoing improvements in site and community lead in air and lead in blood levels.

Actions also continued on changes to legislation that may have a significant impact on our business. Registration for relevant Nyrstar products and intermediates were completed as required by REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) legislation in Europe.

Actions being taken in response to climate change is another key strategic issue for Nyrstar. Zinc and lead smelting is energy intensive and addressing the issue of energy efficiency and greenhouse gas emissions is imperative to the sustainability of our business.



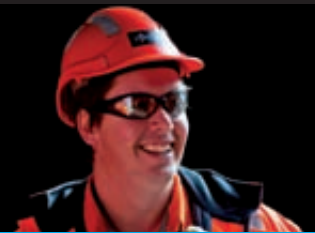
Zinc production, particularly zinc smelting, is an energy intensive industry, so energy efficiency is important to Nyrstar and it is putting formal processes in place to assess ways in which it can reduce its carbon footprint. Regions in which Nyrstar operates, in particular the EU and Australia, are introducing or are expected to introduce carbon trading schemes which will impact on Nyrstar's operations, particularly smelter energy costs. The exact impact of those schemes is yet to be determined as the relevant legislation is yet to be finalized. Nyrstar's smelters in both the EU and Australia have been formally recognized as Energy Intensive Trade Exposed Industries, and will therefore qualify for some level of transitional assistance until a more level playing field is established with respect to global carbon pricing.

Nyrstar has a Corporate Environmental Assurance program to support group governance and risk management processes and ensure that all material environmental issues are regularly reviewed and conformance with group environmental standards and requirements are assessed. An element of the program is a review of significant environmental risk issues and their potential costs over the medium term. This review of all wholly owned Nyrstar sites is carried out on a routine basis in conjunction with a third party environmental consultant (ERM). The last review was conducted in November 2010, in which no new material issues were identified. The consultants use a probabilistic modeling approach including estimates of probability of occurrence, timing and cost as model inputs.

The modeled results are used for internal planning purposes and are also used as an input to inform an internal process for the annual environmental provisions review. Annually Nyrstar's auditors review environmental provisions to ensure levels are maintained in accordance with applicable accounting principles.

There were 28 minor recordable environmental incidents in 2010, four more than in 2009, although the 2010 total also includes the additional mining assets.

THE NYRSTAR CSR FRAMEWORK IS A POSITIVE AFFIRMATION OF THE DELIVER ON OUR PROMISES TO MINIMISE HARM, MAXIMISE BENEFITS



Corporate Social Responsibility

Our business depends on a culture of growth, innovation and sustainability.

The Nyrstar Corporate Social Responsibility (CSR) program is driven by Nyrstar's desire to improve the environments and communities in which it operates. CSR forms a strategic part of the way we currently do business.

Within the fabric of The Nyrstar Way - it is demonstrated when we deliver on our promises by minimising harm, maximising benefits, and when we are accountable and responsive to our stakeholders.

Until 2010 Nyrstar CSR initiatives primarily focused on strengthening community relations at a site level.

In 2010 we commenced development of a formal CSR framework for Nyrstar, to more clearly outline how we will work with our stakeholders for mutual benefit as our company continues to grow in size and geographical spread.

The development of our CSR framework offers additional opportunities to balance and integrate people, profit and planet. It is an important component of our sustainability, excellence and innovation endeavours.



NYRSTAR WAY AND IS A DEMONSTRATION WE ARE DETERMINED TO AND BE ACCOUNTABLE AND RESPONSIVE TO OUR KEY STAKEHOLDERS

NYRSTAR CSR FRAMEWORK

- OUR LOCAL COMMUNITIES
- OUR PROJECTS
- THE NYRSTAR FOUNDATION

Our Local Communities

Nyrstar recognizes the importance of having healthy and sustainable communities around our operating sites. We believe that mutually beneficial relationships will assist us to achieve our business objectives and support sites in maintaining their licence to operate.

Our support can also contribute to the viability of local businesses and support services, and promote a safe and vibrant community; which are important factors for attracting and retaining skilled employees in those regions.

All Nyrstar smelters and mines have undertaken community engagement activities during 2010. Our programs and resources are more formalised at our mines and at our Port Pirie and Hobart smelters, due to the interdependence with and proximity to local communities in those areas. Our local programs vary between sites and include public meetings, newsletters and site open days. Other community support activities during 2010 reflected our CSR approach of improving conditions relating to health, education, social welfare and the environment.

These included financial and in-kind support for local community initiatives such as children's health, educational opportunities, cultural and sporting events. One of the initiatives illustrating this approach is the rehabilitation of a play area in the neighbourhood of our Auby smelter. Nyrstar was deeply involved in the environmental management of the Asturias district and led to the completion of all work for the development of the park by completing the budget for remediation of the gardens and play area.

Nyrstar also facilitated site visits by community and school groups as part of overall minerals industry awareness and education. The Open Door Day that our Balen/Overpelt smelter organized attracted over 4,000 visitors. Committed to safety, health and the environment, Nyrstar Budel supported a project that allows children to acquire their full first aid certificate. The Nyrstar Smelter also organized a Safety Day for children at site. The purpose of the day was to give children an idea of the safety processes in place at Nyrstar, and show them the important functions of zinc in our daily well-being. Ten local primary schools took part in the Safety Day.



Our Projects

The goal of our CSR approach to projects is to fund own Nyrstar or external special projects that fit in the Nyrstar CSR policy and Framework. This is demonstrated through programs we have already established.

TEN FOR THEM

A major initiative is the 'Ten for them' campaign in Port Pirie in South Australia, the aim of which is to lower blood lead levels in the local children.

RIGHT TO PLAY

In Peru we work with the 'Right to Play' campaign, which is aimed at improving the lives of children by using the power of sport and play for development, health and peace.

ZINC SAVES KIDS

Nyrstar also commenced an internal program for 'Zinc Saves Kids', an International Zinc Association (IZA) initiative in support of UNICEF. 'Zinc Saves Kids' is an initiative to improve the survival, growth and development of undernourished children by funding UNICEF-supported zinc supplementation programs around the world.

Nyrstar Foundation

A recent Nyrstar initiative is the creation of the Nyrstar Foundation, an initiative that is intended to provide opportunities for Nyrstar to contribute in a meaningful way to significant broader sustainability issues facing humanity.

THE NYRSTAR FOUNDATION IS A CHARITABLE ORGANIZATION THAT SUPPORTS AND REWARDS CREATIVE, INNOVATIVE AND BREAKTHROUGH INITIATIVES THAT HELP TO MAKE THE WORLD A BETTER PLACE. IDEAS AND PROJECTS THAT COULD MAKE A REAL DIFFERENCE TO EITHER HEALTH, THE ENVIRONMENT, EDUCATION OR SOCIAL WELFARE.

Support will be targeted to initiatives that may otherwise be experiencing difficulty in obtaining support through other, perhaps more traditional, means, or who may be lacking the resources to see their ideas developed. The foundation will provide financial support in addition to other support - for example, Nyrstar volunteers.

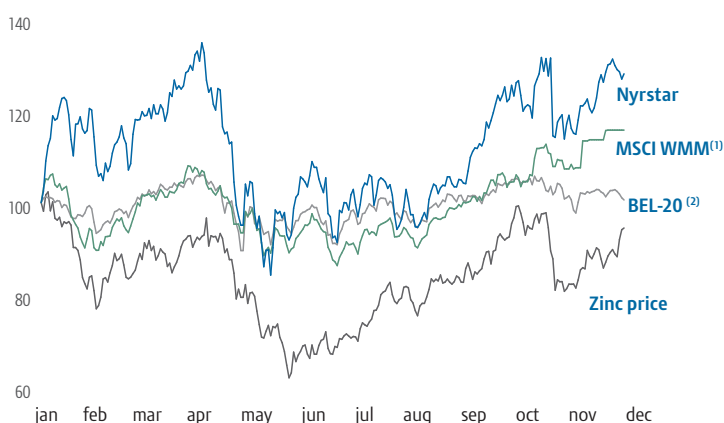
The Nyrstar Foundation operates under the leadership of a governing body comprising a Chairperson and senior executives of Nyrstar and will be administered by Nyrstar corporate employees. The Nyrstar Foundation is expected to be formally launched during 2011.

Investor Relations



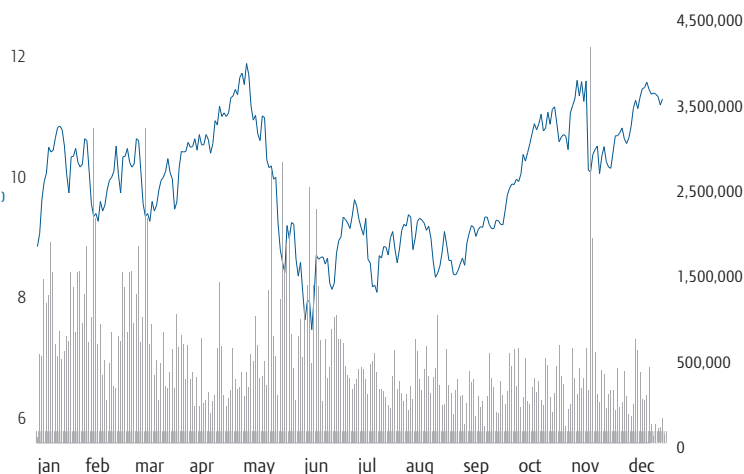
The Nyrstar **share price rose 28% in 2010** from €7.32 at the beginning of the year to €9.36 at year end, reflecting the improvement in the price of zinc, Nyrstar's primary focus, as well as the transformational changes undertaken by the Company and the implementation of the new strategy.

RELATIVE SHARE PRICE PERFORMANCE 2010 (IN %)



(1) MSCI WORLD IS THE STOCK MARKET INDEX OF 1500 'WORLD' STOCKS, MAINTAINED BY MSCI INC. (MORGAN STANLEY CAPITAL INTERNATIONAL).
(2) BEL20 IS THE BENCHMARK STOCK MARKET INDEX OF EURONEXT BRUSSELS.

SHARE PRICE AND VOLUME 2010 (IN €)



Open and transparent communication with our stakeholders



The Nyrstar share price increased by 28% in 2010 and significantly outperformed the MSCI World Metals & Mining Index (16%), and the Bel-20 Index (1%) for the year. The average traded daily volume was approximately 880,000 shares in 2010 compared to 760,000 in 2009, an increase of 16%, representing the increased interest and liquidity in Nyrstar shares. Reflecting the Board's confidence in the Company's financial strength and the medium to long-term prospects for the markets in which it operates, the Board have proposed to the shareholders a gross distribution of €0.15 per share and to structure the distribution as a capital reduction.

Share Capital

Nyrstar ordinary shares have been admitted to trading on NYSE Euronext® Brussels (symbol NYR BB) since 29 October 2007. As at 31 December 2010, the registered capital amounted to €1,490,760,008.09 represented by 100,000,000 ordinary shares without nominal value. Since the €490 million rights Offering that was completed in March 2011, the registered capital amounted to €1,980,924,982.09 represented by 170,022,544 ordinary shares without nominal value.

Convertible Bonds

As at 31 December 2010, the Company had on issue €120 million of senior unsecured convertible bonds, due 2014. The bonds were issued in July 2009 at 100 per cent of their principal amount (€50,000 per bond) and have a coupon of 7% per annum. The conversion price is currently €6.29 per share. There are currently €119.9 million of senior unsecured convertible bonds outstanding and if all of the bonds were to be converted into new ordinary shares at the above conversion price approximately 19,062,003 new ordinary shares would be issued. The bonds are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market.

Retail Bonds

In April 2010, Nyrstar issued €225 million of fixed rate bonds due 9 April 2015 through a public offering in Belgium and Luxembourg. The bonds have a coupon of 5.5% per annum. The bonds are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange.

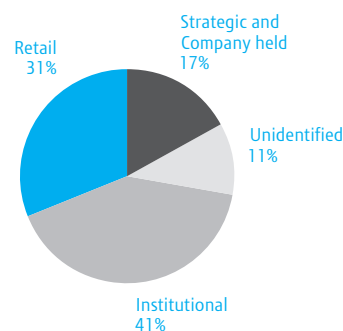
Shareholder Structure

Pursuant to applicable Belgian legislation on the disclosure of significant shareholdings and the Company's articles of association, any person who acquires at least 3% of the total existing voting rights of the Company must notify both the Company and the Belgian Financial Services and Markets Authority (the FSMA, which is the successor to the Banking, Finance and Insurance Commission (the CBFA) since April 1, 2011). A notification is also required when a person acquires at least 5%, 7.5%, 10%, 15%, 20% or any further multiple of 5% of the total existing voting rights of the Company, or when, due to disposals of securities, the number of voting rights falls below one of these thresholds. A list as well as a copy of such notifications can be obtained from the Company's website (www.nyrstar.com). As at 31 March 2011, on the basis of the notifications received by the Company, the major shareholders of the Company (i.e. holding more than 3% of the total voting rights) were:

	Share %
Blackrock Group	7.73%
Glencore Holdings AG	7.79%
Umicore NV	5.25%

Shareholder profile

Nyrstar's shareholder base primarily consists of institutional investors in the UK, the US, Belgium and other European countries, as well as Belgian retail investors.



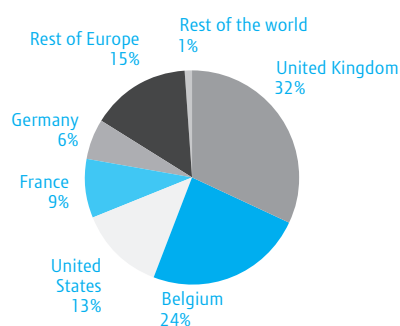
SOURCE: THOMSON REUTERS SHAREHOLDER IDENTIFICATION REPORT COMMISSIONED BY NYRSTAR IN NOVEMBER 2010

Belgian retail shareholders represent approximately 31% of the Nyrstar shareholder base.

Of institutional shareholders, the primary regions are the UK (32%), Belgium (24%) and the US (13%).



Institutional shareholders by region



SOURCE: THOMSON REUTERS SHAREHOLDER IDENTIFICATION REPORT COMMISSIONED BY NYRSTAR IN NOVEMBER 2010

The majority of institutional investors are long-term growth investors.

KEY SHARE FACTS*

For the year ended 31 December	2010	2009
Number of issued ordinary shares	100,000,000	100,000,000
Number of treasury shares	3,631,558	310,000
Market capitalisation (as at 31/12)	€ 1,121,000,000	€ 834,000,000
Underlying Earnings per Share (12 months to 31/12)	€ 0.99	€ 0.32
Gross Dividend Distribution (proposed)	€ 0.15	€ 0.10
Share price (as at 31/12)	€ 11.21	€ 8.34
Year high	€ 11.84 (14/04/10)	€ 9.14 (16/10/09)
Year low	€ 6.90 (21/05/10)	€ 2.05 (21/01/09)
Average volume traded shares per day (12 months to 31/12)	880,000	760,000
Free float (as at 31/12)	90%	95%
Free float Velocity (full year)	222%	205%

* SOURCE EURONEXT



Dividend Policy

The Board reviewed the Company's dividend policy in 2009 and concluded that in light of the revised Company strategy a dividend policy defining a fixed pay-out ratio was no longer appropriate. The Company's revised dividend policy aims to maximize total shareholder return through a combination of share price appreciation and dividends, whilst maintaining adequate cash flows for growth and the successful execution of the Company's strategy.

Disclosure Policy

As a Belgian listed company and with a view to ensuring investors in Nyrstar shares have available all information necessary to ensure the transparency, integrity and good functioning of the market, Nyrstar has established an information disclosure policy.

This policy is aimed at ensuring that inside information of which Nyrstar is aware is immediately disclosed to the public. In addition, the policy is aimed at ensuring information that is disclosed is fair, precise and sincere, and will enable the holders of shares in Nyrstar and the public to assess the influence of the information on Nyrstar's position, business and results.

Presentations to Investors, Analysts and Media

Nyrstar's reputation is greatly influenced by its ability to communicate in a consistent and professional manner with all our stakeholders.

A core Nyrstar value is to be open and honest and accordingly we strive to provide clear, open and transparent communications to all our stakeholders.

Nyrstar regularly organizes presentations to investors, analysts and the media to provide strategic, operational and financial updates and build strong relationships.

To provide financial analysts, investors and media with a greater insight into our business we organised or participated at several events during the year.

Nyrstar presented the Company at seminars and conferences organised by KBC (New York), Deutsche Bank (London), Macquarie (New York) and VFB (Antwerp).

To engage with its institutional shareholders Nyrstar presented the Company at events organised by Goldman Sachs, Deutsche Bank, Credit Suisse, Petercam, UBS, ING and KBC. In addition we also participated in numerous investor roadshows in North America, Europe and Australia.

In June 2010 financial analysts visited the Nyrstar Tennessee Mines.

Information

Please visit the www.nyrstar.com website for more information about the Company.

Under the investors section you will find all the latest financial information including reports and presentations, investor materials and share price and commodity price information.



Corporate Governance Statement

Nyrstar NV (the "Company") has prepared this Corporate Governance Statement in accordance with the Belgian Code Corporate Governance of March 12, 2009. This Corporate Governance Statement is included in the Company's Report of board of directors on the statutory accounts for the financial year ended on 31 December 2010 dated 23 February 2011 in accordance with article 96 of the Belgian Company Code.

Corporate governance charter

The Company has adopted a corporate governance charter in line with the Belgian Code on Corporate Governance of March 12, 2009. The Company applies the nine corporate governance principles contained in the Belgian Code on Corporate Governance. The Company complies in principle with the provisions set forth in the Belgian Code on Corporate Governance.

The corporate governance charter describes the main aspects of the corporate governance of the Company including its governance structure,

the terms of reference of the board of directors and its committees and other important topics.

The corporate governance charter is available, together with the articles of association, on the Company's website, within the section addressed to investors (www.nyrstar.com/nyrstar/en/investors/). The board of directors approved the initial charter on October 5, 2007. There were updated versions approved on March 18, 2008 and December 11, 2009, and the current

version was approved by the board of directors on February 24, 2010.

What constitutes good corporate governance will evolve with the changing circumstances of a company and with the standards of corporate governance globally and must be tailored to meet those changing circumstances. The board of directors intends to update the corporate governance charter as often as required to reflect changes to the Company's corporate governance.

Code of business conduct

While Nyrstar conducts its business within the framework of applicable professional standards, laws, regulations and internal policies, it also acknowledges that these standards, laws, regulations and policies do not govern all types of behavior. As a result, Nyrstar has adopted a code of business conduct for all of Nyrstar's personnel and sites. The code of business conduct is based on the Company's values, demonstrating the values in action. The code also provides

a frame of reference for Nyrstar sites to establish more specific guidelines to address local and territorial issues. Nyrstar also introduced a code of business conduct development program which supports the code of business conduct and aims to increase awareness in relation to some key danger areas to Nyrstar's business. The development program includes specially designed training modules for Nyrstar employees. The training modules are conducted by Nyrstar's

compliance officer with the assistance of local expertise (where required). If employees have issues or concerns (for example, they are concerned that others are not complying with the letter and the spirit of the code of business conduct), they may raise the issue or concern with their supervisor or manager or Nyrstar's compliance officer. The code of business conduct is available on Nyrstar's website (www.nyrstar.com).

CORPORATE GOVERNANCE STATEMENT

Board of directors and management committee

Board of directors

The table below gives an overview of the current members of the Company's board of directors and their terms of office:

Name	Principal function within the Company	Nature of directorship	Start of Term	End of Term
Julien De Wilde ⁽¹⁾	Chairman	Non-Executive, Independent	2007	2014
Roland Junck	CEO, Director	Executive	2007 (2009 CEO)	2011 ⁽²⁾
Peter Mansell	Director	Non-Executive Independent	2007	2013
Karel Vinck	Director	Non-Executive, Independent	2007	2012
Ray Stewart	Director	Non-Executive, Independent	2007	2011 ⁽²⁾
Oyvind Hushovd	Director	Non-Executive, Independent	2009	2013

Notes:

(1) Acting through De Wilde J. Management BVBA.

(2) The current mandate of Mr. Junck and Mr. Stewart will end after the annual general shareholders' meeting to be held on April 27, 2011. The board of directors will submit a proposal to the annual general shareholders' meeting to re-elect Mr. Junck and Mr. Stewart as director for a term ending in 2015 and 2014 respectively.

De Wilde J. Management BVBA, represented by Julien De Wilde, Chairman, was appointed chairman in August 2007. He is also chairman of Agfa-Gevaert NV and a director of several Belgian listed companies, amongst others Telenet Group Holding NV. He is also former chief executive officer of Bekaert NV, a Belgian metals company. Prior to Bekaert, he held senior positions at Alcatel, where he was a member of the executive committee, and at Texaco, where he was a member of the European management board. He is chairman of the nomination and remuneration committee and a member of the safety, health and environment committee. He obtained an engineering degree from the Catholic University of Leuven, Belgium.

Roland Junck, chief executive officer, was appointed chief executive officer in February 2009 after 16 months as a non-executive director on the Company's board of directors. He is also director of several European companies including Agfa-Gevaert NV and Talvivaara Mining Company plc. He was the former chief executive officer of Arcelor Mittal. Prior to this role he was a member of the group management board of Arcelor, Aceralia and Arbed. He graduated from the Federal Polytechnic in Zurich and has a Masters of Business Administration from Sacred Heart University of Luxembourg.

Peter Mansell, non-executive director, is a director of several Australian companies including Bunnings Property Management Ltd and Ampella Mining Ltd. He was the former chairman of Zinifex Ltd prior to its merger with Oxiana Ltd to form OZ Minerals Ltd. He was previously a corporate and resources partner of the Australian law firm Freehills. He also holds directorships at other unlisted companies in Australia. He is chairman of the safety, health and environment committee and a member of the nomination and remuneration committee. He holds a Bachelor of Commerce degree, a Bachelor of Law degree and a Higher Diploma Tax from the University of Witwatersrand.

CORPORATE GOVERNANCE STATEMENT

Karel Vinck, non-executive director, is the chairman of BAM NV (Beheersmaatschappij Antwerpen Mobiel), ERTMS Coordinator at the European Commission and a director of Tessenderlo Group NV and the Théâtre Royal de la Monnaie. He also chairs the Flemish Science Policy Council. Formerly the chief executive officer of Umicore NV and later chairman, he was also chief executive officer of Eternit NV, Bekaert NV and the Belgian Railways. He is a member of the audit and the nomination and remuneration committees. He holds a Master's degree in Electrical and Mechanical Engineering from the Katholieke Universiteit Leuven, Belgium and a Master of Business Administration from Cornell University, United States.

Ray Stewart, non-executive director, is chief financial and administration officer of Belgacom Group NV. Prior to Belgacom, he was chief financial officer of Matav. He has also held senior positions with Ameritech, including chief financial officer for Ameritech International. He is chairman of the audit committee and a member of the nomination and remuneration committee. He has a Business Undergraduate degree in Accounting from Indiana University, and a Masters of Business Administration in Finance from Indiana University.

Oyvind Hushovd, non-executive director, currently serves on the boards of Cameco Corporation, Inmet Mining Corporation, and Ivanhoe Nickel and Platinum Ltd. Formerly chief executive officer of Gabriel Resources Ltd from 2003 to 2005 and, from 1996 to 2002, president and chief executive officer of Falconbridge Limited (and prior to that held a number of senior positions within that company). He is a member of the audit and the safety, health and environment committees. He received a Master of Economics and Business Administration degree from the Norwegian School of Business and a Master of Law degree from the University of Oslo.

The business address of each of the directors is for the purpose of their directors' mandate, Zinkstraat 1, 2490 Balen, Belgium.

Management committee

The Company's management committee consists of five members (including the CEO), as further set forth hereinafter:

Name	Title
Roland Junck	Chief Executive Officer
Heinz Eigner	Chief Financial Officer
Greg McMillan	Chief Operating Officer
Russel Murphy	Chief Human Resources Officer
Michael Morley	Chief Corporate and Development Officer

Roland Junck is the chief executive officer of the Company. See his biography above under "—Board of directors".

Heinz Eigner, chief financial officer, was appointed in August 2007. Prior to Nyrstar he was at Umicore where he joined in 2002 as vice-president business group controller, automotive catalysts, and became vice-president business group controller, zinc specialties, in 2006. From 1987 until 2002 he worked for Honeywell, where he occupied several positions in Germany, Switzerland and the United States of America. He holds a degree in Betriebswirtschaftslehre – University degree as Diplom-Kaufmann, Justus von Liebig Universität, Giessen, Germany.

Greg McMillan, chief operating officer, was appointed in August 2007. Before the creation of Nyrstar he was general manager of the Zinifex Century Mine and prior to this general manager at the Hobart smelter. Before Zinifex he held several management positions at Delta Group, Boral and Brambles Limited. He holds a Certificate of Production Engineering from the Sydney Institute of Technology, a Bachelor of Commerce from Griffith University and a Master of Business Administration from the Australian Graduate School of Management, University of NSW, Australia.

Russell Murphy, chief human resources officer, was appointed in August 2007. Before the creation of Nyrstar he was at Zinifex since 1979, where he moved from mining operations to training and on to HR management. He was the group human resources manager, Australian operations, from 2002 and acting general manager human resources since 2006. He holds a Graduate Diploma in Business Management from Charles Sturt University, Australia.

CORPORATE GOVERNANCE STATEMENT

Michael Morley, chief corporate and development officer, was appointed in August 2007. Prior to joining Nyrstar, he was general counsel of Smorgon Steel Group Ltd, and before that a senior associate in the corporate/mergers and acquisitions team of Clayton Utz. He has also held a number of positions with Coopers & Lybrand (now PricewaterhouseCoopers) and Fosters Brewing Group Limited. He holds a Bachelor of Economics and a Bachelor of Laws from Monash University (Melbourne, Australia) and a Master of Taxation Law from Melbourne University (Melbourne, Australia).

The business address of each of the members of the management committee is Tessinerplatz 7, 8002 Zurich, Switzerland.

General information on directors and executive management

Except as may be described below, no director or member of the management committee has:

- (a) any convictions in relation to fraudulent offences or any offences involving dishonesty;
- (b) except in the case of compulsory liquidations, at any time in the previous five years, been associated with any bankruptcy, receivership or liquidation of any entity in which such person acted in the capacity of a member of an administrative, management or supervisory body or senior manager nor:
 - been declared bankrupt or has entered into an individual voluntary arrangement to surrender his or her estate;
 - been a director with an executive function of any company at the time of, or within twelve months preceding, any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors;
 - been a partner in a partnership at a time of, or within twelve months preceding, any compulsory liquidation, administration or voluntary arrangement of such partnership;
 - been a partner in a partnership at the time of, or within twelve months preceding, a receivership of any assets of such partnership; or
 - had any of his assets subject to receivership; or
 - received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an Company or from acting in the management or conduct of the affairs of any Company.

However, Karel Vinck, in his capacity as former chief executive officer of Eternit, Italy (unrelated to Nyrstar), was convicted in 2005 by a Sicilian court in connection with asbestos exposure of certain of Eternit's employees between 1973 and 1975. This conviction was overturned by the Catania (Sicily) Court of Appeals in 2009 and Mr. Vink was acquitted in 2010.

Peter Mansell was a non-executive director of Great Southern Limited from 2005 until 2009 when the company was placed into voluntary receivership and subsequently went into liquidation.

CORPORATE GOVERNANCE STATEMENT

Other mandates

Name	Current
Julien De Wilde ⁽¹⁾	Agfa-Gevaert KBC Bank Telenet Arseus
Peter Mansell	Bunnings Property Management Limited Cancer Research Fund Pty Limited Ferngrove Vineyards Limited Ampella Mining Ltd Hanlong Mining Investments Pty Ltd
Karel Vinck	Beheersmaatschappij Antwerpen Mobiel Tessenderlo Group Théâtre Royal de la Monnaie ERTMS coordinator at the European Commission
Ray Stewart	The United Fund for Belgium Belgacom
Oyvind Hushovd	Cameco Corporation Inmet Mining Corporation Ivanhoe Nickel and Platinum Ltd. Libra Group Sørlaminering Røo-Invest
Roland Junck	Agfa Gevaert Interseroh SE Samhwa Steel SA Talvivaara Mining Company plc

Note:

(1) Acting through De Wilde J. Management BVBA

CORPORATE GOVERNANCE STATEMENT

Role of board of directors

The role of the board of directors is to pursue the long-term success of the Company by providing entrepreneurial leadership and enabling risks to be assessed and managed.

The Company has opted for a "one-tier" governance structure whereby the board of directors is the ultimate decision-making body, with the overall responsibility for the management and control of the Company, and is authorized to carry out all actions that are considered necessary or useful to achieve the Company's vision. The board of directors has all powers except those reserved to the shareholders' meeting by law or the Company's articles of association.

The board of directors is assisted by a number of committees to analyze specific issues. The committees advise the board of directors on these issues, but the decision-making remains with the board of directors as a whole (see also "—Committees of the board of directors" below).

The board of directors appoints and removes the chief executive officer. The role of the chief executive officer is to implement the mission, strategy and targets set by the board of directors and to assume responsibility for the day-to-day management of the Company. The chief executive officer reports directly to the board of directors.

In order to provide a group-wide support structure, the Company has corporate offices in Balen, Belgium and Zurich, Switzerland. These offices provide a number of corporate and support functions including finance, treasury, human resources, legal and secretarial, tax, information technology, investor relations and communications.

Pursuant to the Company's articles of association, the board of directors must consist of at least three directors. The Company's corporate governance charter provides that the composition of the board should ensure that decisions are made in the corporate interest. It should be determined on the basis of diversity, as well as complementary skills, experience and knowledge. Pursuant to the Belgian Code on Corporate Governance, at least half of the directors must be non-executive and at least three directors must be independent in accordance with the criteria set out in the Belgian Companies Code and in the Belgian Code on Corporate Governance.

The directors are appointed for a term of no more than four years by the general shareholders' meeting. They may be re-elected for a new term. Proposals by the board of directors for the appointment or re-election of any director must be based on a recommendation by the nomination

and remuneration committee. In the event the office of a director becomes vacant, the remaining directors can appoint a successor temporarily filling the vacancy until the next general shareholders' meeting. The shareholders' meeting can dismiss the directors at any time.

The board of directors elects a chairman from among its non-executive members on the basis of his knowledge, skills, experience and mediation strength. If the board of directors envisages appointing a former chief executive officer as chairman, it should carefully consider the positive and negative aspects in favor of such a decision and disclose why such appointment is in the best interest of the company. The chairman is responsible for the leadership and the proper and efficient functioning of the board of directors.

The board of directors meets whenever the interests of the Company so require or at the request of one or more directors. In principle, the board of directors will meet sufficiently regularly and at least six times per year. The decisions of the board of directors are made by a simple majority of the votes cast. The chairman of the board of directors has a casting vote.

During 2010, nine board meetings were held.

Committees of the board of directors

The board of directors has set up an audit committee, a nomination and remuneration committee and a safety, health and environment committee.

Audit committee

The audit committee consists of at least three directors. All members of the audit committee are non-executive directors. According to the Belgian Companies Code, at least one member of the audit committee must be independent and must have the necessary competence in accounting and auditing. The current members of the audit committee are Ray Stewart (chairman), Karel Vinck and Oyvind Hushovd. In line with the Belgian Code on Corporate Governance which requires that a majority of the members of the audit committee are independent, the current members are all independent directors.

The members of the audit committee must have sufficient expertise in financial matters to discharge their functions. The chairman of the audit committee is competent in accounting

and auditing as evidenced by his current role as chief financial officer of the Belgacom Group and his previous roles as chief financial officer in Matav and Ameritech International. According to the board of directors, the other members of the audit committee also satisfy this requirement, as evidenced by the different senior management and director mandates that they have held in the past and currently hold.

The role of the audit committee is to supervise and review the financial reporting process, the internal control and risk management systems and the internal audit process of the Company. The audit committee monitors the audit of the statutory and consolidated financial statements, including the follow-up questions and recommendations by the statutory auditor. The audit committee also

makes recommendations to the board of directors on the selection, appointment and remuneration of the external auditor and monitors the independence of the external auditor.

In principle, the audit committee meets at least as frequently as necessary for the efficiency of the operation of the audit committee, but at least four times a year. The members of the audit committee must have full access to the chief financial officer and to any other employee to whom they may require access in order to carry out their responsibilities.

During 2010, four audit committee meetings were held.

Nomination and remuneration committee

The nomination and remuneration committee consists of at least three directors. All members of the nomination and remuneration committee are non-executive directors, with a majority of independent directors. The nomination and remuneration committee is chaired by the chairman of the board of directors or another non-executive director appointed by the committee. The following directors are currently members of the nomination and remuneration committee: Julien De Wilde (Chairman), Ray Stewart, Peter Mansell and Karel Vinck.

The role of the nomination and remuneration committee is to make recommendations to the board of directors with regard to the appointment of directors, make proposals to the board of directors on the remuneration policy and individual remuneration for directors and members of the management committee and to submit a remuneration report to the board of directors. In addition, starting as from the annual general shareholders' meeting to be held in 2012, the nomination and remuneration committee will have to explain the remuneration report at the annual general shareholders' meeting.

In principle, the nomination and remuneration committee meets as frequently as necessary for the efficiency of the operation of the committee, but at least twice a year.

During 2010, three nomination and remuneration committee meetings were held.

CORPORATE GOVERNANCE STATEMENT

Safety, health and environment committee

The safety, health and environment committee consists of at least three directors. All members of the safety, health and environment committee are non-executive directors, with at least one independent director. The safety, health and environment committee is chaired by the chairman of the board of directors or another non-executive director appointed by the committee. The current members of the safety, health and environment committee

are Peter Mansell (chairman), Julien De Wilde and Oyvind Hushovd.

The role of the safety, health and environment committee is to assist the board of directors in respect of safety, health and environmental matters. In particular, its role is to ensure that the Company adopts and maintains appropriate safety, health and environment policies and procedures, as well as effective safety, health and environment internal control and

risk management systems, and to make appropriate recommendations to the board of directors.

In principle, the safety, health and environment committee meets as frequently as necessary for the efficiency of the operation of the committee, but at least twice a year.

During 2010, three safety, health and environment committee meetings were held.

Activity report and attendance at board and committee meetings during 2010

Name	Board meeting attended	Audit	Nomination and Remuneration	Safety, Health and Environment	Total remuneration	Shares held as at 31 December 2010
Julien De Wilde ⁽¹⁾	9 of 9	1 of 1 ⁽²⁾	3 of 3	3 of 3	€200,000	0
Roland Junck	9 of 9	N/A	N/A	N/A	N/A	169,613
Peter Mansell	9 of 9	N/A	3 of 3	3 of 3	€80,000	0
Karel Vinck	9 of 9	4 of 4	3 of 3	1 of 1 ⁽²⁾	€80,000	3,000
Ray Stewart	9 of 9	4 of 4	3 of 3	N/A	€80,000	0
Oyvind Hushovd	8 of 9	2 of 3 ⁽²⁾	N/A	0 of 2 ⁽²⁾	€70,000	0

Notes:

(1) Acting through De Wilde J. Management BVBA.

(2) As of 24 February 2010 Oyvind Hushovd was appointed as member of the Safety, Health and Environment and Audit Committee replacing Karel Vinck and Julien De Wilde respectively.

Independent directors

A director will only qualify as an independent director if he meets at least the criteria set out in Article 526ter of the Belgian Companies Code, which can be summarized as follows:

- Not being an executive member of the board, exercising a function as a member of the executive committee or as a person entrusted with daily management of the Company or a company or person affiliated with the Company, and not having been in such a position during the previous five years before his nomination.
- Not having served for more than three terms as a non-executive director of the board, without exceeding a total term of more than twelve years.
- Not being an employee of the senior management (as defined in Article 19,2° of the Belgian Act of September 20, 1948 regarding the organization of the business industry) of the Company or a company or person affiliated with the Company and not having been in such a position for the previous three years before his nomination.
- Not receiving, or having received, any significant remuneration or other significant advantage of a financial nature from the Company or a company or person affiliated with the Company, other than any bonus or fee (*tantièmes*) he receives or has received as a non-executive member of the board.
- Not holding (directly or via one or more company under his control) any shareholder rights representing 10% or more of the Company's shares or of a class of the Company's shares (as the case may be), and not representing a shareholder meeting this condition.

CORPORATE GOVERNANCE STATEMENT

- If the shareholder rights held by the director (directly or via one or more company under his control) represent less than 10%, the disposal of such shares or the exercise of the rights attached thereto may not be subject to contracts or unilateral undertakings entered into by the director. The director may also not represent a shareholder meeting this condition.
 - Not having, or having had within the previous financial year, a significant business relationship with the Company or a company or person affiliated with the Company, either directly or as partner, shareholder, member of the board, member of the senior management (as defined in Article 19,2° of the aforementioned Belgian Act of September 20, 1948) of a company or person who maintains such a relationship.
 - Not being or having been within the last three years, a partner or employee of the current or former statutory auditor of the Company or a company or person affiliated with the Company.
 - Not being an executive director of another company in which an executive director of the Company is a non-executive member of the board, and not having other significant links with executive directors of the Company through involvement in other companies or bodies.
 - Not being a spouse, legal partner or close family member (by marriage or birth) to the second degree of a member of the board, a member of the executive committee, a person charged with the daily management, or a member of the senior management (as defined in Article 19,2° of the aforementioned Belgian Act of September 20, 1948) of the Company or a company or person affiliated with the Company, or of a person who finds him or herself in one or more of the circumstances described in the previous bullets.
- The resolution appointing the director must mention the reasons on the basis of which the capacity of independent director is granted.
- In the absence of guidance in the law or case law, the board of directors has

not further quantified or specified the aforementioned criteria set out in Article 526ter of the Belgian Companies Code. Furthermore, in considering a director's independence, the criteria set out in the Belgian Code on Corporate Governance will also be taken into consideration. The board of directors is of the view that the current independent directors comply with each of the relevant criteria of the Belgian Companies Code and Belgian Code on Corporate Governance. The board of directors will disclose in its annual report which directors it considers to be independent directors. An independent director who ceases to satisfy the requirements of independence must immediately inform the board of directors.

According to the Company's board of directors, De Wilde J. Management BVBA, represented by Julien De Wilde, Peter Mansell, Karel Vinck, Ray Stewart and Oyvind Hushovd are independent directors. The independent nature of Mr. Mansell's director's mandate will be submitted for confirmation to the annual general shareholders' meeting to be held in April 2011.

Performance review of the board

At least once every three years, the board intends to undertake a formal evaluation of its own size, composition, performance and interaction with executive management and that of its committees. Such evaluation shall be performed by the nomination and remuneration committee at the initiative of the chairman and,

if required, with the assistance of external advisors. The directors may not attend the discussions on their evaluation. The evaluation will assess how the board and its committees operate, check that important issues are effectively prepared and discussed, evaluate each director's contribution and constructive involvement, and

assess the present composition of the board and its committees against the desired composition. This evaluation takes into account their general role as director, and specific roles as chairman, chairman or member of a board committee, as well as their relevant responsibilities and time commitment.

CORPORATE GOVERNANCE STATEMENT

Executive management

The Company's executive management is composed of the chief executive officer and the members of the management committee, as detailed

above in "—Board of directors and management committee—Management committee".

Chief executive officer

The CEO leads and chairs the management committee and is accountable to the board of directors for the management committee's performance.

The role of the chief executive officer is to implement the mission, strategy

and targets set by the board of directors and to assume responsibility for the day-to-day management of the Company. The chief executive officer reports directly to the board of directors.

Management committee

The board of directors has delegated the day-to-day management of the Company as well as certain management and operational powers to the chief executive officer. The chief executive officer is assisted by the management committee.

The management committee is composed of at least four members and includes the chief executive officer. Its members are appointed by the board of directors on the basis of a recommendation by the nomination and remuneration committee.

The Company's management committee does not qualify as a "*directiecomité*" / "*comité de direction*" within the meaning of Article 524*bis* of the Belgian Companies Code.

The management committee is responsible and accountable to the board of directors for the discharge of its responsibilities.

The management committee is responsible for assisting the CEO in relation to:

- operating the company;
- implementing the decisions taken by the board of directors;

- putting in place internal controls and risk management systems (without prejudice to the board of directors', the audit committee's and the safety, health and environment committee's monitoring roles) based on the framework approved by the board of directors;

- presenting the board of directors the complete, timely, reliable and accurate preparation of the Company's financial statements, in accordance with applicable accounting standards and policies;

- preparing the Company's required disclosure of the financial statements and other material, financial and non-financial information;

- presenting the board of directors with a balanced and understandable assessment of the company's financial situation; and

- providing the board of directors in due time with all information necessary for the board of directors to carry out its duties.

CORPORATE GOVERNANCE STATEMENT

Conflicts of interest

Directors are expected to arrange their personal and business affairs so as to avoid conflicts of interest with the Company. Any director with a conflicting financial interest (as contemplated by Article 523 of the Belgian Companies Code) on any matter before the board of directors must bring it to the attention of both the statutory auditor and fellow directors, and take no part in any deliberations or voting related thereto. Provision 1.4 of the corporate governance charter sets out the procedure for transactions between Nyrstar and the directors which are not covered by the legal provisions on conflicts of interest. Provision 3.2.4 of the corporate governance charter contains a similar procedure for transactions between Nyrstar and members of the management committee (other than the chief executive officer). The provisions

of Article 523 of the Belgian Companies Code have been complied with in relation to the indemnification agreement that has been entered into with Oyvind Hushovd at the time he became director, and in relation to the new services agreement of the chief executive officer when the corporate offices of Nyrstar moved from London, England, to Zurich, Switzerland.

To the knowledge of the Company, there are, on the date of this report, no potential conflicts of interests between any duties to the Company of the persons mentioned in “—Board of directors and management committee —Board of directors” and in “—Board of directors and management committee —Management committee” and their private interests and/or other duties.

There are no outstanding loans granted by the Company to any of the persons mentioned in “—Board

of directors and management committee —Board of directors” and in “—Board of directors and management committee—Management committee”, nor are there any guarantees provided by the Company for the benefit of any of the persons mentioned in “—Board of directors and management committee —Board of directors” and in “—Board of directors and management committee—Management committee”.

None of the persons mentioned in “—Board of directors and management committee—Board of directors” and in “—Board of directors and management committee —Management committee” has a family relationship with any other of the persons mentioned in “—Board of directors and management committee— Board of directors” and in “—Board of directors and management committee—Management committee”.

Dealing code

With a view to preventing market abuse (insider dealing, market manipulation), the board of directors has established a dealing code. The dealing code describes the declaration and conduct obligations of directors,

members of the management committee, certain other employees and certain other persons with respect to transactions in shares or other financial instruments of the Company. The dealing code sets limits on

carrying out transactions in shares of the Company and allows dealing by the above-mentioned persons only during certain windows. The dealing code is attached to the Company's corporate governance charter.

Disclosure policy

As a Belgian listed company and with a view to ensuring investors in shares of the Company have available all information necessary to ensure the transparency, integrity and good functioning of the market, the board of directors has established

an information disclosure policy. The information disclosure policy is aimed at ensuring that inside information of which Company is aware is immediately disclosed to the public. In addition, the information disclosure policy is

aimed at ensuring information that is disclosed is fair, precise and sincere, and will enable the holders of shares in Company and the public to assess the influence of the information on Company's position, business and results.

CORPORATE GOVERNANCE STATEMENT

Internal control and risk management in relation to financial reporting

The responsibilities of the board of directors include, among others, taking into account the review made by the audit committee (see “—Corporate Governance—Committees of the board of directors—Audit committee”), the approval of a framework of internal control and risk management systems, the review of the implementation of this framework, monitoring the effectiveness of the internal controls, supervision of the internal audit function and supervision of the performance of the external auditor.

The principal aim of the system of internal control is the management of business risks that are significant to the fulfillment of Nyrstar’s business goals with a view to enhancing the value of the shareholders’ investment and safeguarding of assets. The internal control systems have been designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable but not absolute assurance against material misstatement in the financial statements.

The board of directors of Nyrstar is responsible for approving strategic objectives and oversees the design and implementation of a sound organizational structure with clear delegations and accountabilities both on the business side and for support and control functions (such as human resources, legal, internal audit, etc.). The board of directors furthermore supervises the development of a code of conduct for the Company (including the framework for ethical decision making), and regularly monitors compliance with such code. Nyrstar also has a whistleblower procedure in place, allowing staff to confidentially raise concerns about any irregularities in financial reporting and other areas.

The audit committee assists the board of directors in supervising and reviewing the financial reporting, the internal control and risk management systems and the internal audit process. The audit committee reviews at least once a year the effectiveness of the internal control and risk management systems implemented and reported by management by considering the regular reports from management on key risks, mitigating actions and internal controls, management representations and the reports on risk management and internal control from internal audit personnel, the external auditors and other assurance providers that may be assisting the Company. The audit committee also reviews the declarations relating to internal supervision and risk management included in the annual report of the Company and reviews the specific arrangements to enable staff to express concerns in confidence about any irregularities in financial reporting and other areas (e.g., whistleblower arrangements).

The key elements and procedures that have been established in relation to the financial reporting process include Nyrstar’s comprehensive planning process that encompasses detailed operational budgets for the period ahead. The board of directors reviews and approves the annual budget. Budgets are prepared on the basis of consistent economic assumptions determined by Nyrstar’s finance function. Performance is monitored and relevant action taken throughout the year through the monthly reporting of key performance indicators for the current period together with information on the key risk areas. Comprehensive monthly board reports that include detailed consolidated management accounts for the period together with an

executive summary from the chief financial officer are prepared and circulated to the board of directors by the chief financial officer on a monthly basis.

The board of directors pays specific attention to the oversight of risk and internal controls. The board relies on the work performed by the audit committee which itself receives reports on risk and internal control from both management and internal audit personnel. Key features of the underlying process are:

- Starting from clear strategic objectives as approved by the board of directors, management conducts a risk assessment which is repeated regularly. This creates an understanding of the risks faced in relation to both the internal and external environment, and allows the board of directors to determine Nyrstar’s overall tolerance to risk.
- Management is responsible for evaluating existing controls and the control effectiveness and determines whether the level of risk being accepted is consistent with levels of risks approved by the board of directors. Management takes action where it is determined that the Company is being exposed to unacceptable levels of risk and actively encourages all Nyrstar employees to communicate freely risks and opportunities identified. Additionally, with respect to the consolidation process, management also ensures that the group accounting manual is properly adhered to by all subsidiaries.

To support the protocols described above, both internal resources and external contractors are engaged to perform compliance checks, and reports are provided to the audit committee.

CORPORATE GOVERNANCE STATEMENT

Shareholders

The Company has a wide shareholder base, mainly composed of institutional investors outside of Belgium, but also comprising Belgian retail and institutional investors.

The table below provides an overview of the shareholders that filed a notification with the Company pursuant to applicable transparency disclosure rules, up to the date of

this report. In addition, the Company holds a number of shares as treasury stock.

	Date of Notification	Number of Shares	% of the voting rights attached to Shares ⁽¹⁾
Glencore Holding AG	February 9, 2009	7,791,622	8.08%
BlackRock	January 31, 2011	7,452,086	7.73%
Umicore NV	September 1, 2008	5,251,859	5.45%
Nyrstar NV	July 26, 2010	3,631,558	— ⁽²⁾

Notes:

(1) The percentage of voting rights is calculated on the basis of the 100,013,262 outstanding shares. The calculation is adjusted to take into account that the voting rights attached to the own shares held by the Company are suspended by operation of law. The calculation does not take into account the number of shares issuable within the context of the rights offering, nor the number of shares issuable upon conversion of the Convertible Bonds.

(2) Pursuant to the Belgian Companies Code, the voting rights attached to the own shares held by the Company are suspended.

Share capital and Shares

On the date of this Corporate Governance Statement, the share capital of the Company amounts to €1,490,860,008.09 and is fully paid-up. It is represented by 100,013,262 ordinary shares, each representing a fractional value of €14.91 (after rounding) or one 100,013,262nd of the share capital. The Company's shares do not have a nominal value.

Pursuant to a decision of the board of directors of June 30, 2009, the

Company also issued 7% senior unsecured convertible bonds due 2014 (the "**Convertible Bonds**") for an aggregate principal amount of €120,000,000. The possibility to convert the Convertible Bonds into new Shares of the Company was approved by the extraordinary general shareholders' meeting of the Company held on August 25, 2009. The Convertible Bonds can be converted at any time. To date, Convertible Bonds in an aggregate principal amount of €100,000 have

been converted, and all others remain outstanding.

As of the date of this report, the Company owns 3,631,558 of its own shares. These shares are held as treasury stock, with suspended dividend rights, for potential delivery to eligible employees to satisfy the Company's outstanding obligations under share based incentive plans for personnel and management under the LTIP and the Co-Investment Plan.

Form and transferability of the Shares

The shares of the Company can take the form of registered shares or dematerialized shares. All the

Company's shares are fully paid-up and freely transferable.

Currency

The Company's shares do not have a nominal value, but reflect the same fraction of the Company's share capital, which is denominated in Euro.

CORPORATE GOVERNANCE STATEMENT

Voting rights attached to the Shares

Each shareholder of the Company is entitled to one vote per share. Shareholders may vote by proxy, subject to the rules described in the Company's articles of association.

Voting rights can be mainly suspended in relation to shares:

- which are not fully paid up, notwithstanding the request thereto of the board of directors of the Company;

- to which more than one person is entitled, except in the event a single representative is appointed for the exercise of the voting right;
- which entitle their holder to voting rights above the threshold of 3%, 5%, 7.5%, 10%, 15%, 20% and any further multiple of 5% of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant shareholders' meeting, in the event that the relevant shareholder

has not notified the Company and the CBFA at least 20 days prior to the date of the shareholders' meeting in accordance with the applicable rules on disclosure of major shareholdings; and

- of which the voting right was suspended by a competent court or the CBFA.

Pursuant to the Belgian Companies Code, the voting rights attached to shares owned by the Company are suspended.

Dividends and Dividend Policy

All shares entitle to an equal right to participate in the Company's profits (if any). Pursuant to the Belgian Companies Code, the shareholders can in principle decide on the distribution of profits with a simple majority vote at the occasion of the annual shareholders' meeting, based on the most recent statutory audited financial statements, prepared in accordance with the generally accepted accounting principles in Belgium and based on a (non-binding) proposal of the Company's board of directors. The Company's articles of association also authorize the board of directors to declare interim dividends subject to the terms and conditions of the Belgian Companies Code.

Dividends can only be distributed if following the declaration and issuance of the dividends the amount of the Company's net assets on the date of the closing of the last financial year as follows from the statutory financial statements (i.e., summarized, the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities, all as summarized in accordance with Belgian accounting rules), decreased

with the non-amortized costs of incorporation and extension and the non-amortized costs for research and development, does not fall below the amount of the paid-up capital (or, if higher, the issued capital), increased with the amount of non-distributable reserves. In addition, prior to distributing dividends, 5% of the net profits must be allotted to a legal reserve, until the legal reserve amounts to 10% of the Company's share capital.

The Company's board of directors reviewed Nyrstar's dividend policy in 2009 and concluded that in light of the revised Company strategy a dividend policy defining a fixed pay-out ratio was no longer appropriate. The Company's revised dividend policy aims at maximizing total shareholder return through a combination of share price appreciation and dividends, while maintaining adequate cash flows for growth and the successful execution of Nyrstar's strategy. The former dividend policy was mechanical and therefore did not achieve that aim.

The Company's ability to distribute dividends is subject to availability of sufficient distributable profits as defined under Belgian law on the basis of the Company's statutory unconsolidated financial statements rather than its consolidated financial statements.

The board of directors will propose to shareholders a gross distribution of €0.15 per share at the annual shareholders' meeting to be held in Brussels on April 27, 2011 reflecting the board's confidence in Nyrstar's financial strength, and the medium to long-term prospects for the markets in which Nyrstar operates.

The board of directors will propose to the shareholders to structure distribution as a capital reduction with reimbursement of paid-up capital. Such distribution via a capital reduction can take place without triggering Belgian withholding tax.

CORPORATE GOVERNANCE STATEMENT

Information that have an impact in case of public takeover bids

The Company provides the following information in accordance with article 34 of the Royal Decree dated November 14, 2007:

(i) On the date of this Corporate Governance Statement the share capital of the Company amounts to €1,490,860,008.09 and is fully paidup. It is represented by 100,013,262 ordinary shares, each representing a fractional value of €14.91 (after rounding) or one 100,013,262nd of the share capital.

(ii) Other than the applicable Belgian legislation on the disclosure of significant shareholdings and the Company's articles of association, there are no restrictions on the transfer of shares.

(iii) There are no holders of any shares with special control rights.

(iv) All awards granted to employees under the Nyrstar Employee Share Acquisition Plan will vest immediately in the event of a change of control of the Company. The awards granted to employees under the Nyrstar Long Term Incentive Plan and Co-Investment Plan will vest upon determination by the Nomination and Remuneration Committee.

(v) Each shareholder of Nyrstar is entitled to one vote per share. Voting rights may be suspended as provided in the Company's articles of association and the applicable laws and articles.

(vi) There are no agreements between shareholders which are known by the Company and may result in restrictions on the transfer of securities and/or the exercise of voting rights.

(vii) The rules governing appointment and replacement of board members and amendment to articles of association are set out in the Company's articles of association and the Company's corporate governance charter.

(viii) The powers of the board of directors, more specifically with regard to the power to issue or redeem shares are set out in the Company's articles of association. The board of directors was not granted the authorization to purchase its own shares "to avoid imminent and serious danger to the Company" (i.e., to defend against public takeover bids). The Company's articles of association of association do not provide for any other specific protective mechanisms against public takeover bids.

(ix) The Company is a party to the following significant agreements which, upon a change of control of the Company or following a takeover bid can either be terminated by the other parties thereto, or give the other

parties thereto (or beneficial holders with respect to bonds) a right to an accelerated repayment of outstanding debt obligations of the Company under such agreements:

- Nyrstar's Revolving Structured Commodity Trade Finance Credit Facility;
- Nyrstar's Convertible Bonds;
- Nyrstar's 5.5% fixed rate non-convertible bonds;
- Nyrstar's multi-currency CHF 50 million bilateral credit facility with Credit Suisse AG
- Nyrstar's off-take agreement with the Glencore Group; and
- Nyrstar's streaming agreement with Talvivaara Sotkamo Limited.

(x) The CEO is entitled to a 12-month salary payment in case his employment is terminated upon a change of control of the Company

No takeover bid has been instigated by third parties in respect of the Company's equity during the previous financial year and the current financial year.

Annual General Meeting – 27 April 2011

The Annual General Meeting of Shareholders will take place in Brussels (Diamond Building, A. Reyerslaan 80, 1030 Brussels, Belgium) on the last Wednesday of April, i.e. 27 April 2011 at 10.30 am.

At this meeting shareholders will be asked to approve the following resolution:

1. Reports on the statutory financial statements
2. Approval of the statutory financial statements
3. Reports on the consolidated financial statements
4. Consolidated financial statements
5. Discharge from liability of the directors
6. Discharge from liability of the statutory auditor
7. Re-appointment of directors
8. Remuneration of members of the board of directors
9. Resolutions in relation to share based plans

Extraordinary General Meetings – 27 April and 24 May 2011

On 27 April 2011, the Annual General Meeting will be shortly suspended in order to be continued as an Extraordinary General Meeting before a Notary Public. At this meeting shareholders will be asked to approve the following resolutions:

1. Submission of special reports
2. Reduction of the fraction value of the company's shares
3. Reduction of the share capital
4. Renewal of the powers of the board of directors under the authorised capital
5. Amendments to the articles of association

If the quorum for the Extraordinary General Meeting is not reached, a second Extraordinary General Meeting will be held on Tuesday 24 May 2011 at 10.30 am at Diamond Building, A. Reyerslaan 80, 1030 Brussels, Belgium, or at such other place as will be indicated at that place at that time.

Remuneration Report

Introduction

The Company prepares a remuneration report relating to the remuneration of directors and the members of the management committee. This remuneration report forms part of the corporate governance statement, which is a part of the annual report. This Remuneration report is also included in the Company's Report of board of directors dated 23 February 2011 on the statutory accounts for the financial year ended on 31 December 2010 in accordance with article 96 of the Belgian Company Code. Starting as from the annual general shareholders' meeting to be held in 2012, the nomination and remuneration committee will have to submit this remuneration report to the annual general shareholders' meeting, for separate approval.

Remuneration policy

Nyrstar's remuneration policy is designed to:

- enable Nyrstar to attract and retain talented employees,
- promote continuous improvement in the business, and
- link remuneration and performance, motivating employees to deliver increased shareholder value through superior business results.

Nyrstar obtains independent advice from external professionals to ensure the remuneration structure represents industry best practice, and achieves the twin goals of retaining talented employees and meeting shareholder expectations.

The remuneration policy that has been determined in relation to the directors and members of the management committee is further described below in "—Directors" and "—Executive management" respectively.

The board of directors intends to maintain in 2011 the base elements and features of the current remuneration policy. Apart from certain adjustments in the features of the share based plans described below (see "—Description of Share plans) to take into account the dilution effect of a rights offering and an increase of the maximum entitlement under the LTIP, the Company does not expect significant changes to the Company's remuneration policy in 2011.

Directors

General

Upon recommendation and proposal of the nomination and remuneration committee, the board of directors determines the remuneration of the directors to be proposed to the general shareholders' meeting. The proposed remuneration that the board submits to the general shareholders' meeting is in principle benchmarked against the remuneration of similar positions in companies included in the Bel20® Index. The Bel20® Index is an index composed of the 20 Companies with the highest free float market capitalization having shares trading on the continuous trading segment of the regulated market of Euronext

Brussels. The remuneration is set to attract, retain and motivate directors who have the profile determined by the nomination and remuneration committee.

The general shareholders' meeting approves the remuneration of the directors, including inter alia, each time as relevant, (i) in relation to the remuneration of executive and non-executive directors, the approval of an exemption from the rule that Share based awards can only vest during a period of at least three years as of the grant of the awards, (ii) in relation to the remuneration of executive directors, the approval of an exemption

from the rule that (unless the variable remuneration is less than a quarter of the annual remuneration) at least one quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least two years and that at least another quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least three years, and (iii) in relation to the remuneration of independent directors, the approval of any variable part of the remuneration.

CORPORATE GOVERNANCE STATEMENT

The directors of the Company (excluding the chief executive officer) receive a fixed remuneration in consideration for their membership of the board of directors. In addition, the directors (excluding the chairman of the board of directors and the chief executive officer) receive fixed fees for their membership and/or chairmanship of any board committees. No attendance fees are paid. The chief executive officer is also a member of the board but does not receive any additional remuneration in his capacity of board member.

Non-executive directors do not receive any performance-related remuneration, stock options or other Share based remuneration, or pension benefits. The remuneration of non-executive directors takes into account their general role as director, and specific roles as chairman, chairman or member of a board committee, as well as their relevant responsibilities and time commitment.

Remuneration and compensation in 2010

During 2010 the following remuneration and compensation was paid to the directors (excluding the CEO):

CHAIRMAN:

- Annual fixed remuneration of €200,000 per year
- No additional attendance fees

OTHER DIRECTORS (EXCLUDING THE CEO):

- Annual fixed remuneration of €50,000 per year for membership of the board of directors
- Fixed fee of €10,000 per year per board committee of which they are a member

- Fixed fee of €20,000 per year per board committee of which they are the chairman
- No additional attendance fees

Based on the foregoing, the following remuneration was paid to the directors (excluding the CEO) in 2010:

	Remuneration (€)
Julien De Wilde ⁽¹⁾	€200,000
Peter Mansell	€80,000
Karel Vinck	€80,000
Ray Stewart	€80,000
Oyvind Hushovd	€70,000

Note:

(1) Acting through De Wilde J. Management BVBA.

Executive management

General

The remuneration of the chief executive officer and the members of the management committee is based on recommendations made by the nomination and remuneration committee.

The remuneration is determined by the board of directors. As an exception to the foregoing rule, the general shareholders' meeting must approve, as relevant, (i) in relation to the remuneration of executive directors (as well as non-executive directors), the approval of an exemption from the rule that Share based awards can only vest during a period of at least three years as of the grant of the awards, (ii) in relation to the remuneration of executive directors and members of the management committee, the approval of an exemption from the rule that (unless the variable remuneration is less than a quarter of the annual remuneration) at least one quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least two years and that at least another quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least three years, and (iii) the approval of provisions of service agreements to be entered into with executive directors, members of the management committee and other executives providing (as the case may

be) for severance payments exceeding twelve months' remuneration (or, subject to a motivated opinion by the remuneration committee, 18 months' remuneration). The rule regarding a shareholders' meeting approval in relation to points (i) and (ii) above, applies since January 1, 2011.

An appropriate portion of the remuneration is linked to corporate and individual performance. The remuneration is set to attract, retain and motivate executive management who have the profile determined by the nomination and remuneration committee.

The remuneration of the executive management consists of the following main remuneration components:

- Annual base salary (fixed)
- Participation in the Annual Incentive Plan (AIP) (bonus) (variable)
- Participation in the Executive Long Term Incentive Plan (LTIP) (variable)
- Pension benefits

The maximum entitlement under the AIP amounts to 100% of the annual base salary for the chief executive officer, and 80% of the annual base salary for the other members of the management committee. The maximum entitlement of each management committee member under the LTIP amounts to 100% of the annual base salary. The pension benefits of each management committee member amount to 20%

of his fixed remuneration. Based on independent advice of external advisers that reviewed the executive remuneration within a group of peer companies of Nyrstar in and outside Belgium, the board of directors will increase, for 2011, the maximum entitlement under the LTIP to 150% of the annual base salary for the chief executive officer, and 120% of the annual base salary for the other members of the management committee.

In addition to the foregoing, the board of directors has the discretion to grant spot bonuses to staff members, including members of the management committee, in exceptional circumstances. No spot bonus was paid to management committee members in 2010.

Furthermore, in 2010, the management committee members were offered the possibility to participate in the Co-Investment Plan. The Co-Investment Plan was approved by the annual general shareholders' meeting held on April 28, 2010.

The remuneration package for the members of the management committee is not subject to a specific right of recovery or claw back in favor of Nyrstar in case variable remuneration has been granted based on incorrect financial data.

The respective elements of the remuneration package are further described below.

CORPORATE GOVERNANCE STATEMENT

Annual base salary

The annual base salary constitutes a fixed remuneration. The base salary is determined on the basis of a survey by an external expert of market trends and base salaries for various job descriptions paid by a group of peer companies of Nyrstar in several countries. On the basis of

this survey, a number of grades are determined. The midpoint for each grade is the 75% percentile: 75% of the companies within the peer group pay less than the mid point, and 25% of the companies within the peer group pay more. Nyrstar's policy is to pay senior staff members at 100% of

the midpoint for their grade, subject to satisfactory performance. However, there is discretion to set the fixed remuneration between 80% and 120% of the midpoint, based on experience, job, location, industry demand, unique technical skills, performance etc.

Annual Incentive Plan

The annual incentive is a variable part of the remuneration in function of individual performance below, at or above average standard during a given year. The terms and conditions are reflected in the Annual Incentive Plan (AIP), which is subject to revision on an annual basis.

The aims of the AIP are to attract and retain talented employees, to make a connection between performance and reward, to reward achievement in line with Nyrstar's financial success, to reward employees for adhering to the Nyrstar values, and to reward employees in a similar manner to the company's shareholders. The AIP is designed around delivering and exceeding the Nyrstar annual plan and budget. The relevant performance year for eligibility under the AIP is January 1 to December 31, and payments, if any, are usually made in March of the following year. In order to be eligible under the AIP, the beneficiary must

be employed on December 31 of the relevant performance year. The respective criteria and their relative weight to determine eligibility under the AIP are:

- individual behavior, which is assessed against the manner in which the beneficiary upholds Nyrstar's values (5%), using a scale ranging from "unsatisfactory" to "outstanding",
- the achievement by the beneficiary of personal "stretch targets", which aim at achieving a performance by the beneficiary over and above the normal requirement of his or her function (20%),
- the achievement by the beneficiary's unit within Nyrstar of annual unit targets, which are determined by the board of directors (25%), and
- the achievement by Nyrstar of annual financial targets, which are determined by the board of directors (50%).

The maximum incentive under the AIP only becomes available if Nyrstar has an outstanding financial and operational result. In any event, the payment of the annual incentive is subject to overall acceptable personal behavior and personal job performance, as well as the company's ability to pay. The eligibility under the AIP is assessed and determined by the nomination and remuneration committee, and any payment of the annual incentive is subject to final board approval.

For performance year 2010, the maximum annual incentive for the chief executive officer amounted to 100% of his annual base salary, and the maximum annual incentive for the other members of the management committee amounted to 80% of their annual base salary.

Pensions

The members of the management committee participate in a defined benefits pension scheme. The

contributions by Nyrstar to the pension scheme amount to 20% of the annual base salary.

CORPORATE GOVERNANCE STATEMENT

Other

The management committee members participate in a medical benefit plan that includes amongst other things private hospital and dental medical care. They also receive a representation

allowance, housing assistance, a car allowance, a relocation allowance and relocation support, and benefit from statutory accident and disease insurance.

For further information on the LTIP and Co-Investment Plan, please see "—Description of Share plans—LTIP" and "—Description of Share plans—Co-Investment Plan"

Remuneration and compensation in 2010

The following remuneration and compensation was paid to the chief executive officer and other members of the management committee in 2010:

	CEO (€)	Members of the management committee other than the CEO (on an aggregate basis) (€) ⁽¹⁾
Base salary ⁽²⁾	557,912.50	1,553,110.87
AIP	361,443.88	936,759.67
Pension benefits ⁽³⁾	121,725.65	292,647.23
Other components of the remuneration ⁽⁴⁾	162,430.28	664,732.15
Total	1,203,512.31	3,447,249.92

Notes:

(1) This includes the remuneration and compensation that was paid to Erling Sorensen who in 2010 was part of the management committee.

(2) The amount includes holiday payment and a tax free component.

(3) As of July 1, 2010, the pension includes 20% of annual base salary as savings contributions and also risks contributions.

(4) Includes representation allowance, housing, car allowance, health insurance, relocation allowance and relocation support.

Payments upon termination

Each member of the management committee (including the chief executive officer) is entitled to a severance payment equivalent to twelve months of annual base salary (inclusive of any contractual notice

period) in case of termination of his agreement by Nyrstar. In addition, the agreement with the chief executive officer provides that upon a change of control, his agreement with Nyrstar will be terminated. In that event, the

chief executive officer is entitled to a severance payment equivalent to twelve months of annual base salary (inclusive of any contractual notice period).

Indemnification and insurance of directors and executive management

As permitted by the Company's articles of association, the Company has entered into indemnification arrangements with the directors and has implemented directors' and officers' insurance coverage.

CORPORATE GOVERNANCE STATEMENT

Description of Share plans

The Company has established an ESAP, an LTIP and the Co-Investment Plan (together referred to as the "Plans") with a view to attracting, retaining and motivating the employees and executive management of the Company and its wholly owned subsidiaries. The key terms of each Plan are described below. For further information on the manner in which awards under the Plans are treated in Nyrstar's consolidated financial statements, refer to note 3(i) and note 28 to the audited consolidated financial statements beginning on page F-1.

ESAP

General

The ESAP is a general employee Share plan pursuant to which grants may be made by the board of directors to employees (including members of the management committee of Nyrstar) (the "**Employees**") in the form of conditional awards to receive a number of ordinary shares in the Company at a future date ("**Employee Share Awards**") or their equivalent in cash

("Employee Phantom Awards") (Employee Share Awards and Employee Phantom Awards together referred to as "**Employee Awards**").

The terms of the ESAP may vary from country to country to take into account local tax and other regulations and requirements in the jurisdictions where eligible Employees are employed or resident.

Employee Awards are granted at times determined by the board of directors.

The nomination and remuneration committee makes recommendations to the board of directors in relation to the operation and administration of the ESAP.

Eligibility

The board of directors will determine which Employees will be eligible to participate in the ESAP (the "**Participating Employees**").

In general, it is intended that all full-time and permanent part-time

Employees (as the case may be having completed a minimum length of service, if specified by the board) will be eligible to be granted Employee Awards under the ESAP on the terms and conditions determined by the board of directors.

No more than 10% of the Company's issued share capital will be allotted to satisfy Employee Awards granted under the ESAP or any other awards under any other Share plans operated by the Company (including the LTIP) in any ten-year period.

Vesting

In principle, Employee Awards will not vest until three years after the grant date. If a Participating Employee leaves Nyrstar prior to the vesting date, he or she will either forfeit his or her rights under the Employee Award or, if the Participating Employee is a "good leaver", his or her Employee Awards will vest pro rata to the period elapsed since the grant date.

The award will vest in full immediately in case the Participating Employee dies before his award has vested or in case the Participating Employee leaves Nyrstar by reason of official retirement before his award has vested.

Employees will not be entitled to dividends, voting or other ownership rights in respect of the Employee

Awards until they vest and are settled in shares.

No amount will be payable by Participating Employees to the Company on the granting or vesting of any Employee Awards.

CORPORATE GOVERNANCE STATEMENT

Awards

Under the ESAP Grant 1, eligible Employees who were employed by Nyrstar at the grant date or six months thereafter were awarded, subject to vesting, a right to receive shares of the Company. The performance period under the ESAP Grant 1 expired on October 29, 2010. In November 2010,

eligible Employees received the cash equivalent (less applicable taxes and charges) of 50 shares. The closing Share price on October 29, 2010 of €10.58 was used to calculate the cash equivalent of the shares.

Under the ESAP Grant 2 eligible Employees who were employed by

Nyrstar at the grant date or three months thereafter were awarded, subject to vesting, a right to receive shares in the Company. Nyrstar intends to pay the cash equivalent of 50 shares at the closing share price on the vesting date to all eligible Employees.

The terms of the grants are detailed in the table below:

	Grant 1	Grant 2
Effective grant date	October 29, 2007	October 29, 2008
Performance period	Three years to October 29, 2010	Three years to October 29, 2011
Performance criteria	Employee remains in service to October 29, 2010	Employee remains in service to October 29, 2011
Vesting date	October 29, 2010	October 29, 2011
Settlement	Cash	Cash
Shares awarded per employee	50	50

Movement of ESAP shares awarded

The following table sets out the movement in the number of equity instruments granted during the specified periods in relation to the ESAP:

Date	Movement	Grant 1	Grant 2	Total
January 1, 2010	Opening balance	135,500	140,850	276,350
October 29, 2010	Shares paid as cash	(125,150)		(125,120)
December 31, 2010	Forfeitures	(10,350)	(10,500)	(20,880)
December 31, 2010	Closing balance	—	130,350	130,350
January 1, 2009	Opening balance	154,500	160,700	315,200
December 31, 2009	Forfeitures	(19,000)	(19,850)	(38,850)
December 31, 2009	Closing balance	135,500	140,850	276,350

CORPORATE GOVERNANCE STATEMENT

LTIP

General

Under the LTIP, senior executives of Nyrstar (the **"Executives"**) selected by the board of directors may be granted conditional awards to receive ordinary shares in the Company at a future date (**"Executive Share Awards"**) or their equivalent in cash (**"Executive Phantom Awards"**)

(Executive Share Awards and Executive Phantom Awards together referred to as **"Executive Awards"**).

The terms of the LTIP may vary from country to country to take into account local tax and other regulations and requirements in the jurisdictions

where eligible Executives are employed or resident.

The nomination and remuneration committee makes recommendations to the board of directors in relation to the operation and administration of the LTIP.

Eligibility

The board of directors determines which Executives are eligible to participate in the LTIP (the **"Participating Executives"**).

The value of the conditional Executive Awards under the LTIP varies,

depending on the role, responsibility and seniority of the relevant Participating Executive. The maximum value of the conditional Executive Awards granted to any Participating Executive in any financial year of the

Company will not exceed 150% of his or her base salary at the time of the grant (except that in 2007, the financial year in which the Company's flotation took place, this limit was increased to 400%).

Vesting

Executive Awards will vest over a three-year rolling performance period.

In the event of cessation of employment before the normal vesting due to certain "good leaver reasons", the board of directors may determine that a number of Executive Awards will vest, taking into account such factors as the board of directors determines, including the proportion of the performance period which has elapsed

and the extent that performance conditions have been satisfied up to the date of leaving.

The board of directors determines the LTIP performance conditions. The board of directors has set two performance conditions, which are weighted equally at 50%. For an award to vest, Nyrstar's annual Share price performance is measured relative to the implied change in a notional

Share price that is based upon the historical performance of the price of zinc (first performance condition) and the MSCI World Metals and Mining Index (second performance condition). An equal number of awards is granted under each condition. Executive Awards are made to the extent that predetermined scaling thresholds for each of the performance conditions are met.

The vesting schedule is set out in the table below:

Price of zinc (50%) Annual performance of the Nyrstar share price compared to the share price implied by the price of zinc	% vesting	MSCI World Metals and Mining Index (50%) Annual performance of the Nyrstar share price compared to the share price implied by this index	% vesting
> 500 bp	100	> 500 bp	100
> 400 bp	80	> 400 bp	80
> 300 bp	60	> 300 bp	60
> 200 bp	40	> 200 bp	40
> 100 bp	20	> 100 bp	20
> 000 bp	0	> 000 bp	0

A volume weighted average out-performance is calculated for each year. These are averaged over the performance period and compared to the vesting schedule.

CORPORATE GOVERNANCE STATEMENT

The LTIP rules provide for various circumstances in which unvested Executive Awards lapse, including failure to satisfy performance conditions.

Awards

In April 2008, an initial grant (Grant 1) was made in accordance with the rules and conditions of the LTIP. This 2008 Grant consists of three tranches. The performance period for tranches 1 and 2 has ended. However share awards will not be delivered until March 2011.

During 2010, in accordance with the plan rules, Participating Executives were paid a dividend cash equivalent of €0.10 per award in relation to tranches 1 and 2. Each of the current members of the management committee have directed the

Company to pay this amount to the Nyrstar charitable fund, the Nyrstar Foundation.

During the first half of 2009, a second grant (Grant 2) was made in accordance with the rules and conditions of the LTIP as set out below.

During the first half of 2010, a third grant (Grant 3) was made in accordance with the rules and conditions of the LTIP, as set out below.

	Grant 1 Tranche 3	Grant 2	Grant 3
Effective Grant Date	April 23, 2008	June 30, 2009	June 30, 2010
Performance Period	January 1, 2008 to December 31, 2010	January 1, 2009 to December 31, 2011	January 1, 2010 to December 31, 2012
Performance Criteria	-zinc price 50% -MSCI 50% Executive remains in service to December 31, 2010	-zinc price 50% -MSCI 50% Executive remains in service to December 31, 2011	-zinc price 50% -MSCI 50% Executive remains in service to December 31, 2012
Vesting Date	December 31, 2010	December 31, 2011	December 31, 2012

During the period between the satisfaction of the performance condition and when the Participating Employee receives the relevant payment, the employee will be entitled to a payment equal to the cash equivalent of any dividends paid.

Movement of LTIP shares awarded

The following table sets out the movement in the number of equity instruments granted during the specified periods in relation to the LTIP:

Date		Grant 1	Grant 2	Grant 3	Total
	Movement	Tranche 1	Tranche 2	Tranche 3	
January 1, 2010	Opening balance	292,737	221,955	234,532	2,003,351
June 30, 2010	Initial allocation				604,407
December 31, 2010	(Forfeitures)/ Additions	108	(42,199)	3,305	101,954
December 31, 2010	Closing balance	292,845	179,756	237,837	2,105,305
					560,516
					3,376,259

Date		Grant 1	Grant 2	Grant 3	Total
	Movement	Tranche 1	Tranche 2	Tranche 3	
January 1, 2009	Opening balance	296,337	296,337	296,337	-
June 23, 2009	Initial allocation				2,003,351
December 31, 2009	(Forfeitures)/ Additions	(3,600)	(74,382)	(61,805)	-
December 31, 2009	Closing balance	292,737	221,955	234,532	2,003,351
					-
					2,752,575

CORPORATE GOVERNANCE STATEMENT

Co-Investment Plan

General

The annual general shareholders' meeting of the Company held on April 28, 2010 approved the Co-Investment Plan. Under the Co-Investment Plan, for each ordinary Share in the Company that a member of the management committee (including the chief executive officer) (the "**Participant**") purchased between April 30, 2010 and June 28, 2010 (a "**Co-investment**

Share"), the Company will grant (for no consideration) the respective Participant on the Vesting Date, a number of additional ordinary shares in the Company (the "**Matching Shares**") provided that (a) the Participant is still employed by Nyrstar (unless the board of directors qualifies his departure prior to such date as a "good leaver situation" (ill health resulting in the incapacity

to perform professional activities for a period of more than twelve months, voluntary resignation, retirement or any similar event which the Nomination and Remuneration Committee may qualify as being a "good leaver situation" on the Vesting Date) and (b) the Participant still holds the Co-investment Shares on the Vesting Date.

Eligibility

The persons eligible to participate in the Co-Investment Plan were the six members of the management committee at the time (including

the chief executive officer). The participation to the Co-Investment Plan was offered in May 2010. Erling Sorensen was in 2010 part of

the management committee but did not participate in the Co-Investment Plan given his departure on June 30, 2010.

Vesting

The Co-investment Plan has one vesting date, July 15, 2013.

The Co-Investment Plan has three measurement dates, i.e. July 1, 2011 ("**Measurement Date 1**"), July 1, 2012 ("**Measurement Date 2**") and July 1, 2013 ("**Measurement Date 3**").

The number of Matching Shares is the product of (a) the highest of Multiple A, Multiple B and Multiple C and (b) the total number of the Co-Investment Shares which the respective Participant has continuously held as of June 28, 2010 up to and including the vesting date.

"**Multiple A**" will be equal to:

- zero, if the highest average closing price of an ordinary Share of the Company during any given period of five consecutive trading days between July 1, 2010 and July 1, 2011 has been less than €20.00;

- four, if the highest average closing price of an ordinary Share of the Company during any given period of five consecutive trading days between July 1, 2010 and July 1, 2011 has been equal to or higher than €30.00; or

- a number between two and four, to be determined on a straight line basis, if the highest average closing price of an ordinary Share of the Company during any given period of five consecutive trading days between July 1, 2010 and July 1, 2011 has been between €20.00 and €30.00, whereby factor two coincides with the €20.00 threshold and factor four coincides with the €30.00 threshold.

"**Multiple B**" will be equal to:

- zero, if the highest average closing price of an ordinary Share of the Company during any given period

of five consecutive trading days between July 1, 2011 and July 1, 2012 has been less than €20.00;

- four, if the highest average closing price of an ordinary Share of the Company during any given period of five consecutive trading days between July 1, 2011 and July 1, 2012 has been equal to or higher than €30.00; or
- a number between two and four, to be determined on a straight line basis, if the highest average closing price of an ordinary Share of the Company during any given period of five consecutive trading days between July 1, 2011 and July 1, 2012 has been between €20.00 and €30.00, whereby factor two coincides with the €20.00 threshold and factor four coincides with the €30.00 threshold.

CORPORATE GOVERNANCE STATEMENT

“Multiple C” will be equal to:

- zero, if the highest average closing price of an ordinary Share of the Company during any given period of five consecutive trading days between July 1, 2012 and July 1, 2013 has been less than €20.00,
- four, if the highest average closing price of an ordinary Share of the Company during any given period of five consecutive trading days between July 1, 2012 and July 1, 2013 has been equal to or higher than €30.00, or
- a number between two and four, to be determined on a straight line basis, if the average closing price of an ordinary Share of the Company

during any given period of five consecutive trading days between July 1, 2012 and July 1, 2013 has been between €20.00 and €30.00, whereby factor two coincides with the €20.00 threshold and factor four coincides with the €30.00 threshold.

The Matching Shares will consist of ordinary shares of the Company which the Company intends to redeem in accordance with the respective statutory powers granted to the board of directors. If the Company is unable to deliver the respective Matching Shares to a Participant, the Company will be able to settle its respective obligations by granting such Participant a cash amount equal to the product of the number

of Matching Shares to be delivered to such Participant and the average closing price of the ordinary shares of the Company during the twenty trading days preceding the vesting date.

The underlying philosophy of the vesting is to provide a long-term component to the remuneration package of the management committee members, while at the same time aligning their interests with those of the Company and its shareholders, by requiring a personal investment by the members of the management committee and at the same time linking this remuneration component to the long-term evolution of price of the Company's shares.

Awards

Subject to the vesting conditions, the number of Co-investment Shares of a Participant was capped as follows:

- with respect to the Chief Executive Officer, the maximum number of Co-investment Shares is equal to 50,000; and
- with respect to the each of the four current members of the management committee, the maximum number of Co-investment Shares is equal to 35,000.

The members of the management committee have purchased a total number of 190,000 shares as participation in the Co Investment Plan.

In line with the above general principles, the board of directors has further determined and elaborated the rules of the Co-Investment Plan. The board of directors also administers the Co-Investment Plan.

In the context of the Co-Investment Plan, in addition to this conditional

right to receive shares, Nyxstar will grant each Participant an unconditional cash bonus, the net amount of which – to be calculated for each respective Participant separately – will be equal to the product of (a) the number of Co-investment Shares of the Participant and (b) the difference between the average purchase price paid by the Participant for his respective Co-investment Shares and €10.00.

Adjustments to the Plans

In order to take into account the dilution effect caused by a rights offering, the board of directors has mandated the nomination and

remuneration committee to make certain amendments to the features of the respective Plans in order to take into account the financial impact of

a rights offering on the value of the awards made under the respective Plans.

CORPORATE GOVERNANCE STATEMENT

Directors' and other interests

Shares and Share awards

As at December 31, 2010, the following Share awards had been granted under the LTIP and the ESAP to the members of the management committee:

Name	Title	ESAP		LTIP	
		Share Awards granted under ESAP paid in November 2010 ⁽¹⁾	Share Awards granted under ESAP to be paid in November 2011	Share Awards granted under LTIP of which the performance conditions have been met ⁽²⁾	Share Awards granted under LTIP of which the performance conditions have not been met ⁽³⁾
Roland Junck	Chief Executive Officer	—	—	10,000	316,215
Greg McMillan	Chief Operating Officer	50	50	35,410	201,383
Heinz Eigner	Chief Financial Officer	50	50	28,972	164,768
Russell Murphy	Chief Human Resources Officer	50	50	24,465	151,172
Michael Morley	Chief Corporate and Development Officer	50	50	17,913	144,199
Erling Sorensen ⁽⁴⁾				24,465	72,935

Notes:

(1) The awards were paid as a cash equivalent in November 2010 at €10.58 per Share.

(2) Performance conditions have been met, however, the Share awards will not be delivered until March 2011.

(3) Vesting is subject to performance conditions.

(4) Erling Sorensen was in 2010 part of the management committee, and left as a "good leaver" under the rules of the LTIP. Share Awards have been pro-rated based on a departure date of June 30, 2010.

The Company has received notifications from the following members of the management committee in accordance with the dealing code (see further below) in relation to shares held as at the date of this report:

Name	Title	Shares held
Roland Junck	Chief Executive Officer	169,613
Greg McMillan	Chief Operating Officer	35,000
Heinz Eigner	Chief Financial Officer	35,000
Russell Murphy	Chief Human Resources Officer	35,000
Michael Morley	Chief Corporate and Development Officer	35,000

The respective members of the management committee have indicated to the Company that within the context of a rights offering they will exercise the rights attached to the shares that they hold under the Co-Investment Plan and subscribe to new shares and VVPR Strips.w

Report of the Board of Directors ex Article 119 Company Code

Pursuant to Article 119 of the Company Code, the Board of Directors reports on the operations of Nyrstar Group with respect to the financial year ended on 31 December 2010.

The information provided in this report is regulated information in accordance with article 36 of the Royal Decree of 14 November 2007.

A free copy of the annual report of the Board of Directors on the statutory accounts of Nyrstar NV in accordance with article 96 of the Belgian Company Code can be requested at the Company's registered office.

1 Comments to the Financial Statements

Nyrstar's consolidated financial statements as at and for the year ended 31 December 2010 comprise Nyrstar NV (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 consolidated financial statements of Nyrstar were prepared in accordance with International Financial Reporting Standards as adopted by the European Union. These include International Financial Reporting Standards (IFRS) and the related interpretations issued by the International Accounting Standards Board (IASB), the Standard Interpretations Committee (SIC) and the International

Financial Reporting Interpretations Committee (IFRIC), effective at the reporting date and adopted by the European Union. The consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements are presented in euro which is the Company's functional and presentation currency. All financial information has been rounded to the nearest hundred thousand.

Please refer to the relevant pages in the 2010 Annual Report for the consolidated financial statements.

1.1 Overview of activities and finance overview

The Company delivered a strong financial performance in 2010, with a result from operational activities before exceptional items amounting to €109.6 million (compared to €32.1 million in 2009). The Group generated revenue for the 2009 year amounting to €2,696.1 million, a increase of 62% compared with 2009, and recorded a net profit after tax of €72.2 million for the 2010 year (2009: €10.4 million).

Nyrstar continued to deliver on its growth strategy, focussing selectively on pursuing opportunities in mining, favoring mines that support its existing smelting assets and markets where it has expertise and proven capability. In 2010, Nyrstar acquired

1.25 million tonnes of zinc in concentrate from Talvivaara (Finland) in February, the remaining 15% of the Coricancha mine (Peru) in July and the Contonga and Pucarrajo mines (Peru) also in July. In addition, Nyrstar has also acquired a 10.24% interest in a mining development project in Chile (Herencia Resources plc) and a further 11% stake (now representing a 26.5% stake) in a mining development project in Northern Greenland (Ironbark Zinc Limited).

The Group's continued focus on improving safety, health and environment led to a further decrease in the Lost Time Injury Rate (LTR) per million hours worked and recordable environmental incidents.

1.2 Risk management

The responsibilities of the board of directors include, among others, taking into account the review made by the audit committee, the approval of a framework of internal control and risk management systems, the review of the implementation of this framework, monitoring the effectiveness of the internal controls, supervision of the internal audit function and supervision of the performance of the external auditor.

The principal aim of the system of internal control is the management of business risks that are significant to the fulfillment of Nyrstar's business goals with a view to enhancing the value of the shareholders' investment and safeguarding of assets. The internal control systems have been designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable but not absolute assurance against material misstatement in the financial statements.

REPORT OF THE BOARD OF DIRECTORS

The board of directors of Nyrstar is responsible for approving strategic objectives and oversees the design and implementation of a sound organizational structure with clear delegations and accountabilities both on the business side and for support and control functions (such as human resources, legal, internal audit, etc.). The board of directors furthermore supervises the development of a code of conduct for the Company (including the framework for ethical decision making), and regularly monitors compliance with such code. Nyrstar also has a whistleblower procedure in place, allowing staff to confidentially raise concerns about any irregularities in financial reporting and other areas.

The audit committee assists the board of directors in supervising and reviewing the financial reporting, the internal control and risk management systems and the internal audit process. The audit committee reviews at least once a year the effectiveness of the internal control and risk management systems implemented and reported by management by considering the regular reports from management on key risks, mitigating actions and internal controls, management representations and the reports on risk management and internal control from internal audit personnel, the external auditors and other assurance providers that may be assisting the Company. The audit committee also reviews the declarations relating to internal supervision and risk management included in the annual report of the Company and reviews the specific arrangements to enable staff to express concerns in confidence about any irregularities in financial reporting and other areas (e.g., whistleblower arrangements).

The key elements and procedures that have been established in relation to the financial reporting process include Nyrstar's comprehensive planning process that encompasses detailed operational budgets for the period ahead. The board of directors reviews and approves the annual budget. Budgets are prepared on the basis of consistent economic assumptions determined by Nyrstar's finance function. Performance is monitored and relevant action taken throughout the year through the monthly reporting of key performance indicators for the current period together with information on the key risk areas. Comprehensive monthly board reports that include detailed consolidated management accounts for the period together with an executive summary from the chief financial officer are prepared and circulated to the board of directors by the chief financial officer on a monthly basis.

The board of directors pays specific attention to the oversight of risk and internal controls. The board relies on the work performed by the audit committee which itself receives reports on risk and internal control from both management and internal audit personnel. Key features of the underlying process are:

- Starting from clear strategic objectives as approved by the board of directors, management conducts a risk assessment which is repeated regularly. This creates an understanding of the risks faced in relation to both the internal and external environment, and allows the board of directors to determine Nyrstar's overall tolerance to risk.
- Management is responsible for evaluating existing controls and the control effectiveness and determines whether the level of risk being accepted is consistent with levels of risks approved by the board of directors. Management takes action where it is determined that the Company is being exposed to unacceptable levels of risk and actively encourages all Nyrstar employees to communicate freely risks and opportunities identified. Additionally, with respect to the consolidation process, management also ensures that the group accounting manual is properly adhered to by all subsidiaries.

To support the protocols described above, both internal resources and external contractors are engaged to perform compliance checks, and reports are provided to the audit committee.

The principal tasks and uncertainties which Nyrstar faces along with the impact and procedures the Group has implemented to mitigate the risks, are detailed in the tables below.

REPORT OF THE BOARD OF DIRECTORS

FINANCIAL RISKS

Description	Impact	Mitigation
Commodity price risk Nyrstar's results are largely dependent on the market prices of commodities and raw materials, which are cyclical and volatile.	Profitability will vary with the volatility of metals prices.	Nyrstar currently engages only in transactional hedging which means that it will undertake short-term hedging transactions to cover the timing risk between raw material purchases and sales of metal and to cover its exposure on fixed-price forward sales of metal to customers.
Forward price risk We are exposed to the shape of the forward price curve for underlying metal prices.	The volatility in the London Metal Exchange price creates differences between the average price we pay for the contained metal and the price we receive for it.	Nyrstar currently engages only in transactional hedging which means that it will undertake short-term hedging transactions to cover the timing risk between raw material purchases and sales of metal and to cover its exposure on fixed-price forward sales of metal to customers.
Foreign Currency Exchange rate risk Nyrstar is exposed to the effects of exchange rate fluctuations.	Movement of the U.S. Dollar, the Australian Dollar, Peruvian Sol, Swiss Franc or other currencies in which Nyrstar's costs are denominated against the Euro could adversely affect Nyrstar's profitability and financial position	Nyrstar has not entered and does not currently intend to enter into transactions that seek to hedge or mitigate its exposure to exchange rate fluctuations, other than short-term hedging transactions to cover the timing risk between concentrate purchases and sales of metal and to cover its exposure on fixed-price forward sales of metal to customers.
Interest rate risk Nyrstar is exposed to interest rate risk primarily on loans and borrowings.	Changes in interest rates may impact primary loans and borrowings by changing the levels of required interest payments.	Nyrstar's interest rate risk management policy is to limit the impact of adverse interest rate movements through the use of interest rate management tools.
Credit risk Nyrstar is exposed to the risk of non-payment from any counterparty in relation to sales of goods.	Group cash flows and income may be impacted by non-payment.	Nyrstar has determined a credit policy with credit limit requests, approval procedures, continuous monitoring of the credit exposure and dunning procedure in case of delays.
Liquidity risk Liquidity risk arises from the possibility that Nyrstar will not be able to meet its financial obligations as they fall due	Liquidity is negatively impacted	Liquidity risk is addressed by maintaining, what management considers to be, a sufficient degree of diversification of funding sources. Nyrstar has strong balance sheet as of 31 December 2010.
Treatment charge risk Despite its integration into mining, Nyrstar's results remain closely linked to the levels of TCs that it charges zinc miners to refine their zinc concentrates and lead miners to refine their lead concentrates.	A decrease in TCs can be expected to have a material adverse effect on Nyrstar's business, results of operations and financial condition	TCs are negotiated on an annual basis. In addition the impact of TC levels is expected to decrease in the future in line with Nyrstar's implementation of its strategy of selectively integrating its smelting business by expanding into mining,
Energy price risk Nyrstar's operating sites are energy intensive, with energy costs accounting for a significant part of our operating costs. Electricity in particular represents a very significant part of its production costs.	Increases in energy, particularly electricity, prices would significantly increase Nyrstar's costs and reduce its margins.	Nyrstar attempts to limit its exposure to short term energy price fluctuations through forward purchases, long term contracts and participation in energy purchasing consortia.

REPORT OF THE BOARD OF DIRECTORS

OPERATIONAL RISKS

Description	Impact	Mitigation
Operational risks In operating mines, smelters and other production facilities, Nyrstar is subject to many risks and hazards, some of which are out of its control, including: unusual or unexpected geological or climatic events; interruptions to power supplies; congestion at commodities transport terminals; industrial action or disputes; technical failures, fires, explosions and other accidents.	Could result in damage to, or destruction of, properties or processing or production facilities, may reduce or cause production to cease at those properties or production facilities, may result in personal injury or death, environmental damage, business interruption, monetary losses and possible legal liability Nyrstar may become subject to liability against which Nyrstar has not insured or cannot insure, including those in respect of past activities. Should Nyrstar suffer a major uninsured loss, future earnings could be materially adversely affected.	Process risk management system incorporating assessment of safety, environment, production and quality risks, which includes the identification of risk control measures, such as preventative maintenance, critical spares inventory and operational procedures. Nyrstar currently has insurance coverage for its operating risks associated with its zinc and lead smelters and mining operations which includes all risk property damage (including certain aspects of business interruption with respect to its smelters), operational and product liability, marine stock and transit and directors' and officers' liability
Supply risk Nyrstar is dependent on a limited number of suppliers for zinc and lead concentrate. Nyrstar is partially dependent on the supply of zinc and lead secondary feed materials.	A disruption in supply, including supply under the zinc streaming agreement with Talvivaara, could have a material adverse effect on its production levels and financial results.	Nyrstar management is taking steps to secure raw materials from other sources. These steps include Nyrstar's vertical integration into mining, its entry into off-take agreements with new mines that are due to commence production over the next several years, and its continuation of existing supply contracts.
Environmental, health & safety risks Nyrstar operations are subject to stringent environmental and health laws and regulations, which are subject to change from time to time.	If Nyrstar breaches such laws and regulations, it may incur fines or penalties, be required to curtail or cease operations, or be subject to significantly increased compliance costs or significant costs for rehabilitation or rectification works.	Safety is one of the core values of Nyrstar, and currently it is implementing common safety policies across all sites. Nyrstar pro-actively monitors changes to environmental, health and safety laws and regulations.
International operations risk Nyrstar's mining and smelting operations are located in jurisdictions (including emerging markets) that have varying political, economic, security and other risks.	These risks include, amongst others, the destruction of property, injury to personnel and the cessation or curtailment of operations, any of which could have an adverse effect on Nyrstar's operations.	Nyrstar performs a thorough risk assessment on a country-by-country basis when considering its investment activities, and attempts to conduct its business and financial affairs so as to minimize to the extent reasonably practicable the political, legal, regulatory and economic risks applicable to operations in the countries where Nyrstar operates.
Reserves and resource risk Nyrstar's future profitability and operating margins depend partly upon Nyrstar's ability to access mineral reserves that have geological characteristics enabling mining at competitive costs either by conducting successful exploration and development activities or by acquiring properties containing economically recoverable reserves.	Replacement reserves may not be available when required or, if available, may not be of a quality capable of being mined at costs comparable to existing mines.	Nyrstar engages the services of independent experts to ascertain and verify the quantum of reserves and resources including ore grade and other geological characteristics.

REPORT OF THE BOARD OF DIRECTORS

1.3 Non-financial key-performance indicators

Production

	Financial year 2010	Financial year 2009
Mining production		
Zinc in concentrate ('000 tonnes)	84	-
Gold ('000 troy ounces)	5	-
Silver ('000 troy ounces)	271	-
Lead in concentrate ('000 tonnes)	0.7	-
Copper in concentrate ('000 tonnes)	0.2	-
Smelting production		
Zinc metal ('000 tonnes)	1,076	809
Lead metal ('000 tonnes)	198	227
Sulphuric acid ('000 tonnes, gross)	1,444	1,119
Silver ('000 troy ounces)	13,399	16,665
Gold ('000 troy ounces)	22	24

In 2010, Nyrstar achieved record annual zinc metal production of approximately 1.076 million tonnes. Production in 2010 was 33% higher than in 2009, primarily due to the return of the Balen smelter (Belgium) from care and maintenance and the return of the Budel (the Netherlands)

and Clarksville (U.S.) smelters from reduced production levels to full production.

Nyrstar's mining segment produced approximately 84,000 tonnes of zinc in concentrate in 2010, with an approximately 47% increase in

production in H2 2010 compared to H1 2010. At the end of 2010, the Coricancha, Contonga and East Tennessee Mines were operating at full production capacity. All of Nyrstar's mines are expected to reach full production capacity by the end of 2012.

Safety, health and environment

The Group's Lost Time Injury Rate (LTR) per million hours worked further decreased by 26% to 4.5 in 2010, compared to 6.1 in 2009.

In 2010, Nyrstar completed the roll out of seven critical safety standards at all sites, the roll out of various safety leadership and behavioural programs across its operations and the development of the resulting action plans at its new mining assets.

There were 27 minor recordable environmental incidents in 2010, which is only three more than 2009 despite the ramping-up of the Tennessee, Coricancha, Contonga and Pucarrajo mining operations in 2010. The total number of recordable environmental incidents in 2010 for all the sites Nyrstar owned as of December 31, 2010, was 38.

REPORT OF THE BOARD OF DIRECTORS

1.4 Operating results, financial position and cash flows

The Group recorded a net profit after tax of €72.2 million for the 2010 year. Revenue for 2010 of €2,696.1 million, 62% higher than 2009, was affected by the improvement in commodity prices with the average LME zinc price for 2010 at US\$ 2,159/tonne, up 30% compared to 2009. Consequently, gross profit increased by 56% to €925.4 million in 2009.

Compared to 2009, employee benefits expense increased by 25% to €262.2 million, energy expenses increased by 39% to €269.1 million, stores and consumables increased by 58% to €103.1 million, and contracting and consulting expenses increased by 46% to €85.7 million. The increase of the operating costs compared to previous year was mainly influenced by the acquisitions by the Group, the ramp-up of the mining activities and the higher production volume.

Restructuring costs of €10.5 million were recognised in 2010 as the Group continued its global organisational

restructuring program, with the objective of reducing costs and positioning the Company for a long-term sustainable future.

The Group recorded a net financial expense of €12.5 million, compared to €6.8 million in 2009. This net expense is mainly influenced by the interest charges on external debt financing. On the other hand, the Company recorded in 2010 a net foreign exchange gain amounting to €24.3 million for 2010, mainly impacted by a positive financial result from legal restructuring transactions within the Group.

An income tax expense for the year 2010 of €16.6 million (2009: €3.3 million) was recognised by the Group representing a weighted average effective tax rate of 18%.

The Company capital expenditure in 2010 amounted to €147 million, compared to €68 million in 2009.

1.5 Liquidity Position and Capital Resources

As at 31 December 2010, cash and cash equivalents were €160.6 million, an increase of €76.6 million from 31 December 2009. Cash flows from operating activities in 2010 generated an inflow of €210.5 million compared to an outflow of €19.0 million in 2009.

Cash outflows from investing activities in 2010 of €426.8 million mainly relate to mine acquisitions which include the prepayment of €242.6 million to Talvivaara Sotkamo Limited for 1.25 million tonnes of zinc in concentrate under a streaming agreement. Furthermore, the Group invested in the acquisition of the remaining 15% interest in Coricancha mine (Peru) for €3.8 million, the acquisition of the Contonga and Pucarrajo mines (Peru) for €25.8 million, and an additional 11% interest in Ironbark Zinc Limited (Ironbark) for €10.3 million. In total, mine acquisitions amounted to approximately €284 million in 2010, compared to €111 million in 2009. In addition, capital expenditure for property, plant and equipment and for intangible assets increased by €79 million to €147 million in 2010 compared to 2009.

Net cash inflows from financing activities increased to €291.4 million, compared to a net cash outflow of €37.0 million in 2009, to finance acquisition activities and to finance the higher working capital requirements. Included in this amount are the inflow of €225 million proceeds of the 5.5% fixed rate bonds due 2015, issued in April 2010, as well as the funds drawn under the new Structured Commodity Trade Finance Credit Facility of €112 million. Cash outflows mainly comprise the purchase of treasury share (€29.3 million) and dividend payments (€10.0 million).

REPORT OF THE BOARD OF DIRECTORS

2 Important events which occurred after the end of the financial year

On 5 January 2011, Nyrstar successfully completed its acquisition of Farallon Mining Ltd., the owner of the Campo Morado zinc-rich polymetallic mining operation in Mexico, by way of a friendly takeover for approximately CAD 409 million (approximately €296 million).

On 6 January 2011, Nyrstar NV held a second extraordinary general shareholders' meeting (EGM) to vote on a proposal to permit a rights offering in an amount of up to €500 million. The proposal was approved by the EGM.

3 Information regarding the circumstances that could significantly affect the development of the Group

No information regarding the circumstances that could significantly affect the development of the Company are to be mentioned.

The principal risks and uncertainties facing the Group are covered in section 1.2 of this report.

4 Research and development

The Group undertakes research and development through a number of activities at various production sites of the Group.

5 Financial risks and information regarding the use by the company of financial instruments to the extent relevant for the evaluation of its assets, liabilities, financial position and results.

Please refer to note 3 (Significant accounting policies) and note 30 (Financial instruments) in the IFRS Financial Statements.

6 Information provided in accordance with Article 523 and 524 of the Belgian Company Code

Directors are expected to arrange their personal and business affairs so as to avoid conflicts of interest with the Company. Any director with a conflicting financial interest (as contemplated by Article 523 of the Belgian Company Code) on any matter before the board of directors must bring it to the attention of both the statutory auditor and fellow directors, and take no part in any deliberations or voting related thereto. Provision 1.4 of the corporate governance charter sets out the procedure for transactions between Nyrstar and the directors which are not covered

by the legal provisions on conflicts of interest. Provision 3.2.4 of the corporate governance charter contains a similar procedure for transactions between Nyrstar and members of the management committee (other than the chief executive officer). The provisions of Article 523 of the Belgian Company Code have been complied with in relation to the indemnification agreement that has been entered into with Oyvind Hushovd at the time he became director at the board meeting dated 24 February 2010 as set out below.

REPORT OF THE BOARD OF DIRECTORS

Prior to the deliberation and approval of the indemnification agreement to be entered into between Mr Hushovd and the Company (the "**Indemnification Agreement**"), Mr Hushovd made the following statements, as far as necessary and applicable in accordance with Article 523 of the Belgian Company Code. Mr Hushovd explained that pursuant to the Indemnification Agreement, in the event he were to incur a liability in the exercise of his mandate as a director of the Company, he would benefit from an indemnification by the Company against the financial damages and other costs in connection with such liability. As a result, under Article 523 of the Belgian Company Code, he has an interest of a financial nature that could be in conflict with the proposed approval by the board of directors of the Indemnification Agreement. Mr Hushovd further stated that he believed that the terms of the proposed Indemnification Agreement are not unusual or uncustomary, especially within the context of listed companies, and that he would advise the Company's Statutory Auditor of the potential conflict of interest.

Subsequently, Mr Hushovd left the meeting of the board of directors so as not to take part in the further deliberation and decision relating to the Indemnification Agreement to be entered into with him.

The remaining directors of the board of directors noted Mr Hushovd's declaration and subsequently, in accordance with Article 523 of the Belgian Company Code, proceeded with the deliberations on this declaration. The board of directors noted that the purpose of the Indemnification Agreement is to indemnify the director against financial damages and other costs in connection with a liability that he would incur in the exercise of this mandate as a director of the Company. In order to attract and retain qualified individuals as director, the board of directors believed it is reasonable, prudent and necessary for the

Company to contractually obligate itself to provide such indemnification. In addition, the board of directors noted the existence of indemnification agreements between publicly listed companies and their directors is consistent with market practice. Furthermore, the board of directors noted that pursuant to Article 21 of the Company's articles of association, the board of directors may enter into indemnification arrangements with the directors and take out directors and officers insurance coverage. The board of directors also noted that financial consequences would only accrue to the Company under the Indemnification agreement in the event that a claim was made against a director in relation to which the director was entitled to indemnification under the Indemnification Agreement and the claim was not otherwise insured. No such claim currently existed. In addition, the indemnification would not apply in certain instances, such as in the event of fraud or wilful misconduct by the director concerned, and to the extent the indemnification would apply to the payment of criminal fines. Accordingly the board of directors deemed the Indemnification Agreement to be in the interest of the Company.

Following discussion, the board of directors (with the exclusion of Mr Hushovd) **RESOLVED** that:

- (a) the Indemnification Agreement be **APPROVED**;
- (b) the Company enter into, execute and deliver the Indemnification Agreement; and
- (c) the Indemnification Agreement be executed and ratified, as far as necessary, on behalf of the Company by the signature of the Chairman.

There is no information regarding a conflict of interest in accordance with Article 524 of the Belgian Company Code.

7 Audit Committee

The audit committee consists of three non-executive members of the board, all of which are independent members. The members of the audit committee have sufficient expertise in financial matters to discharge their functions. The Chairman of the Audit Committee is competent in accounting and auditing as evidenced by his current role as Chief Financial Officer of the Belgacom Group and his previous roles as Chief Financial Officer in Matav and Ameritech International.

REPORT OF THE BOARD OF DIRECTORS

8 Information that have an impact in the event of public takeovers bids

The Company provides the following information in accordance with article 34 of the Royal Decree dated November 14, 2007:

- (i) The share capital of the Company amounts to €1,490,860,008.09 and is fully paid-up. It is represented by 100,013,262 ordinary shares, each representing a fractional value of €14.91 (after rounding) or one 100,013,262nd of the share capital.
- (ii) Other than the applicable Belgian legislation on the disclosure of significant shareholdings and the Company's articles of association, there are no restrictions on the transfer of shares.
- (iii) There are no holders of any shares with special control rights.
- (iv) All awards granted to employees under the Nyrstar Employee Share Acquisition Plan will vest immediately in the event of a change of control of the Company. The awards granted to employees under the Nyrstar Long Term Incentive Plan and Co-Investment Plan will vest upon determination by the Nomination and Remuneration Committee.
- (v) Each shareholder of Nyrstar is entitled to one vote per share. Voting rights may be suspended as provided in the Company's articles of association and the applicable laws and articles.
- (vi) There are no agreements between shareholders which are known by the Company and may result in restrictions on the transfer of securities and/or the exercise of voting rights.
- (vii) The rules governing appointment and replacement of board members and amendment to articles of association are set out in the Company's articles of association and the Company's corporate governance charter.
- (viii) The powers of the board of directors, more specifically with regard to the power to issue or redeem shares are set out in the Company's articles of association. The board of directors was not granted the authorization to purchase its own shares "to avoid imminent and serious danger to the Company" (i.e., to defend against public takeover bids). The Company's articles of association do not provide for any other specific protective mechanisms against public takeover bids.
- (ix) The Company is a party to the following significant agreements which, upon a change of control of the Company or following a takeover bid can either be terminated by the other parties thereto, or give the other parties thereto (or beneficial holders with respect to bonds) a right to an accelerated repayment of outstanding debt obligations of the Company under such agreements:
 - Nyrstar's Revolving Structured Commodity Trade Finance Credit Facility;
 - Nyrstar's Convertible Bonds;
 - Nyrstar's 5.5% fixed rate non-convertible bonds;
 - Nyrstar's multi-currency CHF 50 million bilateral credit facility with Credit Suisse AG
 - Nyrstar's off-take agreement with the Glencore Group; and
 - Nyrstar's streaming agreement with Talvivaara Sotkamo Limited.
- (x) The CEO is entitled to a 12-month salary payment in case his employment is terminated upon a change of control of the Company

No takeover bid has been instigated by third parties in respect of the Company's equity during the previous financial year and the current financial year.

Done at Brussels on 23 February 2011.
On behalf of the Board of Directors,



Roland Juncq
Director



De Wilde J Management BVBA
represented by its permanent representative Julien De Wilde
Chairman

Statement of responsibility

The undersigned, Roland Junck, Chief Executive Officer and Heinz Eigner, Chief Financial Officer, declare that, to the best of their knowledge, the consolidated financial statements for the year ended 31 December 2010, which has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and with the legal requirements applicable in Belgium, give a true and fair view of the assets, liabilities, financial position and profit or loss of Nyrstar NV and the entities included in the consolidation, and that the consolidated management report includes a true and fair overview of the development and the performance of the business and of the position of Nyrstar NV, and the entities included in the consolidation, together with a description of the principal risks and uncertainties which they are exposed to.

Brussels, 23 February 2011



Roland Junck
Chief Executive Officer



Heinz Eigner
Chief Financial Officer

Consolidated financial statements as at 31 December 2010

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December	Note	2010 €m	2009 €m
Revenue	6	2,696.1	1,663.9
Raw materials used		(1,727.6)	(1,024.9)
Freight expense		(43.1)	(44.7)
Gross profit		925.4	594.3
Other income		9.1	6.2
Employee benefits expense	8	(262.2)	(208.9)
Energy expenses		(269.1)	(193.2)
Stores and consumables used		(103.1)	(65.4)
Contracting and consulting expenses		(85.7)	(58.9)
Other expenses		(23.1)	8.2
Depreciation, amortisation and depletion expense	11, 12, 15	(81.7)	(50.2)
Result from operating activities before exceptional items (a)		109.6	32.1
Restructuring expenses	24	(10.5)	(24.0)
Impairment (losses) / reversal	11	(0.9)	2.4
Profit on the disposal of subsidiaries		-	6.0
Result from operating activities		98.2	16.5
Finance income	9	0.8	1.8
Finance expenses	9	(37.6)	(11.6)
Net foreign exchange gain / (loss)	9	24.3	3.0
Net financing income / (expense)		(12.5)	(6.8)
Share of profit of equity accounted investees	13	3.1	4.0
Profit before income tax		88.8	13.7
Income tax (expense)	10	(16.6)	(3.3)
Profit for the period		72.2	10.4
ATTRIBUTABLE TO:			
Equity holders of the parent		72.2	10.0
Non-controlling interest		-	0.4
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in € per share)			
- basic	29	0.74	0.10
- diluted	29	0.73	0.14

(a) EXCEPTIONAL ITEMS ARE THOSE ITEMS OF FINANCIAL PERFORMANCE WHICH THE GROUP BELIEVES SHOULD BE SEPARATELY DISCLOSED ON THE FACE OF THE INCOME STATEMENT TO ASSIST IN THE UNDERSTANDING OF FINANCIAL PERFORMANCE ACHIEVED BY THE GROUP.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December	Note	2010 €m	2009 €m
Foreign currency translation differences	22	29.4	68.5
Defined benefit plans – actuarial losses and asset ceiling	25	(0.1)	(3.3)
Effective portion of changes in fair value of cash flow hedges	17	(16.0)	(32.7)
Change in fair value of investments in equity securities	14	2.7	1.4
Income tax on income and expenses recognised directly in equity	10	5.1	10.8
Other comprehensive income for the period, net of tax		21.1	44.7
Profit for the period		72.2	10.4
Total comprehensive income for the period		93.3	55.1
ATTRIBUTABLE TO:			
Equity holders of the parent		93.3	54.7
Non-controlling interest		-	0.4
Total comprehensive income for the period		93.3	55.1

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at		31 December 2010 €m	31 December 2009* €m
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	11	758.8	611.3
Intangible assets	12	18.7	12.4
Investments in equity accounted investees	13	50.9	26.8
Investments in equity securities	14	9.8	5.5
Zinc purchase interests	15	247.3	-
Deferred tax assets	16	13.5	37.0
Other financial assets	17	23.7	53.9
		1,122.7	746.9
Current assets			
Inventories	18	556.6	480.5
Trade and other receivables	20	209.6	160.1
Prepayments		9.5	3.7
Current tax assets		7.2	5.8
Other financial assets	17	36.8	35.6
Cash and cash equivalents	21	160.6	84.0
		980.3	769.7
Total assets		2,103.0	1,516.6
EQUITY			
Equity attributable to equity holders of the parent			
Share capital and share premium	22	1,255.4	1,255.4
Reserves	22	(258.3)	(230.0)
Retained earnings		(169.0)	(252.0)
		828.1	773.4
Non-controlling interest		4.2	5.3
Total equity		832.3	778.7

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at		31 December 2010 €m	31 December 2009* €m
	Note		
LIABILITIES			
Non-current liabilities			
Loans and borrowings	23	443.4	110.0
Deferred tax liabilities	16	54.2	48.6
Provisions	24	115.3	124.0
Employee benefits	25	52.2	50.2
Other financial liabilities	17	-	0.2
Other liabilities	19	12.1	23.9
		677.2	356.9
Current liabilities			
Trade and other payables	26	314.0	248.6
Current tax liabilities		13.9	4.0
Loans and borrowings	23	13.4	12.0
Provisions	24	42.7	33.4
Employee benefits	25	44.7	38.2
Other financial liabilities	17	30.2	17.3
Deferred income	27	107.0	-
Other liabilities	19	27.6	27.5
		593.5	381.0
Total liabilities		1,270.7	737.9
Total equity and liabilities		2,103.0	1,516.6

* ADJUSTED FOR REVISIONS TO THE PROVISIONAL ACCOUNTING FOR THE ACQUISITION OF THE CORICANCHA MINE (REFER TO NOTE 7)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ million	Note	Share capital	Share premium	Reserves	Retained earnings	Total amount attributable to owners	Non-controlling interests	Total equity
Balance at 1 January 2010		1,176.9	78.5	(230.0)	(252.0)	773.4	5.3	778.7
Profit or loss		-	-	-	72.2	72.2	-	72.2
Other comprehensive income	22	-	-	21.2	(0.1)	21.1	-	21.1
Treasury shares	22	-	-	(49.5)	20.2	(29.3)	-	(29.3)
Convertible bond		-	-	-	-	-	-	-
Net movement in non-controlling interests as result of acquisition / disposal of subsidiaries	7	-	-	-	(2.7)	(2.7)	(1.1)	(3.8)
Dividends	22	-	-	-	(10.0)	(10.0)	-	(10.0)
Share-based payments	28	-	-	-	3.4	3.4	-	3.4
Balance at 31 December 2010		1,176.9	78.5	(258.3)	(169.0)	828.1	4.2	832.3

€ million	Note	Share capital	Share premium	Reserves	Retained earnings	Total amount attributable to owners	Non-controlling interests	Total equity
Balance at 1 January 2009		1,176.9	78.5	(285.9)	(262.9)	706.6	4.5	711.1
Profit or loss		-	-	-	10.0	10.0	0.4	10.4
Other comprehensive income	22	-	-	47.1	(2.4)	44.7	-	44.7
Convertible bond	23	-	-	8.8	-	8.8	-	8.8
Net Movement in non-controlling interests as result of acquisition / disposal of subsidiaries	7	-	-	-	-	-	0.4	0.4
Share-based payments	28	-	-	-	3.3	3.3	-	3.3
Balance at 31 December 2009		1,176.9	78.5	(230.0)	(252.0)	773.4	5.3	778.7

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December	Note	2010 €m	2009 €m
Cash flows from operating activities			
Profit for the period		72.2	10.4
ADJUSTMENT TO:			
Depreciation, amortisation and depletion expense	11, 12, 15	81.7	50.2
Income tax (benefit) / expense	10	16.6	3.3
Net finance (benefit) / expense	9	12.5	6.8
Share of profit in equity accounted investees	13	(3.1)	(4.0)
Impairment / (reversal of impairment)	11	0.9	(2.4)
Equity settled share based payment transactions		3.4	3.2
Other non-monetary items		(3.8)	-
(Gain) / Loss on sale of investments		-	(6.0)
(Gain) / Loss on sale of property, plant and equipment		(3.2)	0.1
		177.2	61.6
Changes in inventories		(51.3)	(185.4)
Changes in trade and other receivables		(30.6)	50.7
Changes in prepayments		(5.1)	2.8
Changes in other financial assets and liabilities		47.0	(57.7)
Changes in trade and other payables and deferred income		135.1	85.3
Changes in other liabilities		(11.7)	51.4
Change in provisions and employee benefits		(24.8)	(20.2)
Interest paid		(21.1)	(2.7)
Income tax paid		(4.2)	(4.8)
Net cash inflows / (outflows) from operating activities		210.5	(19.0)
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	(145.3)	(67.9)
Acquisition of intangible assets	12	(1.7)	-
Proceeds from sale of property, plant and equipment		7.7	0.3
Acquisition of zinc purchase interests	15	(242.6)	-
Acquisition of subsidiary net of cash acquired	7	(29.5)	(104.0)
Acquisition of investments in equity securities	14	(5.7)	(4.1)
Acquisition of investments in equity accounted investees	13	(10.5)	(0.2)
Distribution from associates	13	-	12.7
Proceeds from sale of subsidiary		-	5.1
Interest received		0.8	2.8
Net cash (outflows) from investing activities		(426.8)	(155.3)
Cash flows from financing activities			
Repurchase of own shares	22	(29.3)	-
Proceeds from borrowings		333.7	121.4
Repayments of borrowings		(3.0)	(158.4)
Distributions to shareholders	22	(10.0)	-
Net cash inflows / (outflows) from financing activities		291.4	(37.0)
Net increase (decrease) in cash held		75.1	(211.3)
Cash at the beginning of the reporting period	21	84.0	297.0
Exchange fluctuations		1.5	(1.7)
Cash and cash equivalents at the end of the reporting period	21	160.6	84.0

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

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1 Reporting entity

Nyrstar NV (the "Company") is a company domiciled in Belgium. The address of the Company's registered office is Zinkstraat 1, 2490 Balen, Belgium. The consolidated financial statements of the Company as at and for the year ended 31 December 2010 comprise the Company and

its subsidiaries (together referred to as "Nyrstar" or the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

Nyrstar is a leading global multi-metals business, producing significant quantities of zinc and lead as well

as other products such as silver, copper and gold. The Company is listed on Euronext Brussels under the symbol NYR.

The consolidated financial statements were authorised for issue by the Board of Directors of Nyrstar NV on 23 February 2011.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements of Nyrstar are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. These include International Financial Reporting Standards (IFRS) and the related interpretations issued by the International Accounting Standards Board (IASB), the Standard Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC), effective at the reporting date and adopted by the European Union. The consolidated financial statements have been prepared on a going concern basis.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for the following items measured at fair value:

- Derivative financial instruments;
- Financial instruments at fair value through profit or loss;
- Available-for-sale financial assets; and
- Assets and liabilities acquired in business combinations.

(c) Reporting period

Consistently with the previous accounting year 2009, the Group's consolidated financial statements have been prepared for the 2010 calendar year with a balance sheet date of the 31 December 2010.

(d) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional' currency). The consolidated financial statements are presented in Euro which is the Company's functional and presentation currency. All financial information has been rounded to the nearest hundred thousand Euros.

(e) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying Nyrstar's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised

in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Critical accounting estimates and judgements are disclosed in note 4.

(f) Standards, amendments and interpretations

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2010 for entities for which the reporting period follows the calendar year:

- IFRS 3 (revised), *Business Combinations* and consequential to IAS 27, *Consolidated and separate financial statements*, IAS 28, *Investments in associates* and IAS 31, *Interests in joint ventures*, effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting beginning on or after July 1, 2009;
- IFRS 1 (revised), *First-time Adoption* (effective 1 July 2009); and Amendments to IFRS 1 for additional exemptions (effective January 2010)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- IAS 39 (amendment), *Financial instruments: Recognition and measurement on eligible hedged items* (effective 1 July 2009);
- Annual improvements 2009 (effective 1 January 2010); and
- Amendment to IFRS 2, *Share-based payments – Group cash-settled share-based payment transactions* (effective 1 January 2010).

The following new standards, amendments of standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2010, but are currently not relevant to the Group:

- IFRIC 12, *Service concession arrangements* (effective 1 January 2008, but EU endorsed for 30 March 2009);
- IFRIC 15, *Agreements for the construction of real estate* (effective 1 January 2009, but EU endorsed for 1 January 2010);
- IFRIC 16, *Hedges of a net investment in a foreign operation* (effective 1 October 2008, but EU endorsed for 1 July 2009);
- IFRIC 17, *Distribution of non-cash assets to owners*, effective for annual periods beginning on or after July 1, 2009; and

- IFRIC 18, *Transfer of assets from customers*, effective for transfers of assets received on or after July 1, 2009.

The following new standards, amendments of standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

- IAS 32 (amendment) *Financial instruments: classification of rights issued*.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group entities. Due to the change of the Group's operating segments the comparative segment information for 2009 has been restated. Further, the initial accounting for the acquisition of the Coricancha mine as of 31 December 2009, which was based on provisional amounts in the accounts for 2009, was completed in 2010, and therefore comparative information for 2009 affected by the finalisation of the Coricancha mine acquisition accounting has been adjusted.

(a) Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when

assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that the control ceases.

The purchase method of accounting is used to account for subsidiaries in these consolidated financial statements. The assets, liabilities and contingent liabilities of the acquired entity are measured at their fair values at the date of acquisition. Provisional fair values allocated at a reporting date are finalised within twelve months of the acquisition date. The cost of acquisition is measured as the fair value of assets given up, shares issued or liabilities undertaken at the date of acquisition. Acquisition-related costs are expensed in the period in which the costs are incurred and the services received.

The excess of the cost of acquisition over Nyrstar's share of the fair value of the net assets of the entity acquired is recorded as goodwill. If Nyrstar's share in the fair value of the net assets exceeds the cost of acquisition, the excess is recognised immediately in the income statement. Where necessary,

the acquired entities' accounting policies have been changed to ensure consistency with the policies adopted by Nyrstar.

Investments in associates and jointly controlled entities

Associates are those entities in which the Group has significant influence but not control over the financial and operational policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recorded at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Non-controlling interests

Non-controlling interests (NCI) in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. NCI consist of the amount of those interests at the date of the original business combination (see below) and the NCI's share of changes in equity since the date of the combination.

Losses applicable to NCI in excess of the NCI's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the NCI has a binding obligation and is able to make an additional investment to cover the losses.

Transactions eliminated on consolidation

The consolidated financial statements include the consolidated financial information of the Nyrstar Group entities. All intercompany balances and transactions with consolidated businesses have been eliminated. Unrealised gains arising from

transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. The Group is also accounting for the elimination of the unrealised profits resulting from intercompany transactions between the mining and smelting businesses. These transactions relate to the sales from the mining to the smelting segment which have not been realised externally.

(b) Foreign currency

Foreign currency transactions

Foreign currency transactions are recognised during the period in the functional currency of each entity at exchange rates prevailing at the date of transaction. The date of a transaction is the date at which the transaction first qualifies for recognition. For practical reasons a rate that approximates the actual rate at the date of the transaction is used at some Group entities, for example, an average rate for the week or the month in which the transactions occur.

Subsequently, monetary assets and liabilities denominated in foreign currencies are translated at the closing rate at the balance sheet date.

Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Foreign operations

The income statement and statement of financial position of each Nyrstar operation that has a functional currency different to Euros is translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rate at the end of the financial period;
- Income and expenses are translated at rates approximating the exchange rates ruling at the dates of the transactions; and
- All resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising from the translation of the net investment in foreign operations are released into the income statement upon disposal.

(c) Financial instruments

Commodity hedging, via the use of metal futures, is undertaken to reduce the Group's exposure to fluctuations in commodity prices in relation to its unrecognised firm commitments arising from sales contracts.

Derivatives are initially recognised at their fair value on the date the derivative contract is entered into. The method of recognising the changes in fair value subsequent to initial recognition is dependent upon whether the derivative is designated as a hedging instrument, the nature of the underlying item being hedged and whether the arrangement qualifies for hedge accounting.

Hedge accounting requires the relationship between the hedging instrument and the underlying hedged item, as well as the risk management objective and strategy for undertaking the hedging transaction to be documented at the inception of the hedge. Furthermore, throughout the life of the hedge, the derivative is tested (with results documented) to determine if the hedge has been or will continue to be highly effective in offsetting changes in the fair value or cash flows associated with the underlying hedged item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Fair value hedges

A hedge of the fair value of a recognised asset or liability or of a firm commitment is referred to as a fair value hedge. Changes in the fair value of derivatives that are designated and qualify as fair value hedges, are recorded in the income statement, together with changes in the fair value of the underlying hedged item attributable to the risk being hedged.

Cash flow hedges

A hedge of the fair value of a highly probable forecast transaction is referred to as a cash flow hedge. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised outside of the income statement, directly in equity in the hedging reserve. Changes in the fair value of cash flow hedges relating to the ineffective portion are recorded in the income statement. Amounts accumulated in the hedging reserve are recycled through the income statement in the same period that the underlying hedged item is recorded in the income statement. When a hedge no longer meets the criteria for hedge accounting, and the underlying hedged transaction is no longer expected to occur, any cumulative gain or loss recognised in the hedging reserve is transferred to the income statement. When a hedge is sold or terminated, any gain or loss made on termination is only deferred in the hedging reserve where the underlying hedged transaction is still expected to occur.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement. Where an embedded derivative is

identified and the derivative's risks and characteristics are not considered to be closely related to the underlying host contract, the fair value of the derivative is recognised on the consolidated statement of financial position and changes in the fair value of the embedded derivative are recognised in the consolidated income statement.

(d) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment. The cost of self-constructed assets includes the cost of materials, direct labour, and an appropriate proportion of production overheads.

The cost of self-constructed assets and acquired assets include estimates of the costs of closure, dismantling and removing the assets and restoring the site on which they are located and the area disturbed. All items of property, plant and equipment, are depreciated on a straight-line and/or unit of production basis. Freehold land is not depreciated.

Once a mining project has been established as commercially viable, expenditure other than that on land, buildings, plant and equipment is capitalised under 'Mining properties and development' together with any amount transferred from 'Exploration and evaluation (see note 3(e)).

Useful lives are based on the shorter of the useful life of the asset and the remaining life of the operation, in which the asset is being utilised. Depreciation rates, useful lives and residual values are reviewed regularly and reassessed in light of commercial and technological developments. Changes to the estimated residual values or useful lives are accounted for prospectively.

Depreciation

STRAIGHT-LINE BASIS

The expected useful lives are the lesser of the life of the operation or as follows:

- Buildings: 40 years
- Plant and equipment: 3-25 years

UNIT OF PRODUCTION BASIS

- For mining properties and development assets and certain mining equipment, the economic benefits from the asset are consumed in a pattern which is linked to the production level. Such assets are depreciated on a units of production basis. Assets within mining operations for which production is not expected to fluctuate significantly from one year to another or which have a physical life shorter than the related mine are depreciated on a straight line basis as noted above.

- In applying the units of production method, depreciation is normally calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proved and probable reserves and, for some mines, other mineral resources. Such non reserve material may be included in depreciation calculations in some circumstances and where there is a high degree of confidence in its economic extraction.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Spare parts purchased for particular items of plant, are capitalised and depreciated on the same basis as the plant to which they relate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Assets under construction

During the construction phase, assets under construction are classified as construction in progress within property, plant and equipment. Once commissioned these assets are reclassified to property, plant and equipment at which time they will commence being depreciated over their useful life.

Mineral properties and mine development costs

The costs of acquiring mineral reserves and mineral resources are capitalised on the statement of financial position as incurred. Capitalised costs representing development costs include costs associated with a start-up period where the assets are brought to a condition of being capable of operating as intended by management. Mineral reserves and capitalised mine development costs are depreciated from the commencement of production using a unit of production method based on the estimated economically recoverable reserves and in some circumstances mineral resources to which they relate or are written off if the property is abandoned. The net carrying amounts of mineral reserves and resources and capitalised mine development costs at each mine property are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount may not be recoverable. To the extent that these values exceed their recoverable amounts, that excess is fully provided against in the financial year in which this is determined.

Major cyclical maintenance expenditure

Group entities recognise in the carrying amount of an item of plant and equipment the incremental cost of replacing a component part of such

an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group entity, the cost incurred is significant in relation to the asset and the cost of the item can be measured reliably. Accordingly, major overhaul expenditure is capitalised and depreciated over the period in which benefits are expected to arise (typically three to four years). All other repairs and maintenance are charged to the consolidated income statement during the financial period in which the costs are incurred.

(e) Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition of a controlled entity, associate or jointly controlled entity over Nyrstar's share in the fair value of the identifiable assets and liabilities, including contingent liabilities, of the acquired entity at the date of acquisition. Identifiable assets include those acquired mineral reserves and resources that can be reliably measured.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill in respect of associates and joint ventures is presented in the statement of financial position on the line "Investments in equity accounted investees", together with the investment itself and tested for impairment as part of the overall balance.

The excess of Nyrstar's interest in the fair value of the net identifiable assets acquired over the cost of acquisition is recognised in the income statement immediately.

Research and development costs

Research costs related to the prospect of gaining new scientific or technological knowledge and

understanding are recognised in the income statement as an incurred expense. Development costs are defined as costs incurred for the design of new or substantially improved products and for the processes prior to commercial production or use. They are capitalised if, among others, the following conditions are met:

- The intangible asset will give rise to future economic benefits, or in other words, the market potential has been clearly demonstrated;
- The expenditures related to the process or product can be clearly identified and reliably measured; and
- The Group intends to and has sufficient resources to complete development and to use or sell the asset.

In circumstances where it is difficult to clearly distinguish between research or development costs, the costs are considered as being research costs. If development costs are capitalised they are amortised using a straight-line method over their useful life.

Exploration and evaluation assets

Exploration and evaluation expenditure relates to costs incurred on the exploration and evaluation of potential mineral reserves and resources and includes costs such as exploratory drilling and sample testing and the costs of pre-feasibility studies. Exploration and evaluation expenditure for each area of interest, other than that acquired from the purchase of another mining company, is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or

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- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or are planned for the future.

Acquired mineral rights comprise identifiable exploration and evaluation assets including mineral reserves and mineral resources, which are acquired as part of a business combination and are recognized at fair value at date of acquisition. The acquired mineral rights are reclassified as "mine property and development" from commencement of development and amortised when commercial production commences on a unit of production basis based on the estimated economically recoverable reserves and in some circumstances mineral resources to which they relate.

An impairment review is performed, either individually or at the cash generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against the carrying amount, in the financial year in which this is determined. Exploration and evaluation assets are reassessed annually by management and are carried forward provided that at least one of the conditions outlined above is met.

Expenditure is transferred to mine development assets once the work completed to date supports the future development of the property and such development receives appropriate approvals.

Other intangible assets

All of the following types of intangible assets are carried at historical cost, less accumulated amortisation and impairment losses, except for

government granted CO2 emission rights which are valued at the prevailing market price at the day of the grant:

- Concessions, patents, licenses: are amortised over the period of their legal protection;
- Software and related internal development costs: are typically amortised over a period of five years;
- CO2 emission rights: are not amortised but can be impaired; and
- Land use rights: are typically amortised over the contractual period.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the income statement as incurred.

(f) Leased assets

Leases under which the Group assumes substantially all of the risks and benefits of ownership, are classified as finance leases, while other leases are classified as operating leases. Finance leases are capitalised with a lease asset and liability equal to the present value of the minimum lease payments or fair value, if lower, being recorded at the inception of the lease. Capitalised lease assets are amortised on a straight-line basis over the shorter of the useful life of the asset or the lease term. Each finance lease repayment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

Lease payments made under operating leases are recognised in the income statement over the accounting periods covered by the lease term.

(g) Investments in equity securities

The classification depends on the purpose for which the investments have been acquired. Management determines the classification of investments at initial recognition. Investments are included in non-current assets unless the Group intends to dispose of the investment within 12 months of the balance sheet date.

The fair value of investments in equity securities is determined by reference to their quoted closing bid price at the reporting date. Any impairment charges are recognised in profit or loss, while other changes in fair value are recognised in equity. When investments are sold, the accumulated fair value adjustments recognised in equity are included in the income statement within 'other operating expenses'.

(h) Inventories

Inventories of finished metals, concentrates and work in progress are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. By-products inventory on hand obtained as a result of the production process are valued at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring and bringing the stock to its existing condition and location and includes an appropriate portion of fixed and variable overhead expenses, including depreciation and amortisation. Stores of consumables and spares are valued at cost with due allowance for obsolescence. Cost of purchase of all types of inventories is determined on a FIFO basis. In addition to purchase price, conversion costs are allocated to work-in-progress and finished goods. These conversion costs

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are based on the actual costs related to the completed production steps.

As the Company applies hedge accounting as referred in note 3(c), the hedged items of stock are valued at fair value. The fair value adjustment remains part of the carrying value of inventory and enters into the determination of earnings when the inventory is sold. This impact is compensated by the hedge derivatives which are also adjusted for fair value.

(i) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost, is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss recognised in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Employee benefits

Short term benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in respect of employees' services up to the reporting date, calculated as undiscounted amounts based on remuneration wage and salary rates that the entity expects to pay at the reporting date including related on-costs, such as payroll tax.

Long-term employee benefits other than pension plans

A liability for long-term employee benefits is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of service provided by employees up to the balance sheet date. Consideration is given to expected future wage and salary levels including related on-costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national high quality corporate bonds with terms to maturity and currency that match the estimated future cash flows.

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Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement as incurred.

Defined benefit plans

A liability or asset in respect of defined benefit superannuation or medical plans is recognised in the consolidated statement of financial position. This liability (or asset) is measured as the present value of the defined benefit obligation at the balance sheet date less the fair value of any fund assets belonging to the plan and any unrecognised past service cost. The present value of the defined benefit obligations is based on expected future payments that arise from membership of the fund to the balance sheet date. This obligation is calculated annually by independent actuaries using the projected unit credit method.

Expected future payments are discounted using market yields at the balance sheet date on high quality corporate bonds with terms to maturity and currency that match the estimated future cash flows. Any future taxes that are funded by the entity and are part of the provision of the defined benefit obligation are taken into account when measuring the net asset or liability. Any movements in the net defined benefit assets or liabilities are recognised in the consolidated income statement during the period, except for actuarial gains and losses. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise and charged or credited immediately to retained earnings.

Employee bonuses

Nyrstar recognises a liability and expense for employee bonuses where

contractually obliged or where there is a past practice that has created a constructive obligation.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer to encourage voluntary redundancy.

Share-based payment compensation

The Group operates an employee share acquisition plan, an executive long-term incentive plan and a co-investment plan, which are partly equity-settled and partly cash-settled share-based compensation plans.

The fair value of equity instruments granted under the equity-settled plans are recognised as an employee benefit expense with a corresponding increase recognised in equity. The fair value is measured at the grant date and recognised over the period during which the eligible employees become unconditionally entitled to the shares. The amount recognised as an employee benefit expense is the independently calculated fair value multiplied by the number of equity instruments granted. At each balance sheet date, the amount recognised as an expense is adjusted to reflect the estimate of the number of equity instruments expected to vest, except where forfeiture is only due to the share price not achieving the required target.

For cash-settled share-based payment transactions, the services received and the liability incurred are measured at the fair value of the liability at grant date. The initial measurement of the liability is recognised over the period that services are rendered. At

each reporting date, and ultimately at settlement date, the fair value of the liability is remeasured with any changes in fair value recognised in the income statement for the period.

(k) Provisions

A provision is recognised if, as a result of a past event, Nyrstar has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of benefits will be required to settle the obligation.

Workers' compensation

Provision is made for outstanding claims, including any incurred but not reported claims, where any controlled entity self-insures for risks associated with workers' compensation.

Outstanding claims are recognised when an incident occurs and are measured at the cost that the entity expects to incur in settling the claims, discounted using a rate that reflects current market assessments of the time value of money and risks specific to the liability.

An independent actuary provides the calculation of the value of outstanding claims. Each period the impact of the unwind of discounting is recognised in the income statement as a financing cost.

Restoration obligations

In accordance with past practices and applicable legal requirements, provision is made for the anticipated costs of future restoration and rehabilitation of smelting and refining sites to the extent that a legal or constructive obligation exists. The provision includes costs associated with dismantling of assets, reclamation, monitoring, water purification and coverage and permanent storage of historical residues. The provision is based upon current costs and has been

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determined on a discounted basis with reference to the current legal framework and current technology. Each period the impact of the unwind of discounting is recognised in the income statement as a financing cost. Any change in the restoration provision is recorded against the carrying value of the provision and the related asset, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity, with the effect being recognised in the income statement on a prospective basis over the remaining life of the relevant operation. The restoration provision is separated into current and non-current components based on the expected timing of these cash flows.

Closure and restoration costs relating to mining activities include the dismantling and demolition of infrastructure, and the removal of residual materials and the remediation of disturbed areas. Estimated closure and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the mine development or during the production phase, based on the net present value of estimated future costs. Provisions for closure and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan where available. If there is no formal closure plan, costs are estimated by a third party. The cost estimates are updated annually during the life of the operation to reflect known developments, e.g. revisions to cost estimates and to the estimated lives of operations, and are subject to formal review at regular intervals. The initial closure provision together with other movements in the provisions for closure and restoration costs,

including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Restructuring

A constructive obligation for a restructuring arises only when two conditions are fulfilled. Firstly, there is a formal business plan for the restructuring specifying the business or part of a business concerned, the principal locations affected, the location, function and approximate number of employees whose services will be terminated, the expenditure to be incurred and when the plan will be implemented. Secondly, the entity has raised a valid expectation in those affected that it will carry out the plan either by starting to implement the plan or announcing its main feature to those affected by it. Restructuring provisions include only incremental costs associated directly with the restructuring.

(I) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds that can be converted to share capital at the option of the holder, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component, and is included in shareholders' equity, net of income tax effects. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

(m) Revenue

Sales revenue is stated on a gross basis, with freight and realisation expenses included in gross profit. Sales of metals and by-products are only recognised when all of the following conditions have been satisfied:

- a. the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b. the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c. the amount of revenue can be measured reliably;
- d. it is probable that the economic benefits associated with the transaction will flow to the entity; and
- e. the costs incurred or to be incurred in respect of the transaction can be measured reliably

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(n) Finance income and expense

Financing income includes:

- Interest income of funds invested; and
- Dividend income.

Interest income is recognised as it accrues in the income statement using the effective interest method. Dividend income is recognised in the income statement on the date that the Group's right to receive payment is established.

Financing costs include:

- Interest on short-term and long-term borrowings;
- Amortisation of discounts or premiums relating to borrowings;
- Amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- Finance lease charges; and
- The impact of the unwind of discount on long-term provisions for restoration and workers' compensation.

Financing costs are calculated using the effective interest method. Financing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other financing costs are expensed as incurred.

Net financing costs represent financing costs net of any interest received on funds invested. Interest income is recognised as it accrues using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(o) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts are repayable on demand and are shown within borrowings in current liabilities on the consolidated statement of financial position. For the purposes of the consolidated statement of cash flows, cash includes cash on hand and deposits at call which are readily convertible to cash and are subject to an insignificant risk of changes in value, net of any outstanding bank overdrafts which are recognised at their principal amounts.

(q) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group entities prior to the end of the financial year which are unpaid. The amounts are unsecured and are typically paid within 30 days of recognition. These amounts are initially recognized at fair value and are subsequently carried at amortised cost.

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(r) Trade receivables

Trade receivables represent amounts owing for goods and services supplied by the Group entities prior to the end of the financial period which remain unpaid. They arise from transactions in the normal operating activities of the Group.

Trade receivables are carried at amortised cost, less any impairment losses for doubtful debts. An impairment loss is recognised for trade receivables when collection of the full nominal amount is no longer certain.

Where settlement of any part of cash consideration receivable is deferred, the amounts receivable in the future are discounted to their present value.

(s) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effect(s).

(t) Earnings per share

Nyrstar presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(u) Segment reporting

Operating segments are components of the Group for which discrete financial information is available and evaluated regularly by Nyrstar's Management Committee (NMC) in deciding how to allocate resources and in assessing performance. The NMC has been identified as the chief operating decision maker.

The segment information reported to the NMC (including the measurements of segment profit or loss, segment assets and liabilities) is prepared in conformity with the same accounting policies as those described in the summary of significant accounting policies.

Revenues, expenses and assets are allocated to the operating segments to the extent that items of revenue, expense and assets can be directly attributed or reasonably allocated to the operating segments. The interrelated segment costs have been allocated on a reasonable *pro rata* basis to the operating segments.

(v) Treasury shares

When Nyrstar reacquires its own equity instruments, the par value of treasury shares purchased is deducted from a separate category of equity. The difference between the par value of the treasury shares purchased and the amount of consideration paid, which includes directly attributable costs, is recognised as a deduction from retained earnings. Reacquired shares are classified as treasury shares and may be acquired and held by the entity or by other members of the consolidated group. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is recognised in retained earnings.

(w) Zinc purchase interests

Streaming agreements for the acquisition of zinc concentrates are presented on the face of the statement of financial position as zinc purchase interests. The useful life is determined with reference to the number of metric tonnes to be delivered. The asset is depleted through the income statement using the unit-of-production method, as the asset is recovered with each metric ton of zinc delivered under the contract.

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4 Critical accounting estimates and judgements

Estimates and judgements used in developing and applying the accounting policies are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Nyrstar makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis.

The critical estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

(a) Critical accounting estimates and assumptions

Impairment of assets

The recoverable amount of each cash-generating unit is determined as the higher of the asset's fair value less costs to sell and its value in use. These calculations require the use of estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance. For cash-generating units that comprise mining related assets, the estimates and assumptions also relate to the ore reserves and resources estimates (see below). For further information refer to note 3(i) and note 11.

Determination of fair values in business combination

The consolidated entity has applied estimates and judgments in order to determine the fair value of assets

acquired and liabilities and contingent liabilities assumed by way of a business combination.

The value of assets, liabilities and contingent liabilities recognized at the acquisition date are recognized at fair value. In determining fair value the consolidated entity has utilized valuation methodologies including discounted cash flow analysis. The assumptions made in performing these valuations include assumptions as to discount rates, foreign exchange rates, commodity prices, the timing of development, capital costs, and future operating costs. Any significant change in key assumptions may cause the acquisition accounting to be revised including the recognition of additional goodwill or a discount on acquisition.

Determination of ore reserves and resources estimates

Estimated recoverable reserves and resources are used to determine the depreciation of mine production assets, in accounting for deferred costs and in performing impairment testing. Estimates are prepared by appropriately qualified persons, but will be impacted by forecast commodity prices, exchange rates, production costs and recoveries amongst other factors. Changes in assumptions will impact the carrying value of assets and depreciation and impairment charges recorded in the income statement.

Restoration obligations

Provision is made for the anticipated costs of future restoration and rehabilitation of smelting and refining sites and mining areas from which natural resources have been extracted to the extent that a legal or constructive obligation exists. These provisions include

future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition, decontamination, water purification and permanent storage of historical residues. These future cost estimates are discounted to their present value. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, available technologies and engineering cost estimates. A change in any of the assumptions used may have a material impact on the carrying value of restoration provisions.

Retirement benefit obligations

An asset or liability in respect of defined benefit pension or medical plans is recognised on the consolidated statement of financial position. The present value of a defined benefit obligation is dependent upon a number of factors that are determined on an actuarial basis. Nyrstar determines the appropriate discount rate to be used at the end of each year.

(b) Critical judgements in applying the Group's accounting policies

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Financial risk management

Overview

In the normal course of business, Nyrstar is exposed to credit risk, liquidity risk and market risk, i.e. fluctuations in commodity prices, exchange rates as well as interest rates, arising from its financial instruments. Listed below is information relating to Nyrstar's exposure to each of these risks and the Group's objectives, policies and processes for measuring and managing risk and measuring capital.

The Board of Directors has overall responsibility for the establishment and oversight of Nyrstar's risk management framework. Nyrstar's risk management policies are established to identify and analyse the risks faced by Nyrstar, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Audit Committee is responsible for overseeing how management monitors compliance with Nyrstar's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by Nyrstar. The Audit Committee is assisted in its oversight role by an internal audit function.

Credit risk

Credit risk is the risk of non-payment from any counterparty in relation to sales of goods. In order to manage the credit exposure, Nyrstar has determined a credit policy with credit limit requests, approval procedures, continuous monitoring of the credit exposure and dunning procedure in case of delays.

Trade and other receivables

Nyrstar's exposure to credit risk is influenced mainly by the individual characteristics of each customer.

Each new customer is analysed individually for creditworthiness before the standard terms and conditions are offered. Customers that fail to meet Nyrstar's benchmark creditworthiness may transact with Nyrstar only on a prepayment basis.

Nyrstar provides an allowance for trade and other receivables that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Guarantees

Nyrstar's policy is to provide financial guarantees only on behalf of wholly-owned subsidiaries. At 31 December 2010, no guarantees were outstanding to external customers (31 December 2009: nil).

Liquidity risk

Liquidity risk arises from the possibility that Nyrstar will not be able to meet its financial obligations as they fall due. Liquidity risk is being addressed by maintaining, what management considers to be, a sufficient degree of diversification of funding sources. These include committed and uncommitted short and medium term bank facilities as well as bonds (e.g. convertible bonds and fixed rate bonds).

Market risk

Market risk is the risk that changes in market prices will affect Nyrstar's income or the value of its investments in financial instruments. The objective of market risk management is to manage and control market exposures within acceptable parameters while optimising the return.

Commodity price risk

In the normal course of its business, Nyrstar is exposed to risk resulting from fluctuations in the market prices of commodities and raw materials. Nyrstar currently engages only in transactional hedging which means that it will undertake short-term hedging transactions to cover the timing risk between raw material purchases and sales of metal and to cover its exposure on fixed-price forward sales of metal to customers. Transactional hedging arrangements are accounted for in the "Other Financial Assets" and the "Other Financial Liabilities" line items of the statement of financial position. Any gains or losses realised from hedging arrangements are recorded within operating profit. Nyrstar currently does not undertake any structural or strategic hedging which means that its results are exposed to fluctuations in zinc, lead and other metal prices. Nyrstar may review its hedging policy from time to time.

Foreign Currency Exchange Risk

Nyrstar's assets, earnings and cash flows are influenced by movements in exchange rates of several currencies, particularly the U.S. Dollar, the Euro, the Australian Dollar, the Peruvian Sol and the Swiss Franc. Nyrstar's reporting currency is the Euro, zinc, lead and other metals are sold throughout the world principally in U.S. Dollars, while Nyrstar's costs are primarily in Euros, Australian Dollars, U.S. Dollars, Peruvian Sols and Swiss Francs. As a result, movement of the U.S. Dollar, the Australian Dollar, Peruvian Sol, Swiss Franc or other currencies in which Nyrstar's costs are denominated against the Euro could adversely affect Nyrstar's profitability and financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Nyrstar has not entered and does not currently intend to enter into transactions that seek to hedge or mitigate its exposure to exchange rate fluctuations, other than short-term hedging transactions to cover the timing risk between concentrate purchases and sales of metal and to cover its exposure on fixed-price forward sales of metal to customers.

Interest Rate Risk

Nyrstar incurs interest rate risk primarily on loans and borrowings. This risk is limited as a result of the interest rate on borrowings such as convertible bond and fixed rate bond being fixed. Nyrstar's current borrowings are split between fixed rate and floating rate basis. All variable interest rate loans and borrowings have EURIBOR or LIBOR based interest rates. The interest rate and terms of repayment of Nyrstar's loans are disclosed in note 30 (f). Changes in interest rates may impact primary loans and borrowings by changing the levels of required interest payments.

Nyrstar's interest rate risk management policy is to limit the impact of adverse interest rate movements through the use of interest rate management tools. Interest rate risk is measured by maintaining a schedule of all financial assets, financial liabilities and interest rate hedging instruments. The goal of

this policy is to limit the effect in profit and loss of a parallel shift of 1 % of the entire interest curve, calculated on the projected net financial debt amount, to below a certain predefined limit per year. In addition Nyrstar's policy states that interest rates cannot be fixed for periods more than ten years through the purchase or sale of interest rate derivatives.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and so to sustain future development of the business. The Board of Directors monitors the return on capital, which Nyrstar defines as net operating income divided by total shareholders' equity, excluding non-controlling interests.

The Board of Directors also monitors the level of dividends to ordinary shareholders. Nyrstar's dividend policy is to ensure that whilst maintaining adequate cash flows for growth and the successful execution of its strategy, Nyrstar aims to maximize total shareholder return through a combination of share price appreciation and dividends. Pursuant to Belgian law, the calculation of amounts available for distribution to shareholders, as dividends or otherwise, must

be determined on the basis of the Company's non-consolidated Belgian GAAP financial statements. In accordance with Belgian company law, the Company's articles of association also require that the Company allocate each year at least 5% of its annual net profits to its legal reserve, until the legal reserve equals at least 10% of the Company's share capital. As a consequence of these factors, there can be no assurance as to whether dividends or similar payments will be paid out in the future or, if they are paid, their amount.

The Company has established an Employee Share Acquisition Plan (ESAP), an Executive Long Term Incentive Plan (LTIP) and a Co-Investment Plan (together referred to as the "Plans") with a view to attracting, retaining and motivating the employees and senior management of the Company and its wholly owned subsidiaries. The key terms of each Plan are set out below in note 28.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Segment reporting

From 2010 onwards, Nyrstar has three operating segments, "Smelting segment", "Mining segment" and "Other & Eliminations segment". From 2010 onwards, operating results such as revenue and gross margin are regularly reviewed by the Nyrstar management committee (which has been identified as the company's "chief operating decision maker" only on the level of all smelting sites combined and all mines combined) to make decisions about resources to be allocated to these segments and assess their performance. In 2010, Nyrstar adjusted its segmental disclosure to better align with how the NMC allocates resources and assesses performance. The change in Nyrstar's segmental disclosure reflects its actual and planned strategic expansion into mining. The Group's 2009 segment information has been restated to reflect the change to the Group's operating segments from financial year 2010.

The 'Smelting' segment comprises the following smelters: Aubay (France), Balen (Belgium), Budel (Netherlands), Clarksville (US), Hobart (Australia) and Port Pirie (Australia). The 'Mining' segment consists of the Tennessee mines (US), the Coricancha, the Contonga and Pucarrajo mines (Peru) and the zinc streaming agreement with the Talvivaara mine (Finland). The 'Other & Eliminations' segment contains Galva 45 (France), GM Metal (France), and corporate activities as well as the eliminations of the intra-group transactions including any unrealised profits resulting from intercompany transactions.

The chief operating decision-maker assesses the performance of the operating segments based on a measure of 'Result from operating activities before exceptional items'.

Sales to each individual customer (group of customers under the common control) of the Group did not exceed 10% with the exception of sales to Glencore and Umicore, which accounted for 45.1 % and 11.8 % respectively, of the total Group's zinc and lead sales.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended
31 December 2010
€ million

	Smelting	Mining	Other & Eliminations	Total
Revenue from external customers	2,653.6	12.7	29.8	2,696.1
Inter-segment revenue	-	83.2	(83.2)	-
Total segment revenue	2,653.6	95.9	(53.4)	2,696.1
Raw materials used	(1,783.4)	-	55.8	(1,727.6)
Freight expense	(42.8)	(0.3)	-	(43.1)
Gross profit	827.4	95.6	2.4	925.4
Employee benefits expense	(186.7)	(27.3)	(48.2)	(262.2)
Energy expenses	(258.9)	(9.1)	(1.1)	(269.1)
Other income / (expenses)	(196.3)	(35.2)	28.7	(202.8)
Depletion, depreciation and amortisation expense	(57.0)	(20.0)	(4.7)	(81.7)
Result from operating activities before exceptional items	128.5	4.0	(22.9)	109.6
Restructuring expenses				(10.5)
Impairment (losses) / reversal				(0.9)
Result from operating activities				98.2
Finance income				0.8
Finance expenses				(37.6)
Net foreign exchange gain / (loss)				24.3
Net financing income / (expense)				(12.5)
Share of profit / (loss) of equity accounted investees (a)				3.1
Profit before income tax				88.8
Income tax benefit / (expense)				(16.6)
Profit for the period				72.2
Capital expenditure	(81.1)	(60.2)	(5.7)	(147.0)

(a) A SPLIT BY INVESTEE IS PROVIDED IN NOTE 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period to 31 December 2009 € million	Smelting	Mining	Other & Eliminations	Total
Revenue from external customers	1,627.9	-	36.0	1,663.9
Inter-segment revenue	-	-	-	-
Total segment revenue	1,627.9	-	36.0	1,663.9
Raw materials used	(1,009.1)	-	(15.8)	(1,024.9)
Freight expense	(43.8)	-	(0.9)	(44.7)
Gross profit	575.0	-	19.3	594.3
Employee benefits expense	(164.1)	(1.4)	(43.4)	(208.9)
Energy expenses	(186.0)	(0.6)	(6.6)	(193.2)
Other income / (expenses)	(132.9)	(0.9)	23.9	(109.9)
Depletion, depreciation and amortisation expense	(45.9)	(0.4)	(3.9)	(50.2)
Result from operating activities before exceptional items	46.1	(3.3)	(10.7)	32.1
Restructuring expenses				(24.0)
Impairment (losses) / reversal				2.4
Profit on the disposal of subsidiaries				6.0
Result from operating activities				16.5
Finance income				1.8
Finance expenses				(11.6)
Net foreign exchange gain / (loss)				3.0
Net financing income / (expense)				(6.8)
Share of profit / (loss) of equity accounted investees (a)				4.0
Profit before income tax				13.7
Income tax benefit / (expense)				(3.3)
Profit for the period				10.4
Capital expenditure	(61.5)	(3.7)	(2.8)	(68.0)

(a) A SPLIT BY INVESTEE IS PROVIDED IN NOTE 13.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Geographical information

(a) Revenues from external customers

For the year ended 31 December	2010 €m	2009 €m
Belgium	360.0	110.0
Europe	945.7	600.1
Americas	275.9	173.8
Australia	711.0	529.5
Asia	388.2	239.6
Other	15.3	10.9
	2,696.1	1,663.9

The revenue information above is based on the location (shipping address) of the customer.

(b) Non-current assets

As at 31 December	2010 €m	2009 €m
Belgium	61.2	50.8
Australia	182.0	138.3
France	179.1	191.8
Netherlands	76.9	73.0
Peru	109.3	40.3
Switzerland	249.7	-
USA	166.6	128.6
Other	-	0.9
	1,024.8	623.7

Non-current assets for this purpose consist of property, plant and equipment, intangible assets and the zinc purchase interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Acquisition of business

Acquisitions in 2010

Acquisition of subsidiary: Contonga and Pucarrajo mines

In July 2010 Nyrstar acquired a 100 % interest in the Contonga and Pucarrajo polymetallic mines in Peru (owned by Minera Huallanca S.A.) for approximately US\$33 million (€ 25.8 million) including

assumed debt. The Contonga and Pucarrajo mines comprise approximately 4,600 hectares of mining concessions, located 450 kilometres north of Lima in the Ancash region, which is well known for its significant zinc, lead, silver, gold and copper deposits.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

€ million	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
Property, plant and equipment	20.5	27.2	47.7
Inventories	2.1	-	2.1
Trade receivables	4.3	-	4.3
Other current assets	3.8	-	3.8
Deferred tax asset	0.6	-	0.6
Cash and cash equivalents	0.1	-	0.1
Provisions	(3.6)	(13.3)	(16.9)
Loans and borrowings	(4.1)	-	(4.1)
Deferred tax liabilities	-	(7.0)	(7.0)
Trade and other payables	(11.8)	-	(11.8)
Net identifiable assets and liabilities	11.9	6.9	18.8
Goodwill on acquisition			7.0
Consideration paid, satisfied in cash			25.8
Cash acquired			0.1
Net cash outflow			25.7

The fair values are provisional due to the complexity and timing of the acquisition. The review of the fair value of the assets and liabilities acquired will continue for one year from the acquisition date.

The amounts of revenue and loss since the acquisition date included in the consolidated income statement for the reporting period is € 4.4 million and € 3.4 million respectively. If the acquisition had occurred on 1 January 2010, management estimates that consolidated revenue for the current period would have been € 15.5 million and the consolidated loss for the current period would have been

€ 5.0 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on 1 January 2010. The goodwill balance is a result of the recognised deferred tax liabilities which solely relate to the total fair value adjustments on net assets within the acquisition accounting.

Acquisition of additional interest in Coricancha Mine

On 7 July 2010 Nyrstar acquired an additional 15 % interest in Coricancha mine in Peru (owned by Compania Minera San Juan (Peru) SA).

A cash consideration of US\$ 4.8 million (€ 3.8 million) was paid to the non-controlling interest shareholders. The carrying value of the net assets of Coricancha mine at the acquisition date was € 13.1 million and the carrying value of the additional interest acquired was € 1.1 million. The difference of € 2.7 million between the consideration paid and the carrying value of the interest acquired has been recognized in retained earnings within equity. Regarding the initial acquisition of the 85 % interest in Coricancha mine in 2009 we refer to the disclosure under the "Acquisitions in 2009" section below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Acquisitions in 2009

Acquisition of subsidiary:

Mid-Tennessee Zinc mine complex

On 1 May 2009, the Group acquired a 100% interest in the Mid-Tennessee Zinc mine complex in Tennessee,

US for € 9.0 million in cash. The mine complex was acquired from Mid-Tennessee Zinc Corporation (MTZ) (in Chapter 11 Bankruptcy), following approval from the US Bankruptcy Court on 1 May 2009.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

€ million	Recognised values on acquisition (*)
Property, plant and equipment	13.7
Cash and cash equivalents	-
Restoration provisions	(4.7)
Net identifiable assets and liabilities	9.0
Goodwill on acquisition	-
Consideration paid, satisfied in cash	9.0
Cash acquired	-
Net cash outflow	9.0

(*) THE ASSETS AND ASSOCIATED LIABILITIES HAVE BEEN PURCHASED OUT OF CHAPTER 11 AT FAIR VALUE.

The accounting for the Mid-Tennessee zinc mine complex acquisition as at 31 December 2009 was based on provisional amounts and has been completed within the one year measurement period from the acquisition date without any required adjustments.

If the acquisition had occurred on 1 January 2009, management estimates that consolidated revenue for the period prior to the acquisition date would have been nil and consolidated losses for the period prior to the acquisition date would have been € 0.4 million, predominantly representing 'care and maintenance' costs. In determining these amounts,

management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on 1 January 2009.

Acquisition of subsidiary with non-controlling interests: Coricancha mine

On 13 November 2009, the Group acquired an 85% interest in the Coricancha mine in Peru (owned by Compania Minera San Juan (Peru) SA) for € 10.2 million in cash from Gold Hawk Resources Inc (TSX-V:CGK) (Gold Hawk). Gold Hawk, a publicly listed Canadian based mining company, has retained a 15% interest.

As part of the transaction, the Group has also agreed to provide a three year commercial loan facility of (up to) US\$20 million and has assumed a parent company guarantee previously provided by Gold Hawk in relation to a US\$13 million debt facility related to the mine. The debt facility was fully drawn and expired in February 2010.

The accounting for the Coricancha mine acquisition as at 31 December 2009 was based on provisional amounts due to the timing and complexity of the acquisition. In 2010, the acquisition accounting was completed within the one year measurement period as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

€ million	Provisional fair values on acquisition as previously reported	Fair value adjustments	Fair values on acquisition
Property, plant and equipment	33.3	(1.2)	32.1
Inventories	0.3	-	0.3
Trade receivables	2.9	(2.6)	0.3
Deferred tax asset	3.4	(2.1)	1.3
Cash and cash equivalents	0.5	-	0.5
Provisions	(9.0)	(1.1)	(10.1)
Loans and borrowings	(11.0)	-	(11.0)
Deferred tax liabilities	(7.0)	1.0	(6.0)
Trade and other payables	(1.4)	-	(1.4)
Net identifiable assets and liabilities	12.0	(6.0)	6.0
Non-controlling interests (15 %)	(1.8)	0.9	(0.9)
Goodwill on acquisition	-	5.1	5.1
Consideration paid, satisfied in cash	10.2		10.2
Cash acquired	0.5		0.5
Net cash outflow	9.7		9.7

The fair value adjustments arose due to the revision to the valuation of property, plant and equipment which mainly relates to mineral interest, the revision to the valuation of restoration provisions and the related impact on deferred tax liabilities. Fair value adjustments regarding trade receivables and deferred tax assets are based on new information about the recoverability of certain positions at the acquisition date. The goodwill balance is a result of the recognised deferred tax liabilities which solely relate to the total fair value adjustments on net assets within the acquisition accounting.

The 2009 comparative information has been revised to reflect this measurement period adjustment.

If the acquisition had occurred on 1 January 2009, management estimates that consolidated revenue for the period prior to the acquisition date would have been nil and consolidated losses for the period prior to the acquisition date would have been € 3.8 million, predominantly representing 'care and maintenance' costs. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on 1 January 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Acquisition of subsidiary: East-Tennessee Zinc mine complex

On 7 December 2009, the Group acquired a 100% interest in the

East-Tennessee Zinc mine complex in Tennessee, US from the Glencore Group for US\$ 127.4 million (€ 87.2 million) in cash.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

€ million	Pre-acquisition carrying amounts	Fair value adjustments	Recognised values on acquisition
Property, plant and equipment	18.0	65.9	83.9
Intangible assets	-	4.5	4.5
Inventories	3.5	-	3.5
Cash and cash equivalents	1.9	-	1.9
Provisions	(3.9)	-	(3.9)
Trade and other payables	(2.7)	-	(2.7)
Net identifiable assets and liabilities	16.8	70.4	87.2
Goodwill on acquisition			-
Consideration paid, satisfied in cash			87.2
Cash acquired			1.9
Net cash outflow			85.3

The accounting for the East-Tennessee Zinc mine complex acquisition as at 31 December 2009 was based on provisional amounts and has been completed within the one year measurement period from the acquisition date without any required adjustments.

If the acquisition had occurred on the 1 January 2009, management estimates that consolidated revenue for the period prior to the acquisition date would have been nil and consolidated losses for the period prior to the acquisition date would have been € 10.5 million, predominantly

representing 'care and maintenance' costs. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on the 1 January 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 Employee benefits expense

Recognised in the income statement for the year ended 31 December	2010 €m	2009 €m
Wages and salaries	(220.7)	(164.6)
Compulsory social security contributions	(25.5)	(24.2)
Contributions to defined contribution plans	(3.8)	(8.6)
Increase in liability for long-service leave	(2.1)	(1.3)
Expenses related to defined benefit plans	(2.2)	(3.7)
Equity & cash settled share based payment transactions, incl. social security	(7.9)	(6.5)
	(262.2)	(208.9)

At year-end 2010 (year-end 2009) the workforce at the Nyrstar group comprised of 4,450 (3,346) employees (full time equivalents) with 32 % (48 %) of Nyrstar's total personnel employed in Europe, 41 % (17 %) in the Americas and 27 % (35 %) in Australia.

9 Finance income and expense

Recognised in the income statement for the year ended 31 December	2010 €m	2009 €m
Finance income		
Interest income on cash and cash equivalents	0.8	1.8
	0.8	1.8
Finance expense		
Interest expense on loans and borrowings	(26.1)	(6.4)
Unwind of discount in provisions	(7.5)	(4.3)
Other finance charges	(4.0)	(0.9)
	(37.6)	(11.6)
Net foreign exchange gain / (loss)	24.3	3.0
Net financing income / (expense)	(12.5)	(6.8)

The net foreign exchange gain recorded during the year ended 31 December 2010 amounted to € 24.3 million (2009: net gain of € 3.0 million) and is primarily related to realised foreign exchange results on group legal restructuring transactions amounting to € 20.9 million (31 December 2009: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 Income tax expense

(a) Income tax expense recognised in the income statement

	2010 €m	2009 €m
For the year ended 31 December		
Current income tax (expense)	(15.6)	(7.7)
Deferred income tax (expense) / benefit	(1.0)	4.4
Income tax benefit / (expense)	(16.6)	(3.3)
Reconciliation of deferred income tax benefit:		
Deferred income tax (expense) / benefit included in income tax expense comprises:		
(Decrease) / increase in deferred tax assets	(5.2)	23.7
Decrease / (increase) in deferred tax liabilities	4.2	(19.3)
Total deferred income tax (expense) / benefit	(1.0)	4.4

(b) Reconciliation of effective tax rate

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2010 €m	2009 €m
For the year ended 31 December		
Profit before income tax	88.8	13.7
Tax at aggregated weighted average tax rate	(38.2)	(5.6)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Notional interest deduction	24.2	32.7
Non-taxable amounts	(15.1)	(27.7)
Net loss on disposal of equity accounted investees	1.3	5.0
Impairment of assets	-	1.0
Other	(2.3)	(1.8)
	(30.1)	3.6
Recognition of previously unrecognised tax losses	24.8	37.0
Recognition of previously unrecognised temporary differences	12.6	10.6
Non recognition of other temporary differences	(17.9)	(46.7)
Non recognition of tax losses	(18.7)	(26.1)
Overprovision for previous years income taxes	7.4	6.2
Unrecoverable withholding tax	(2.3)	(1.8)
Net adjustment to deferred tax balances due to tax rate change in foreign jurisdiction	(1.5)	-
Share of income tax of equity accounted investees	1.3	-
Foreign exchange differences	7.8	13.9
Income tax benefit / (expense)	(16.6)	(3.3)

Nyrstar recognised an income tax expense for the year ended 31 December 2010 of € 16.6 million representing an effective tax rate of 18.7% (2009: 24.0%). The main items impacting the income tax rate are the notional interest deduction in Belgium, non-tax deductible expenses and the recognition and the non-recognition of deferred tax assets attributable to tax losses and temporary differences in Australia, Belgium, Switzerland and the US.

(c) Income tax recognised directly in equity

	2010 €m	2009 €m
For the year ended 31 December		
Income tax benefit / (expense) recognised on cash flow hedges	5.1	9.8
Income tax benefit / (expense) recognised on defined benefits pension schemes	-	1.0
Total income tax recognised directly in equity	5.1	10.8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Property, plant and equipment

31 December 2010 € million	Note	Land and buildings	Plant and equipment	Mining properties and development	Cyclical maintenance and other	Under construction	Total
Cost or deemed cost		90.7	858.6	136.4	102.9	61.4	1,250.0
Accumulated depreciation and impairment		(12.4)	(404.6)	(7.2)	(67.0)	-	(491.2)
Carrying amounts		78.3	454.0	129.2	35.9	61.4	758.8
Reconciliation of carrying amounts:							
Opening 1 January 2010		70.3	423.3	62.5	9.9	45.3	611.3
Acquired in business combination	7	-	5.8	41.2	0.7	-	47.7
Additions		2.8	37.0	27.3	24.9	53.3	145.3
Transfers		4.8	11.1	10.7	11.2	(37.7)	0.1
Disposals		(2.5)	(0.1)	-	(0.1)	(1.8)	(4.5)
Depreciation expense		(2.4)	(52.2)	(11.0)	(9.7)	-	(75.3)
Impairment		-	-	-	(0.9)	-	(0.9)
Exchange difference		5.3	29.1	(1.5)	(0.1)	2.3	35.1
Closing		78.3	454.0	129.2	35.9	61.4	758.8

The carrying amount of Property, plant and equipment accounted for as finance lease assets at 31 December 2010 is € 0.5 million which is classified as Plant and equipment.

31 December 2009 € million	Note	Land and buildings	Plant and equipment	Mining properties and development	Cyclical maintenance and other	Under construction	Total
Cost or deemed cost		111.7	939.8	62.5	56.7	52.9	1,223.6
Accumulated depreciation and impairment		(41.4)	(516.5)	-	(46.8)	(7.6)	(612.3)
Carrying amounts		70.3	423.3	62.5	9.9	45.3	611.3
Reconciliation of carrying amounts:							
Opening 1 January 2009		47.5	312.7	-	8.2	67.5	435.9
Acquired in business combination	7	8.6	56.2	61.5	-	3.4	129.7
Additions		0.2	10.0	-	1.3	56.4	67.9
Transfers		13.5	64.3	-	7.4	(85.2)	-
Disposals		(0.1)	(0.3)	-	-	-	(0.4)
Depreciation expense		(1.5)	(40.9)	-	(7.8)	-	(50.2)
Impairment		(0.4)	(1.2)	-	-	-	(1.6)
Exchange difference		2.5	22.5	1.0	0.8	3.2	30.0
Closing		70.3	423.3	62.5	9.9	45.3	611.3

The carrying amount of Property, plant and equipment accounted for as finance lease assets at 31 December 2009 is € 1.2 million which is classified as Plant and equipment.

Impairment

For financial year 2010 the Group recorded an impairment loss of € 0.9 million on leasehold improvements as a consequence of the announced relocation of corporate offices from

London to Zurich. No indicator of additional impairment or reversal of impairment for the Group was identified for financial year 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 Intangible assets

31 December 2010 € million	Note	Goodwill	Exploration & evaluation (a)	Software	Emission Rights	Total
Cost		12.1	-	10.7	4.0	26.8
Accumulated amortisation		-	-	(7.1)	(1.0)	(8.1)
Carrying amounts		12.1	-	3.6	3.0	18.7
Reconciliation of carrying amounts:						
Opening 1 January 2009		5.1	4.5	-	2.8	12.4
Additions		-	-	1.6	0.1	1.7
Acquired in business combinations	7	7.0	-	-	-	7.0
Transfers		-	(4.9)	4.8	-	(0.1)
Amortisation expense		-	-	(2.8)	-	(2.8)
Exchange difference		-	0.4	-	0.1	0.5
Closing		12.1	0.0	3.6	3.0	18.7

31 December 2009 € million	Note	Goodwill	Exploration & evaluation (a)	Software	Emission Rights	Total
Cost		5.1	4.5	-	3.5	13.1
Accumulated amortisation		-	-	-	(0.7)	(0.7)
Carrying amounts		5.1	4.5	-	2.8	12.4
Reconciliation of carrying amounts:						
Opening 1 January 2009		-	-	-	3.0	3.0
Additions		-	-	-	0.1	0.1
Acquired in business combinations	7	5.1	4.5	-	-	9.6
Transfers		-	-	-	-	-
Amortisation expense		-	-	-	(0.3)	(0.3)
Closing		5.1	4.5	-	2.8	12.4

(a) EXPLORATION AND EVALUATION: USEFUL LIFE NOT DETERMINED UNTIL TRANSFERRED TO PROPERTY, PLANT & EQUIPMENT

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Investments in equity accounted investees

A summary of the Group's investment in equity accounted investees is set out in the following table:

	2010 €m	2009 €m
For the year ended 31 December		
Carrying amount at the beginning of the period	26.8	25.0
Movements of the period:		
Share of profit (after tax) of equity accounted investees	3.1	4.0
Distribution from joint venture	-	(12.7)
Increase in investment in equity accounting investee	18.3	0.2
Exchange difference	2.7	10.3
Carrying amount at the end of the period	50.9	26.8

Summary financial information for equity accounted investees, adjusted for the percentage ownership held by the Group, is as follows:

€ million	Ownership %	Current assets	Non current assets	Current liabilities	Non current liabilities	Revenues	Profit / (loss)
31 December 2010							
ARA (Joint venture)	50.0	8.9	59.5	(2.4)	(0.3)	35.3	2.3
Genesis (Joint venture)	50.0	1.9	0.9	(3.2)	-	12.9	-
Föhl China (Joint venture)	50.0	2.0	1.1	(0.8)	(0.2)	4.4	0.8
Ironbark (Associate)	26.5	3.8	27.0	-	-	0.3	-
		16.6	88.5	(6.4)	(0.5)	52.9	3.1
31 December 2009							
ARA (Joint venture)	50.0	5.5	49.1	(2.9)	(0.1)	23.8	3.7
Genesis (Joint venture)	50.0	1.8	0.8	(2.6)	-	8.4	(0.1)
Föhl China (Joint venture)	50.0	1.2	0.5	(0.6)	(0.2)	2.2	0.4
		8.5	50.4	(6.1)	(0.3)	34.4	4.0

The Company acquired in March 2010 an additional 11% interest in Ironbark Zinc Limited (Ironbark) for €10.3 million. With this additional investment, the total shareholders' stake of Nyrstar in Ironbark increased to 31 %, requiring the investment to be accounted for under the equity method. This step acquisition resulted in a gain arising on the initial investment amounting to € 3.7 million which is reflected in the income statement as Other income.

In November 2010, Ironbark completed a share placement of 48 million ordinary shares, in which Nyrstar did not participate, resulting in a dilution of Nyrstar's interest down to 26.52 %. The increase in investment in Ironbark amounts to € 18.1 million and consists of the cost of acquisition of additional interest (€ 10.3 million) and the fair value of the previously held interest reclassified from investments in equity securities amounting to € 7.8 million. The remaining increase of € 0.2 million relates to Föhl China.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 Investments in equity securities

Investment in Herencia Resources Plc

In April 2010, Nyrstar purchased through a private placement, 10.4% of the ordinary shares of Herencia Resources Plc, a base metal exploration company listed on the Alternative Investment Market in London, for € 0.9 million. The objective of the capital raising was to fund the drilling of a newly discovered vein in Herencia's most advanced zinc-lead-silver-gold Paguanta project in Northern Chile. Nyrstar also participated in a further capital raising in Herencia in December 2010, whereby it maintained its holding of 10.4 % for a purchase price of € 0.6 million. Due to the exercise of warrants by a third party, Nyrstar's interest in Herencia Resources Plc decreased to 10.24 % as at 31 December 2010.

Investment in Exeltium SAS

In April 2010, Nyrstar contributed an amount of €4.2 million to the €172.8 million capital increase of Exeltium SAS, a consortium of electricity-intensive industrial consumers in France, which provides and resells electricity to its industrial partners.

Ironbark Zinc Limited

As detailed in note 13 Investment in equity accounted investees, the Company acquired in 2010 an additional 11% interest in Ironbark Zinc Limited (Ironbark), thus requiring the investment to be accounted for under the equity method. As a result this investment has been reclassified.

A summary of the Group's investment in other equity securities is set out in the following table:

For the year ended 31 December	2010 €m	2009 €m
Carrying amount at the beginning of the period	5.5	-
Movements of the period:		
Purchase of investment	5.7	4.1
Reclassification to investments accounted for under the equity method	(7.8)	-
Changes in fair value	6.4	1.4
Carrying amount at the end of the period	9.8	5.5

The reclassification relates to the investment in Ironbark. The reclassified amount includes accumulated fair value adjustments which were previously recognised in other comprehensive income (amounting to € 3.7 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 Non-current assets: Zinc purchase interests

In February 2010, Nyrstar acquired 1.25 million tonnes of zinc in concentrate from Talvivaara Sotkamo Limited (a member of the Talvivaara Mining Company Plc group) for a purchase price of US\$ 335 million (€ 242.6 million).

The acquisition is presented on the face of the statement of financial position as Zinc purchase interests. The useful life is determined with reference to the number of metric tonnes to be delivered. The asset is depleted

through the income statement using the unit-of-production method, as the asset is recovered with each metric tonnes of zinc delivered under the contract. The depletion expense recognised in the 2010 income statement amounts to € 3.6 million (2009: nil). The carrying amount as at 31 December 2010 of € 247.3 million contains foreign currency translation difference of € 8.3 million as the asset is held by a Group company with USD as functional currency.

Talvivaara will deliver 100% of its zinc concentrate production to Nyrstar until the 1.25 million tonnes of zinc in concentrate has been delivered (equivalent to approximately 2 million tonnes of zinc concentrate at a grade of 65%). Based on Talvivaara's planned production, the parties expect a ramp-up to approximately 90,000 tonnes per annum of zinc in concentrate by 2012, with deliveries over a period of 10 to 15 years.

16 Deferred tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current

tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities consist of temporary differences attributable to:

As at 31 December € million	Assets 2010	Assets 2009	Liabilities 2010	Liabilities 2009	Net 2010	Net 2009
Employee benefits	11.6	8.5	-	-	11.6	8.5
Environmental provisions	3.3	9.3	-	-	3.3	9.3
Other provisions	0.1	1.1	-	-	0.1	1.1
Embedded derivatives	-	-	-	(9.6)	-	(9.6)
Property, plant and equipment	4.1	25.2	(62.3)	(55.1)	(58.2)	(29.9)
Inventories	1.7	2.0	-	-	1.7	2.0
Deferred expenditure	-	-	(10.3)	(3.5)	(10.3)	(3.5)
Tax credit notional interest deduction	0.2	6.2	-	-	0.2	6.2
Tax losses carried forward	23.7	1.5	-	-	23.7	1.5
Other	-	2.6	(17.9)	0.2	(17.9)	2.8
Items recognised directly in equity	5.1	-	-	-	5.1	-
Deferred tax assets / (liabilities)	49.8	56.4	(90.5)	(68.0)	(40.7)	(11.5)
Set off of tax	(36.3)	(19.4)	36.3	19.4	-	-
Net deferred tax assets / (liabilities)	13.5	37.0	(54.2)	(48.6)	(40.7)	(11.5)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Unrecognised deferred tax assets

As at 31 December € million	Balance 2010	Balance 2009
Deductible temporary differences	90.4	78.2
Tax losses	90.8	80.3
	181.2	158.5

Expiration of tax effected unrecognised temporary differences and tax losses

As at 31 December € million	Net deductible temporary differences 2010	Tax losses carried forward 2010	Total 2010	Net deductible temporary differences 2009	Tax losses carried forward 2009	Total 2009
No expiration date	83.6	86.2	169.8	59.8	80.3	140.1
Expiration date 7 years	6.8	4.6	11.4	18.4	-	18.4
	90.4	90.8	181.2	78.2	80.3	158.5

17 Other financial assets and liabilities

As at 31 December	2010 €m	2009 €m
Non-current assets		
Commodity contracts – fair value hedges	11.1	23.9
Embedded derivatives	12.6	30.0
Total non-current other financial assets	23.7	53.9
Current assets		
Commodity contracts – fair value hedges	28.1	32.6
Foreign exchange contracts – held for trading	7.6	0.8
Foreign exchange contracts – cash flow hedge	1.1	-
Embedded derivatives	-	2.2
Total current other financial assets	36.8	35.6
Non-current liabilities		
Commodity contracts – fair value hedges	-	0.2
Total non-current other financial liabilities	-	0.2
Current liabilities		
Commodity contracts – fair value hedges	23.6	11.5
Foreign exchange contracts – held for trading	1.2	5.8
Embedded derivatives	5.4	-
Total current other financial liabilities	30.2	17.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(a) Instruments used by Nyrstar to manage exposure to currency and commodity price risk exposures

The fair value of derivatives (commodity contracts) hedging the inventories and the fixed forward sales contracts resulted in a net asset of € 15.6 million (31 December 2009 net asset: € 44.8 million) being recognised on the statement of financial position.

Carrying amounts of the hedged items of inventory as well as the firm commitments for fixed forward sales contracts are disclosed in note 18 and 19, respectively.

The fair value of foreign exchange derivatives that are commercially effective hedges but do not meet the strict IFRS hedge effective criteria, are classified as held for trading and

resulted in a net asset of € 6.4 million (31 December 2009 net payable: € 5.0 million). The fair value of foreign exchange contracts used for cash flow hedging relates to the purchase price payments in regard of the Farallon acquisition in 2011.

The Group's exposure to currency and commodity risk related to other financial assets and liabilities is disclosed in note 30.

(b) Embedded derivatives

Where an embedded derivative is identified and the derivative's risks and characteristics are not considered to be closely related to the underlying host contract, the fair value of the derivative is recognised on the Group's consolidated statement of financial position. The effective portion of

changes in the fair value of the Group's embedded derivative are recognised in the cashflow hedge reserve in equity, whilst changes in the fair value of the ineffective hedge portion are recognised in the consolidated income statement.

The change in fair value on the effective portion of the Group's embedded derivatives during the year ended 31 December 2010 with a negative impact of € 16.9 million (2009: negative impact of € 32.7 million) was recognised in the Cashflow hedge reserve whilst changes in fair value on the ineffective portion of € 12.8 million (2009: € 5.3 million) were recognised in the income statement within energy expenses.

18 Inventories

As at 31 December	2010 €m	2009 €m
Raw materials	170.2	212.1
Work in progress	268.6	170.0
Finished goods	38.0	41.4
Stores and consumables	46.7	36.6
Fair value adjustment	33.1	20.4
Total inventories	556.6	480.5

As the Group applies hedge accounting as described in note 3(h), the hedged items of inventories are valued at fair value. The fair value adjustment as part of the carrying value of inventories at 31 December 2010 amounts to € 33.1 million (31 December 2009: € 20.4 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 Other liabilities

Current	2010	2009
As at 31 December	€m	€m
Fair value of underlying hedged risk	27.6	27.5
Total current	27.6	27.5
 Non-Current	 2010	 2009
As at 31 December	€m	€m
Fair value of underlying hedged risk	12.1	23.9
Total non-current	12.1	23.9

The other liabilities relate to the fair value of fixed forward sales contracts (the underlying hedged items) for a total of € 39.7 million, being offset by the fair value of hedging derivatives on these fixed forward sales contracts as reported in note 17 Other financial assets and liabilities, which amounts to € 39.2 million as at 31 December 2010.

20 Trade and other receivables

As at 31 December	2010	2009
	€m	€m
Trade receivables	198.9	160.3
Less: Provision for receivables impairment	(3.7)	(4.5)
Net trade receivables	195.2	155.8
Other receivables	14.4	4.3
Total trade and other receivables	209.6	160.1

The Group's exposure to currency and liquidity risk related to trade and other receivables is disclosed in note 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Cash and cash equivalents

As at 31 December	2010 €m	2009 €m
Cash at bank and on hand	56.1	34.9
Short-term bank deposits	104.5	49.1
Total cash and cash equivalents	160.6	84.0

Cash at bank or on hand and short-term deposits earned a combined weighted average interest rate of 0.50 % for calendar year 2010 (2009: 0.20% per annum).

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 30.

22 Capital and reserves

Share capital and share premium

Based on the provisions of IFRS 3 Business Combinations, the Group's share capital under a reverse acquisition equates to that of the accounting acquirer plus any capital issued to acquire the accounting acquiree. Therefore the share capital and premium disclosed in the consolidated financial statements as at 31 December 2010, represents the combined share capital of the Zinifex Carve-out Group, € 371.6 million, plus the issuance of share capital to acquire the Nyrstar and the Umicore Carve-out Group, € 883.8 million.

As at the 31 December 2010 the share capital of Nyrstar NV comprised 100 million ordinary shares (31 December 2009: 100 million) with a par value of (rounded) € 14.91, previously € 20 with an additional share premium of € 1.95. This reduction refers to a decision by the extraordinary Shareholders' meetings held on 29 April 2009 and 23 May 2009 to decrease the share capital to absorb the retained losses

arising from the 2008 impairment charge and thereby to restore the Company's potential future dividend capacity. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Dividends

As approved by the Annual Shareholders' Meeting as at 28 April 2010, the Group declared and paid a dividend of € 0.10 per share, for a total of € 10.0 million.

At the annual general shareholders' meeting of 27 April 2011, the board of directors will propose a distribution of € 0.15 per share, amounting to a total distribution of €14.5 million, and to structure this distribution as a capital reduction with reimbursement of paid-up capital. These financial statements do not reflect this distribution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Reconciliation of movement in reserves

€ million	Treasury shares	Translation reserve	Reverse acquisition reserve	Cashflow hedge reserve	Convertible bond	Investments reserve	Total
Balance at 1 January 2010	(6.2)	33.7	(273.0)	5.3	8.8	1.4	(230.0)
Other comprehensive income	-	29.4	-	(10.9)	-	2.7	21.2
Acquisition of treasury shares	(49.5)	-	-	-	-	-	(49.5)
Balance at 31 December 2010	(55.7)	63.1	(273.0)	(5.6)	8.8	4.1	(258.3)

€ million	Treasury shares	Translation reserve	Reverse acquisition reserve	Cashflow hedge reserve	Convertible bond	Investments reserve	Total
Balance at 1 January 2009	(6.2)	(34.8)	(273.0)	28.1	-	-	(285.9)
Other comprehensive income	-	68.5	-	(22.8)	-	1.4	47.1
Acquisition of treasury shares	-	-	-	-	-	-	-
Convertible bond – equity component	-	-	-	-	8.8	-	8.8
Balance at 31 December 2009	(6.2)	33.7	(273.0)	5.3	8.8	1.4	(230.0)

(a) Treasury shares

During the period 10 May 2010 to 28 June 2010, Nyrstar acquired on Euronext Brussels 3,321,558 of its own shares. The difference between the par value of the total treasury shares purchased during 2010 (€ 49.5 million) and the consideration paid (€ 29.3 million), which includes directly attributable costs, amounts to € 20.2 million and has been recognised directly in retained earnings.

The treasury shares reserve comprises the par value of the Company's share held by the Group. As at 31 December 2010, the Group held a total of 3,631,558 of the Company's shares (31 December 2009: 310,000).

(b) Translation reserve

Foreign currency differences arising on the translation of the financial

statements of foreign controlled entities are taken to the foreign currency translation reserve, as described in accounting policy note 3(a).

(c) Reverse acquisition reserve

The reverse acquisition reserve relates to the acquisition of the Zinifex Carve-out Group in 2007 (€241.5 million) and the final purchase price adjustment paid in 2008 (€ 31.5 million).

(d) Cashflow hedge reserve

The cashflow hedge reserve comprises the effective portion of the cumulative net changes in the fair value and associated tax effect of an embedded derivative contained in the Hobart smelter electricity contract with its electricity supplier as well as foreign

exchange contracts related to the purchase price payments in regard of the Farallon acquisition in 2011.

(e) Convertible bond

The amount represents the value of the conversion rights of compound financial instruments recognised in equity as described in accounting policy note 3(l) relating to the convertible bond issued in July 2009 (Note 23).

(f) Investments in equity securities

The investment reserve comprises the changes in fair value of investments in equity securities determined by reference to their quoted closing bid prices, recognised in equity as described in accounting policy note 3(g).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(g) Disclosure of the shareholders' structure

The Group's major shareholders based on notifications of significant shareholdings received as at 31 December 2010 were:

Shareholder's name	Shareholder's address	Date of notification	Number of voting rights	% Share-holding
BlackRock Group	33 King William Street, London EC4R 9AS, UK	25/8/2010	9,966,011	9.97
Glencore Holdings AG	Baarmattstrasse 3, 6340 Baar, Switzerland	9/2/2009	7,791,622	7.79
Umicore S.A. / N.V.	Broekstraat 31, 1000 Brussels, Belgium	1/9/2008	5,251,856	5.25
			23,009,489	23.01

In addition, BlackRock Group holds as at 31 December 2010 convertible bonds issued by Nyrstar NV providing a total of 921,751 voting rights that may be acquired if the convertible bonds are converted into shares.

23 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. For more information about the Group's exposure to interest rate, foreign currency and liquidity risks see note 30.

	Dec 2010 €m	Dec 2009 €m
Non-current		
Unsecured bank loans	0.2	0.3
Convertible bonds	111.5	109.2
Fixed rate bonds	224.7	-
SCTF credit facility	107.0	-
Finance lease liabilities	-	0.5
Total Non-current	443.4	110.0
Current		
Unsecured bank loans	12.9	9.3
Other loans	-	1.9
Finance lease liabilities	0.5	0.8
Total Current	13.4	12.0

Convertible bonds

On 2 July 2009, the Company issued € 105 million unsubordinated unsecured convertible bonds, with a five year term, due 2014. On 7 July 2009, the Company completed the exercise of the € 15 million over-allotment option, increasing the overall size of the offering to € 120 million. The extraordinary general meeting held by the Company on 25 August 2009 approved the issue of new ordinary shares upon conversion of the bonds.

The bonds have been issued at 100 % of their principal amount and have a coupon of 7 % per annum, payable semi-annually in arrears. The conversion price as at 31 December 2010 is € 7.54 per share (2009: 7.62 per share).

The conversion right in respect of a bond may be exercised, at the option of the holder, at any time from 1 September 2009 until 1 July 2014 (ten days prior to final maturity date being 10 July 2014), or if the bonds are called for redemption prior to the final maturity date, until the

seventh day before the date fixed for redemption.

If all of the Bonds were to be converted into new ordinary shares as at 31 December 2010, 15,915,119 new ordinary shares would be issued, representing a dilution of 15.9 % of the Company's ordinary share capital.

The Bonds are listed on the Luxembourg Stock Exchange's Euro MTF market.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The convertible bonds are presented in the statement of financial position as follows:

	€m
Proceeds from issue of convertible bonds	120.0
Transaction costs	(2.5)
Net proceeds	117.5
Amount classified as equity at initial recognition	(8.8)
Accretion 2009	0.5
Carrying amount of liability at 31 December 2009	109.2
Accretion 2010	2.3
Carrying amount of liability at 31 December 2010	111.5

The liability component of the convertible bond has been determined on initial recognition at fair value by discounting the principal and the

interest cash flows of the bond using an interest rate for similar bonds without an equity component set at 9.09%. Subsequent to the initial

recognition the liability is measured at amortized cost.

SCTF credit facility

In January 2010 Nyrstar entered into a secured 4-year multi-currency Revolving Structured Commodity Trade Finance Credit Facility for an initial amount of €250 million underwritten by Deutsche Bank. Prior to entering into this facility, Nyrstar cancelled its pre-existing syndicated facility which commenced with a limit of € 350 million in December 2007 million and had been reduced to € 150 million in December 2009. The new facility is designed to better suit the nature of Nyrstar's business as the borrowing base adjusts to changing working capital requirements. Specifically, the amount available for drawing is referenced to the value of Nyrstar's inventories and receivables and accordingly adjusts as commodity prices change, thereby offering greater financial flexibility than traditional credit line financing. Borrowings under this facility are secured by Nyrstar's inventories and receivables.

Deutsche Bank and Nyrstar subsequently commenced a syndication process targeting an increase in the facility limit to €300 million. The syndication process was more than twice over-subscribed, and following the scaling back of allocations was closed with an increased facility limit of €400 million. The participating banks in the facility are Deutsche Bank, BNP Paribas Fortis, Fortis Bank (Nederland), ING Belgium, KBC Bank, Natixis, Société Générale, Royal Bank of Scotland, Banco Bilbao Vizcaya Argentaria, Banque LBLux, National Australia Bank Limited, Scotiabank, Dexia Bank, Raiffeisen Zentralbank Oesterreich and Westpac Banking Corporation.

The syndicated facility incorporates an "accordion" feature that facilitated an increase in the facility limit. In November 2010, Nyrstar exercised the accordion and the syndicate banks increased their commitments to € 500 million, resulting in a facility limit of € 500 million.

At 31 December 2010, US\$ 150 million, equal to € 112.3 million, was drawn under this facility leaving undrawn capacity of € 387.7 million. Directly attributable transaction costs have been deducted at initial recognition and are amortized over the term of the credit facility. Transaction cost not yet amortized at the balance sheet date amount to € 5.3 million.

The facility has a maturity of four years (with run-off period during the fourth year leading to a maturity of 28 January 2014), and a margin of 1.9% above EURIBOR. In addition to standard representations, warranties and undertakings, including restrictions on mergers and disposals of assets, the facility provides for financial covenants which are linked to certain balance sheet ratios. The borrower under the facility was originally Nyrstar Sales & Marketing NV but was subsequently transferred to Nyrstar Sales & Marketing AG. The obligations of the borrower under the facility are guaranteed by Nyrstar NV.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Fixed rate bonds

In March 2010, the Company completed a € 225 million public offering of 5.5% fixed rate bonds due in April 2015. Directly attributable

transaction costs have been deducted at initial recognition and are amortized over the term of the bond. Transaction cost not yet amortized at the balance

sheet date amount to € 0.3 million. The bonds are listed on the Luxembourg Stock Exchange's regulated market.

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

As at 31 December				2010 €m		2009 €m	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Unsecured bank loan	USD	12.00 %	2011	12.9	12.9	9.1	9.1
Convertible bonds(*)	EUR	7.00%	2014	120.0	111.5	120.0	109.2
SCTF credit facility	EUR / USD	Euribor / Libor + 1.9%	2014	112.3	107.0	-	-
Fixed rate bonds	EUR	5.50 %	2015	225.0	224.7	-	-
Finance lease liabilities	AUD	6.20%	2011	0.5	0.5	1.3	1.3
Other	EUR	-	2010	0.2	0.2	0.5	0.5
Total interest bearing liabilities				470.9	456.8	132.8	122.0

(*) THE COMPANY MAY, AT ANY TIME ON OR AFTER 10 JULY 2012, REDEEM THE BONDS TOGETHER WITH ACCRUED BUT UNPAID INTEREST, IF ON NOT LESS THAN 20 OUT 30 DAYS CONSECUTIVE DEALING DAYS, THE VOLUME WEIGHTED AVERAGE PRICE OF THE SHARES EXCEEDS 150% OF THE CONVERSION PRICE.

Finance lease liabilities As at 31 December

Commitments in relation to finance leases are payable as follows

	2010 €m	2009 €m
Within one year	0.5	0.8
Later than one year but not later than five years	-	0.5
Recognised as a liability	0.5	1.3

The Group's exposure to liquidity and currency risk related to loans and borrowings is disclosed in note 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24 Provisions

31 December 2010	Current portion				Non-current portion			
	Restoration	Restructure	Workers' compensation and other	Total	Restoration	Restructure	Workers' compensation	Total
Carrying amount at start of period	14.6	17.4	1.4	33.4	115.3	4.7	4.0	124.0
Payments / other sacrifices of economic benefits	(3.3)	(12.9)	(0.8)	(17.0)	-	-	-	-
Acquired in business combination	-	-	9.8	9.8	7.1	-	-	7.1
Additional provisions / (reversal of provisions)	(2.8)	5.5	0.5	3.2	(18.5)	0.6	(0.2)	(18.1)
Transfers	7.5	4.7	-	12.2	(7.5)	(4.7)	-	(12.2)
Unwind of discount	0.3	-	-	0.3	7.1	-	0.4	7.5
Foreign exchange translation	0.5	-	0.3	0.8	6.5	-	0.5	7.0
Carrying amount at end of period	16.8	14.7	11.2	42.7	110.0	0.6	4.7	115.3

31 December 2009	Current portion				Non-current portion			
	Restoration	Restructure	Workers' compensation and other	Total	Restoration	Restructure	Workers' compensation	Total
Carrying amount at start of period	12.9	24.1	2.1	39.1	108.0	-	3.2	111.2
Payments / other sacrifices of economic benefits	(1.4)	(19.4)	(1.9)	(22.7)	(5.5)	(0.3)	-	(5.8)
Acquired in business combination	-	-	-	-	18.7	-	-	18.7
Additional provisions / (reversal of provisions)	3.3	23.8	1.0	28.1	(15.1)	0.2	0.1	(14.8)
Transfers	(0.6)	(12.4)	-	(13.0)	-	4.7	-	4.7
Unwind of discount	-	-	-	-	1.2	-	0.2	1.4
Foreign exchange translation	0.4	1.3	0.2	1.9	8.0	0.1	0.5	8.6
Carrying amount at end of period	14.6	17.4	1.4	33.4	115.3	4.7	4.0	124.0

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Restoration provisions

Restoration work on the projects provided for is estimated to occur progressively over the next 15 years. The discount rates applied to the carrying values is 7.5 % (31 December 2009: 7.5%) for all environmental provisions.

Restructuring provisions

In 2010 Nyrstar continued its global organisational restructuring program with the objective of reducing costs and positioning the Company for a long-term sustainable future.

This included the relocation of its management committee and other corporate, marketing and sales functions to its new corporate office in Zurich, Switzerland in 2010. The incremental cost of this program for financial year 2010 amounts to € 10.5 million, with a provision of € 15.3 million remaining at 31 December 2010.

Workers' compensation and other provisions

Workers' compensation payments made by self insured operations (applicable for the following Group

entities: Nyrstar Port Pirie Pty Ltd, Nyrstar Hobart Pty Ltd and Nyrstar Clarksville Inc.) will continue over the life of the operations. The weighted average discount rate applied to the carrying values of workers' compensation is 4.1 % (2009: 3.6 %).

It is anticipated that all other provisions will be satisfied within the next twelve months.

25 Employee benefits

Non-current employee provisions As at 31 December

	2010 €m	2009 €m
Long service leave (a)	3.7	3.5
Retirement plans (b)	37.2	39.0
Other	11.3	7.7
	52.2	50.2

Current employee provisions As at 31 December

	2010 €m	2009 €m
Annual leave and long service leave (a)	27.8	22.6
Other	16.9	15.6
	44.7	38.2

(a) Annual leave and long service leave

Annual leave is recognised in respect of employees' services up to the reporting date, calculated as undiscounted amounts based on remuneration wage and salary rates that the entity expects to pay at the reporting date including related on-costs, such as payroll tax.

A liability for long-term employee benefits is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of service provided by employees up to

the balance sheet date. Consideration is given to expected future wage and salary levels including related on-costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match the estimated future cash flows.

(b) Retirement and post-retirement plans

Nyrstar participates in a number of superannuation and retirement benefit plans. The plans provide benefits

on retirement, disablement, death, retrenchment or withdrawal from service, the principal types of benefits being lump sum defined benefits and lump sum defined contribution benefits.

Defined contribution plans

- Nyrstar Australia Pty Limited Superannuation Accumulation Plan
- Group Stakeholder Pension Plan

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Defined benefit plans

- Nyrstar Clarksville Inc: Hourly Employees' Pension Plan, Salaried Employees' Retirement Plan, Pension Plan for Bargaining Unit Employees, NCI/JCZ Pension Plan for Bargaining Unit Employees, Supplemental Executive Retirement Plan reviewed as at 31 December 2010.
- Employees of Nyrstar Budel BV are members of a multi-employer Metal and Electricity industry defined benefit pension plan (PME). PME is unable to provide the necessary information for defined benefit accounting to be applied and consequently the PME plan has been accounted for as a defined contribution plan.
- Nyrstar Budel BV Excedent Pension Plan reviewed as at 31 December 2010.
- Nyrstar Belgium SA/NV: Staff Old Defined Benefit plan funded through pension fund, Staff Cash Balance Plan, Staff Complementary Savings Plan, Staff Insured Old Defined Benefit plan, Staff "appointements continués", Salaried Employees Old Defined Benefit Plan, Salaried Employees "appointements continués", reviewed as at 31 December 2010.
- Nyrstar Finance International SA/NV: Staff Cash Balance Plan, Staff Complementary Savings Plan, reviewed as at 31 December 2010.
- Nyrstar NV : Staff Cash Balance Plan, Staff Complementary Savings Plan, reviewed as at 31 December 2010.
- Nyrstar Sales & Marketing NV: Staff Cash balance plan, Staff Complementary Savings Plan, reviewed as at 31 December 2010.
- Nyrstar France Régime d'Indemnités de Fin de Carrière and Régime du Mutuelle, reviewed as at 31 December 2010.
- Nyrstar Germany GmbH, closed Defined Benefit plan, reviewed as at 31 December 2009.
- Galva 45 SA Régime d'Indemnités de Fin de Carrière, reviewed as at 31 December 2010 .
- Nyrstar Sales & Marketing AG joined the Helvetia Group Foundation for Employee Pensions for its employees in second half of 2010.

Medical benefit plans

- Nyrstar Clarksville Inc. Post Retirement Medical Benefit and Life Insurance Plan (PRMB&LI), reviewed as at 31 December 2010. Defined benefit accounting is applied for the PRMB&LI.
- Nyrstar France Mutuelle, reviewed as at 31 December 2010.

The amounts recognised on the statement of financial position have been determined as follows:

As at 31 December	2010 €m	2009 €m
Present value of funded obligations	52.6	51.4
Present value of unfunded obligations	28.4	29.4
Total present value of obligations	81.0	80.8
Fair value of plan assets	(45.0)	(41.2)
Total funded deficit / (surplus)	36.0	39.6
Unrecognised past service (cost) / gains	0.8	(0.6)
Limitation on recognition of surplus due to asset ceiling	0.4	-
Total recognised retirement benefit obligations	37.2	39.0

Plan assets comprise:

As at 31 December	2010 €m	2009 €m
Cash	0.7	0.4
Equity instruments	15.4	13.1
Debt instruments	15.1	14.9
Other assets	13.8	12.8
	45.0	41.2

Plan assets split by major category are not available for the Nyrstar Budel BV Excedent Pension Plan, therefore all assets been classified within other assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes in the present value of the defined benefit obligations are as follows:

As at 31 December	2010 €m	2009 €m
Defined benefit obligations at start of period	80.8	77.9
Current service cost	2.4	2.4
Interest cost	4.1	4.5
Actuarial (gains) / losses recognised in other comprehensive income	2.6	6.1
Contributions paid into the plans by participants	0.1	0.2
Benefits paid by the plans	(10.5)	(8.4)
Plan amendment	(1.0)	5.9
Plan settlement / curtailments	0.1	(8.1)
Foreign exchange translation	2.4	0.3
Defined benefit obligations at end of period	81.0	80.8

The changes in the present value of plan assets are as follows:

As at 31 December	2010 €m	2009 €m
Fair value of plan assets at start of period	41.2	45.4
Expected return on plan assets	2.4	2.5
Actuarial gains / (losses) recognised in other comprehensive income	2.9	2.8
Contributions paid into the plans by employer	4.8	4.0
Contributions paid into the plans by participants	0.1	0.2
Benefits paid by the plan	(7.6)	(6.2)
Plan settlement / curtailments	0.1	(8.1)
Exchange difference	1.1	0.6
Fair value of plan assets at end of period	45.0	41.2

The expense recognised in the income statement is as follows:

As at 31 December	2010 €m	2009 €m
Current service cost	(2.4)	(2.4)
Interest cost	(4.1)	(4.5)
Past service (cost) / gains	2.0	-
Amortisation of actuarial gains / (losses)	-	(0.1)
Amortisation of curtailment	(0.1)	0.8
Expected return on plan assets	2.4	2.5
Total amounts included in employee benefits expense	(2.2)	(3.7)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The actuarial gains and losses and the limitations on recognition of a surplus recognised directly in equity are as follows:

	2010 €m	2009 €m
As at 31 December		
Cumulative at start of period	(1.7)	1.6
Recognised during the period	(0.1)	(3.3)
Cumulative at end of period	(1.8)	(1.7)

Principal actuarial assumptions

The principal actuarial assumptions used at the reporting date (expressed as weighted averages):

	2010 €m	2009 €m
As at 31 December		
Discount rate	4.45 %	5.27%
Expected return on plan assets	5.21 %	5.59%
Expected future salary increases	2.89 %	2.00%
Annual increase in healthcare costs		
Initial trend rate	5.91 %	5.74%
Ultimate trend rate	4.17 %	4.10%
Years until ultimate is reached	3.5	3

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The expected rate of return is based on historical returns.

History of funded status and experience adjustments

The defined benefit obligation, plan assets, funded status, changes in actuarial assumptions, and experience adjustments compared to the actuarial assumptions for the years 2008 to 2010 are as follows:

	2010 €m	2009 €m	2008 €m
Defined benefit obligation	81.0	80.8	77.9
Fair value of plan assets	(45.0)	(41.2)	(45.4)
Funded deficit / (surplus)	36.0	39.6	32.5
Changes in actuarial assumptions	3.6	5.7	(7.7)
Experience adjustments increasing / (reducing) plan liabilities	(1.0)	0.4	0.9
Experience adjustments on plan assets: actual returns (greater) / less than expected	(2.9)	(2.8)	11.7
Total	(0.3)	3.3	4.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 Trade and other payables

As at 31 December	2010 €m	2009 €m
Trade payables	290.7	239.7
Other payables	23.3	8.9
Total trade and other payables	314.0	248.6

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 30.

27 Deferred income

As at 31 December	2010 €m	2009 €m
Deferred income	107.0	-

The deferred income refers to customer pre-financed deliveries of zinc and lead products.

28 Share-based payments

The Company has established an Employee Share Acquisition Plan (ESAP), an Executive Long Term Incentive Plan (LTIP) and a

Co-Investment Plan (together referred to as the "Plans") with a view to attracting, retaining and motivating the employees and senior management

of the Company and its wholly owned subsidiaries. The key terms of each Plan are disclosed below:

Employee Share Acquisition Plan

Under the ESAP Grant 1 eligible employees who were employed by the Group at the grant date or six months thereafter were awarded a conditional right to receive Nyrstar shares.

Under the ESAP Grant 2 eligible employees who were employed by the Group at the grant date or three months thereafter were awarded a

conditional right to receive Nyrstar shares.

The terms of the grants are detailed in the table below:

	Grant 1	Grant 2
Effective Grant Date	29 October 2007	29 October 2008
Performance Period	3 years to 29 October 2010	3 years to 29 October 2011
Performance Criteria	Employee remains in service to the 29 October 2010	Employee remains in service to the 29 October 2011
Vesting Date	29 October 2010	29 October 2011
Settlement (a)	Cash	Cash
Shares awarded per employee	50	50
Fair value at settlement date (€ per share)	10.58	N/A
Fair Value of ESAP at 31 December 2010 (€ per share)	N/A	11.21

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(a) The Board has the discretion to settle the awards in shares or in cash equivalent. As at 31 December 2009 the Company did not have a present obligation to settle in cash and as such the awards were valued as equity-settled. After the vesting date in 2010 the ESAP Grant 1 has been settled in cash equivalent calculated based on a closing share price of € 10.58. For the outstanding award ESAP Grant 2, the Company is now committed to a cash settlement and thus the classification has changed from equity-settled to cash-settled. The consequential liability at the date of the change has been recorded against equity and

re-measured at fair value as at the balance sheet date with the change in fair value recognized in the income statement. It is the intention to pay the cash equivalent of 50 Nyrstar shares at the closing share price on the vesting date to all eligible employees.

If a participating employee leaves the Group prior to the vesting date, he or she will either forfeit his or her rights under the Employee Award. Notwithstanding the above performance criteria the award will vest in full immediately in case the participating employee dies before his award has vested or in case

the participating employee leaves the company by reason of official retirement before his award has vested.

Employees will not be entitled to dividends, voting or other ownership rights in respect of the Employee Awards.

The fair value of services received in return for the shares issued under the ESAP is based on the fair value of the shares granted which for the period to 31 December 2010 was € 0.7 million before tax effects and cash settlement (31 December 2009: € 0.7 million).

Movement of ESAP shares awarded

The following table sets out the movement in the number of equity instruments granted during the period in relation to the ESAP:

Date	Movement	Grant 1	Grant 2	Total
1 January 2010	Opening Balance	135,500	140,850	276,350
2010	Forfeitures	(10,350)	(10,500)	(20,850)
2010	Settlements	(125,150)	-	(125,150)
31 December 2010	Closing Balance	-	130,350	130,350

Date	Movement	Grant 1	Grant 2	Total
1 January 2009	Opening Balance	154,500	160,700	315,200
2009	Forfeitures	(19,000)	(19,850)	(38,850)
31 December 2009	Closing Balance	135,500	140,850	276,350

Executive Long Term Incentive Plan

In April 2008 an initial grant (Grant 1) was made in accordance with the rules and conditions of the Executive Long Term Incentive Plan (LTIP). This 2008 Grant consists of 3 tranches of which the key terms are set out below.

During the first half of 2009 a second grant (Grant 2) was made in accordance with the rules and conditions of the LTIP. The effective accounting grant date of Grant 2 is 30 June 2009 and the performance period over which the performance

conditions are assessed is three years, commencing 1 January 2009. Settlement of the awarded shares can be either in the way of an allocation of shares or a cash payment.

During the first half of 2010 a third grant (Grant 3) was made in accordance with the rules and conditions of the Nyrstar Executive Long Term Incentive Plan (LTIP). The effective accounting grant date of Grant 3 is 30 June 2010 and the performance period over which the performance conditions are assessed is three years, commencing 1 January 2010.

Towers Watson Limited was engaged to determine the fair value of awards issued under LTIP at grant date. Fair values have been calculated using the Monte Carlo simulation model which has also been used to update the fair value of cash-settled awards at the balance sheet date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Grant 1	Grant 1	Grant 1	Grant 2	Grant 3
	Tranche 1	Tranche 2	Tranche 3		
Effective Grant Date	23 April 2008	23 April 2008	23 April 2008	30 June 2009	30 June 2010
Performance Period	12 months to 31 December 2008	1 January 2008 to 31 December 2009	1 January 2008 to 31 December 2010	1 January 2009 to 31 December 2011	1 January 2010 to 31 December 2012
Performance Criteria (a)	Executive remains in service to the 31 December 2008	-zinc price 50% -MSCI 50% Executive remains in service to the 31 December 2009	-zinc price 50% -MSCI 50% Executive remains in service to the 31 December 2010	-zinc price 50% -MSCI 50% Executive remains in service to the 31 December 2011	-zinc price 50% -MSCI 50% Executive remains in service to the 31 December 2012
Vesting Date	31 December 2010	31 December 2010	31 December 2010	31 December 2011	31 December 2012
Settlement (b)	Cash	Cash	Share	Share/cash	Share/cash
Fair Value of LTIP at grant date (€ per share)					
- remains in service	€13.30	N/A	N/A	N/A	N/A
- ROCE	N/A	€12.80	€12.31	N/A	N/A
- TSR	N/A	€6.35	€6.76	N/A	N/A
- Price of zinc	N/A	N/A	N/A	€3.20	€6.15
- MSCI	N/A	N/A	N/A	€3.45	€4.03
Fair Value of LTIP at 31 December 2010 (€ per share)					
- remains in service	€11.21	N/A	N/A	N/A	N/A
- Price of zinc	N/A	€6.73	€12.31	€3.20	€6.15
- MSCI	N/A	€11.21	€6.76	€3.45	€4.03

During the period between the satisfaction of the performance condition and when the participating employee receives the relevant payment, the employee will be entitled to a payment equal to the cash equivalent of any dividends paid. In 2010, participants received a cash equivalent of € 0.10 per share award for awards granted under Grant 1, tranche 1 and tranche 2.

The fair value of services received in return for the shares issued under the LTIP is based on the fair value of the share options granted which for the period to 31 December 2010 amounts to:

Grant 1: € 2.2 million before tax effects (31 December 2009: € 4.3 million)

Grant 2: € 2.8 million before tax effects (31 December 2009: € 1.3 million)

Grant 3: € 0.6 million before tax effects (31 December 2009: nil)

(a) Performance criteria

The performance conditions are set out below.

Service condition

The eligible employee under the LTIP is to remain an employee of Nyrstar NV or its subsidiaries until the date indicated in the table above.

Price of zinc / MSCI

To ensure that the LTIP is aligned with maximizing shareholder returns, the Board has set two performance conditions, which are weighted equally.

The performance conditions of Grant 1 (tranches 2 and 3) were modified on 28 April 2009 to become the same as the performance conditions for Grant 2 and Grant 3.

There are two separate performance conditions with an equal number of awards granted under each condition. For an award to vest, Nyrstar's annual share price performance is measured relative to the implied change in a notional share price that is based upon the historical performance of:

- Price of zinc
- MSCI World Metals and Mining Index

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Shares are awarded *pro rata* to executives to the extent that predetermined scaling thresholds for each of the performance conditions are met. The vesting schedule is set out in the table below:

Price of zinc (50%) Annual performance of the Nyrstar share price compared to the share price implied by the price of zinc		MSCI World Metals and Mining Index (50%) Annual performance of the Nyrstar share price compared to the share price implied by this index	
	% vesting		% vesting
> 500 bp	100	> 500 bp	100
> 400 bp	80	> 400 bp	80
> 300 bp	60	> 300 bp	60
> 200 bp	40	> 200 bp	40
> 100 bp	20	> 100 bp	20
> 000 bp	0	> 000 bp	0

A volume weighted average out-performance is calculated for each year. These are averaged over the performance period and compared to the vesting schedule.

(b) Settlement

Tranche 1 and 2 under LTIP Grant 1 are cash settled share based payment plans and accordingly the tranches are to be revalued at each reporting date.

The Board has the discretion to settle LTIP Grant 2 and Grant 3 award in shares or cash equivalent. However, the Company does not have a present

obligation to settle in cash and as such the award is currently valued as equity settled. If this position changes and the awards become 'cash settled' then the fair value will need to be re-measured.

Movement of LTIP shares awarded

The following table sets out the movement in the number of equity instruments granted during the period in relation to the LTIP:

Date	Movement	Grant 1			Grant 2	Grant 3	Total
		Tranche 1	Tranche 2	Tranche 3			
1 January 2010	Opening Balance	292,737	221,955	234,532	2,003,351	-	2,752,575
30 June 2010	Initial allocation					604,407	604,407
2010	(Forfeitures) / Additions	108	(42,199)	3,305	101,954	(43,891)	19,277
31 December 2010	Closing Balance	292,845	179,756	237,837	2,105,305	560,516	3,376,259

Date	Movement	Grant 1			Grant 2	Grant 3	Total
		Tranche 1	Tranche 2	Tranche 3			
1 January 2009	Opening Balance	296,337	296,337	296,337	-	-	2,752,575
30 June 2009	Initial allocation				2,003,351	-	2,003,351
2009	(Forfeitures) / Additions	(3,600)	(74,382)	(61,805)	-	-	(139,787)
31 December 2009	Closing Balance	292,737	221,955	234,532	2,003,351	-	2,752,575

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Management Committee Co-Investment Plan

A co-investment plan for the members of the Management Committee was approved by the annual general shareholders' meeting held on 28 April 2010. The effective accounting grant date is 5 May 2010 and the conditions are assessed from the grant date till 15 July 2013, i.e. the vesting date. For each Nyrstar share that a member of the management committee purchased between 30 April 2010 and 28 June 2010, Nyrstar will grant the respective participant on the vesting date, a number of additional Nyrstar shares provided that (a) the participant is still employed by Nyrstar on the vesting date and (b) the participant still holds the co-investment shares on the vesting date.

The Co-Investment plan has three measurement dates, i.e. (a) 1 July 2011 (Measurement Date 1), (b) 1 July 2012 (Measurement Date 2) and (c) 1 July 2013 (Measurement Date 3). The number of Matching Shares is the product of (a) the highest of multiple A, multiple B and multiple C and (b) the total number of the Co-Investment Shares of the respective Participant.

"Multiple A" will be equal to:

(a) zero, if the highest average closing price of Nyrstar shares during any given full calendar week between 1 July 2010 and 1 July 2011 has been less than twenty Euro (€ 20.00),

(b) four, if the highest average closing price of Nyrstar shares during any given full calendar week between 1 July 2010 and 1 July 2011 has been equal to or higher than thirty Euro (€ 30.00), or

(c) a number between two and four, to be determined on a straight line basis, if the highest average closing price of Nyrstar shares during any given full calendar week between 1 July 2010 and 1 July 2011 has been

between twenty Euro (€ 20.00) and thirty Euro (€ 30.00), whereby factor two (2) coincides with the twenty Euro (€ 20.00) threshold and factor four (4) coincides with the thirty Euro (€ 30.00) threshold.

"Multiple B" will be equal to:

(a) zero, if the highest average closing price of Nyrstar shares during any given full calendar week between 1 July 2011 and 1 July 2012 has been less than twenty Euro (€ 20.00),

(b) four, if the highest average closing price of Nyrstar shares during any given full calendar week between 1 July 2011 and 1 July 2012 has been equal to or higher than thirty Euro (€ 30.00), or

(c) a number between two and four, to be determined on a straight line basis, if the highest average closing price of Nyrstar shares during any given full calendar week between 1 July 2011 and 1 July 2012 has been between twenty Euro (€ 20.00) and thirty Euro (€ 30.00), whereby factor two (2) coincides with the twenty Euro (€ 20.00) threshold and factor four (4) coincides with the thirty Euro (€ 30.00) threshold.

"Multiple C" will be equal to:

(a) zero, if the highest average closing price of Nyrstar shares during any given full calendar week between 1 July 2012 and 1 July 2013 has been less than twenty Euro (€ 20.00),

(b) four, if the highest average closing price of Nyrstar shares during any given full calendar week between 1 July 2012 and 1 July 2013 has been equal to or higher than thirty Euro (€ 30.00), or

(c) a number between two and four, to be determined on a straight line basis, if the average closing price of Nyrstar

shares during any given full calendar week between 1 July 2012 and 1 July 2013 has been between twenty Euro (€ 20.00) and thirty Euro (€ 30.00), whereby factor two (2) coincides with the twenty Euro (€ 20.00) threshold and factor four (4) coincides with the thirty Euro (€ 30.00) threshold.

The Matching Shares will consist of Nyrstar shares which the company intends to redeem in accordance with the respective statutory powers granted to the board. If Nyrstar is unable to deliver the respective Matching Shares to a Participant, Nyrstar will be able to settle its respective obligations by granting such Participant a cash amount equal to the product of the number of Matching Shares to be delivered to such Participant and the average closing price of the Nyrstar shares during the twenty trading days preceding the Vesting Date. In the context of the Co-Investment Plan Nyrstar will grant each Participant an unconditional cash bonus, the net amount of which - to be calculated for each respective Participant separately - will be equal to the product of (a) the number of Co-investment Shares of the Participant and (b) the difference between the average purchase price paid by the Participant for his respective Co-investment Shares and ten Euro (€ 10.00).

The members of the management committee have purchased a total number of 190,000 shares as participation in the Co-Investment Plan. The fair value of services received in return for the shares qualifying under the co-investment plan is based on the fair value of the awards granted which for financial year 2010 amounts to € 0.7 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share (EPS) at 31 December 2010 was based on the profit attributable to

ordinary shareholders of € 72.2 million and a weighted average number of ordinary shares outstanding of 97.8 million.

The basic EPS is calculated as follows:

	2010 €m	2009 €m
For the year ended 31 December		
Profit / (loss) attributable to ordinary shareholders (basic)	72.2	10.0
Weighted average number of ordinary shares (in million)		
Issued ordinary shares at start of period	100.0	100.0
Treasury shares	(2.2)	(0.3)
Weighted average number of ordinary shares (basic) at end of period	97.8	99.7
Earnings per share (basic)	0.74	0.10

(b) Diluted earnings per share

The calculation of diluted earnings per share (EPS) at 31 December 2010 was based on the profit attributable to ordinary shareholders (diluted) of € 82.5 million and a weighted average number of ordinary shares outstanding of 113.7 million.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential ordinary shares. The convertible bond is assumed to have been converted into ordinary shares, and the net profit is adjusted

to eliminate the interest expense, net of tax, resulting from the liability component of the convertible bond.

The diluted EPS is calculated as follows:

	2010 €m	2009 €m
For the year ended 31 December		
Profit / (loss) attributable to ordinary shareholders (basic)	72.2	10.0
Interest expense on convertible bond, net of tax	10.3	4.9
Profit / (loss) attributable to ordinary shareholders (diluted)	82.5	14.9
Weighted average number of ordinary shares (in million)		
Issued ordinary shares at start of period	100.0	100.0
Effect of conversion of convertible bond	15.9	7.8
Treasury shares	(2.2)	(0.3)
Weighted average number of ordinary shares (diluted) at end of period	113.7	107.5
Earnings per share (diluted)	0.73	0.14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 Financial Instruments

In the normal course of business, Nyrstar is exposed to fluctuations in commodity prices and exchange rates, interest rate risk, credit risk and liquidity risk. In accordance with Nyrstar's risk management policies, derivative financial instruments are

used to hedge exposures to commodity prices and exchange fluctuations, but may not be entered into for speculative purposes.

(a) Credit risk

(i) Exposure to credit risk

Credit risk represents the loss that would be recognised if the counterparties to financial instruments fail to perform as contracted. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

As at 31 December	2010 €m	2009 €m
Trade and other receivables	209.6	160.1
Cash and cash equivalents	160.6	84.0
Commodity contracts used for hedging: Assets	39.2	56.5
Embedded derivatives: Assets	12.6	32.2
Forward exchange contracts used for hedging: Assets	1.1	-
Forward exchange contracts held for trading: Assets	7.6	0.8
	430.7	333.6

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

As at 31 December	2010 €m	2009 €m
Domestic Euro-zone countries	104.1	85.8
Asia	41.5	23.3
United States	14.5	9.6
Other European countries	41.0	21.3
Other regions	8.5	20.1
	209.6	160.1

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of customer was:

As at 31 December	2010 €m	2009 €m
Wholesale customers	180.2	142.0
End-user customers	29.4	18.1
	209.6	160.1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ii) Ageing analysis

The ageing of trade and other receivables at the reporting date was:

As at 31 December	2010 €m	2009 €m
Not past due	175.4	133.5
Past due 0-30 days	26.8	18.8
Past due 31-120 days	2.1	2.5
Past due 121 days – one year	2.2	1.0
More than one year	3.1	4.3
	209.6	160.1

Credit risk in trade receivables is also managed in the following ways:

- The Company has a duty to exercise reasonable care and prudence in granting credit to and withholding credit from existing and potential customers. The Company takes all reasonable steps and uses its best endeavours to minimize any losses arising from bad debts. The Company's Credit Risk Management Policy describes the structure and systems put in place in order to efficiently and effectively manage the risks related to the credit granted to business partners.
- Payment terms can vary from 0 to 90 days, after the month of delivery. Payment terms are dependent on whether the sale is a cash sale or a sale with an attached letter of credit stating the payment terms.
- A risk assessment is undertaken before granting customers a credit limit. Where no credit limit is granted sales have to be covered by other securities (i.e. bank guarantee, parent guarantee) and/or by documentary collection.
- If sales are covered by a letter of credit, this will in principle be irrevocable, confirmed with approved financial institutions.

(b) Liquidity risk management

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2010 € million	Carrying Amount	Contractual cash flows	6mths or less	6-12 mths	1-2 years	2-5 years
Non-derivative financial liabilities						
Finance lease liabilities	(0.5)	(0.5)	(0.4)	(0.1)	-	-
Loans and borrowings	(456.3)	(566.0)	(29.5)	(4.2)	(21.0)	(511.3)
Trade and other payables	(314.0)	(314.0)	(298.9)	(15.1)	-	-
Derivative financial liabilities						
Commodity contracts – fair value hedges	(23.6)	(23.6)	(23.6)	-	-	-
Foreign exchange contracts – held for trading	(1.2)	(1.2)	(1.2)	-	-	-
Embedded derivatives	(5.4)	(5.4)	(2.7)	(2.7)	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2009 € million	Carrying Amount	Contractual cash flows	6mths or less	6-12 mths	1-2 years	2-5 years
Non-derivative financial liabilities						
Finance lease liabilities	(1.3)	(1.3)	(0.4)	(0.4)	(0.5)	-
Loans and borrowings	(120.7)	(173.2)	(15.4)	(4.2)	(8.4)	(145.2)
Trade and other payables	(248.6)	(248.6)	(248.6)	-	-	-
Derivative financial liabilities						
Commodity contracts – fair value hedges	(11.7)	(11.7)	(11.0)	(0.5)	(0.2)	-
Foreign exchange contracts – held for trading	(5.8)	(5.8)	(5.8)	-	-	-
Embedded derivatives	-	-	-	-	-	-

(c) Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

€ million	31 December 2010				31 December 2009			
	Euro	USD	AUD	OTHER	Euro	USD	AUD	OTHER
Trade and other receivables	107.3	92.5	7.4	2.4	79.6	69.2	9.9	1.4
Loans and borrowings	(336.4)	(119.9)	(0.5)	-	(109.8)	(10.9)	(1.3)	-
Trade and other payables	(127.4)	(140.7)	(40.6)	(5.3)	(102.6)	(115.9)	(28.5)	(1.6)
Gross balance sheet exposure	(356.5)	(168.1)	(33.7)	(2.9)	(132.8)	(57.6)	(19.9)	(0.2)
Foreign exchange contracts	179.9	(310.6)	152.0	(14.6)	120.1	(261.8)	152.9	(16.0)
Commodity contracts	-	23.7	-	-	-	134.1	-	-
Net exposure	(176.6)	(455.0)	118.3	(17.5)	(12.7)	(185.3)	133.0	(16.2)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2010	2009	2010	2009
Euro:USD	1.3257	1.3948	1.3362	1.4406
Euro:AUD	1.4423	1.7727	1.3136	1.6008

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Sensitivity analysis

Nyrstar's results are significantly affected by changes in foreign exchange rates. Sensitivities to variations in foreign exchange rates are depicted in the following table, which sets out the estimated impact on Nyrstar's full year results and equity.

Parameter	Variable	Year Ended December 31, 2010 Estimated impact € million	Year Ended December 31, 2009 Estimated impact € million
US\$/€	+/- €0.01	+/- 10.4	+/- 7.8
AUD/€	+/- €0.01	-/+ 3.5	-/+ 3.1

The above sensitivities were calculated by modelling Nyrstar's 2010 and 2009 underlying operating performance. Exchange rates are based on an average value observed during that period and are varied in isolation to determine the impact on Nyrstar's full year results and equity.

(d) Commodity price risk management

Nyrstar is exposed to commodity price volatility on commodity sales and raw materials purchased. Nyrstar may enter into zinc, lead and silver futures and swap contracts to hedge certain

forward fixed price sales to customers in order to achieve the relevant metal price at the date that the transaction is settled. Nyrstar may enter into zinc and lead futures and swap contracts to more closely align the time at which the price for externally sourced concentrate purchases is set to the

time at which the price for the sale of metal produced from that concentrate is set. These instruments are referred to as 'metal at risk' hedges and the terms of these contracts are normally between one and three months.

The following table sets out a summary of the face value of derivative contracts hedging commodity price risks at 31 December 2010.

31 December 2010	Average Price US \$	6 mths or less € million	6-12 mths € million	12-18 mths € million	18 mths + € million	Total € million
per tonne						
Zinc						
Contracts purchased	2,085	(92.5)	(58.8)	(23.1)	(21.5)	(195.9)
Contracts sold	2,245	116.7	0.8	0.2	-	117.7
Net position		24.2	(58.0)	(22.9)	(21.5)	(78.2)
Lead						
Contracts purchased	2,505	(7.4)	-	-	-	(7.4)
Contracts sold	2,245	35.0	-	-	-	35.0
Net position		27.6	-	-	-	27.6
per ounce						
Silver						
Contracts purchased	28.25	(33.8)	(2.0)	-	-	(35.8)
Contracts sold	28.65	110.1	-	-	-	110.1
Net position		76.3	(2.0)	-	-	74.3

The following table sets out a summary of the face value of derivative contracts hedging commodity price risks at 31 December 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2009	Average Price US\$	6 mths or less € million	6-12 mths € million	12-18 mths € million	18 mths + € million	Total € million
per tonne						
Zinc						
Contracts purchased	1,941	(40.4)	(14.6)	(0.8)	(0.2)	(56.0)
Contracts sold	2,332	130.8	3.8	0.5	0.1	135.2
Net position		90.4	(10.8)	(0.3)	(0.1)	79.2
Lead						
Contracts purchased	2,386	(3.4)	-	-	-	(3.4)
Contracts sold	2,314	16.4	-	-	-	16.4
Net position		13.0	-	-	-	13.0
per ounce						
Silver						
Contracts purchased	17.71	(2.9)	-	-	-	(2.9)
Contracts sold	17.46	44.7	-	-	-	44.7
Net position		41.8	-	-	-	41.8

Sensitivity analysis

Nyrstar's results are significantly affected by changes in metal prices. Sensitivities to variations in metal prices are depicted in the following table, which sets out the estimated impact on Nyrstar's full year results and equity.

Parameter	Variable	Year Ended December 31, 2010 Estimated impact € million	Year Ended December 31, 2009 Estimated impact € million
Zinc price	+/- US\$100/tonne	+/- 25.0	+/-19.0
Lead price	+/- US\$100/tonne	+/- 0.5	+/- 0.7

The above sensitivities were calculated by modelling Nyrstar's 2010 and 2009 underlying operating performance. Metal prices are based on an average value observed during that period and are varied in isolation to determine the impact on Nyrstar's full year results and equity.

(e) Financial Instruments by category

Assets per statement of financial position € million	31 December 2010				31 December 2009			
	Loans and Receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Total	Loans and Receivables	Assets at fair value through profit and loss	Derivatives used for hedging	Total
Derivative financial instruments	-	20.3	40.2	60.5	-	21.5	68.0	89.5
Trade and other receivables excluding prepayments	209.6	-	-	209.6	160.1	-	-	160.1
Cash and cash equivalents	160.6	-	-	160.6	84.0	-	-	84.0
Total	370.2	20.3	40.2	430.7	244.1	21.5	68.0	333.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Liabilities per statement of financial position € million	31 December 2010				31 December 2009			
	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total	Liabilities at fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Total
Borrowings (excluding finance lease liabilities)	-	-	(456.3)	(456.3)	-	-	(120.7)	(120.7)
Finance lease liabilities	-	-	(0.5)	(0.5)	-	-	(1.3)	(1.3)
Derivative financial instruments	-	(30.2)	-	(30.2)	(5.8)	(11.7)	-	(17.5)
Trade and other payables	-	-	(314.0)	(314.0)			(248.6)	(248.6)
Total	-	(30.2)	(770.8)	(801.0)	(5.8)	(11.7)	(370.6)	(388.1)

(f) Interest rate risk management

Nyrstar's exposure to interest rate risk and along with sensitivity analysis on a change of 100 basis points in interest rates at balance date on interest bearing assets and liabilities is set out below:

		Sensitivity Analysis						
		Income statement			Equity			
Interest rate risk exposures 31 December 2010	Notes	Floating interest rate €m	Fixed interest rate €m	Total €m	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets								
Cash	21	160.6	-	160.6	1.6	(0.8)	1.6	(0.8)
Financial liabilities								
Loan facility	23	-	(13.1)	(13.1)	-	-	-	-
Borrowings – Fixed rate bonds	23	-	(224.7)	(224.7)	-	-	-	-
Borrowings – SCTF credit facility	23	(107.0)	-	(107.0)	(1.1)	0.3	(1.1)	0.3
Borrowings – convertible bonds	23	-	(111.5)	(111.5)	-	-	-	-
Lease liability	23		(0.5)	(0.5)	-	-	-	-
Net interest bearing financial assets / (liabilities)		53.6	(349.8)	(296.2)	0.5	(0.5)	0.5	(0.5)

		Sensitivity Analysis						
		Income statement			Equity			
Interest rate risk exposures 31 December 2009	Notes	Floating interest rate €m	Fixed interest rate €m	Total €m	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Financial assets								
Cash	21	84.0	-	84.0	0.9	(0.2)	0.9	(0.2)
Financial liabilities								
Loan facility	23	-	(11.5)	(11.5)	-	-	-	-
Borrowings – Fixed rate bonds		-	-	-	-	-	-	-
Borrowings – SCTF credit facility		-	-	-	-	-	-	-
Borrowings – convertible bonds	23	-	(109.2)	(109.2)	-	-	-	-
Lease liability	23	-	(1.3)	(1.3)				
Net interest bearing financial assets / (liabilities)		84.0	(122.0)	(38.0)	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(g) Fair value of financial assets and financial liabilities

The carrying amount of all financial assets and liabilities recognised at amortised cost on the combined statement of financial position approximates their fair value.

€ million	31 December 2010		31 December 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Trade and other receivables	209.6	209.6	160.1	160.1
Investments in equity securities	9.8	9.8	5.5	5.5
Cash and cash equivalents	160.6	160.6	84.0	84.0
	380.0	380.0	249.6	249.6
Forward exchange contracts used for hedging:				
Assets				
Commodity contracts – fair value hedges	39.2	39.2	56.5	56.5
Foreign exchange contracts – cash flow hedges	1.1	1.1	-	-
Foreign exchange contracts – held for trading	7.6	7.6	0.8	0.8
Embedded derivative	12.6	12.6	32.2	32.2
	60.5	60.5	89.5	89.5
Forward exchange contracts used for hedging:				
Liabilities				
Commodity contracts – fair value hedges	(23.6)	(23.6)	(11.7)	(11.7)
Foreign exchange contracts – held for trading	(1.2)	(1.2)	(5.8)	(5.8)
Embedded derivative	(5.4)	(5.4)	-	-
	(30.2)	(30.2)	(17.5)	(17.5)
Unsecured bank loans				
Other loans	-	-	(1.0)	(1.0)
Borrowings – fixed rate bonds	(224.7)	(224.7)	-	-
Borrowings – SCTF credit facility	(107.0)	(107.0)	-	-
Borrowings – convertible bonds	(111.5)	(111.5)	(109.2)	(109.2)
Finance lease liabilities	(0.5)	(0.5)	(1.3)	(1.3)
Trade and other payables	(314.0)	(314.0)	(248.6)	(248.6)
	(770.8)	(770.8)	(370.6)	(370.6)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table presents the fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices in active markets for identical assets or liabilities (level 1).
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Input for the asset or liability that are not based on observable market data (level 3)

31 December 2010

€ million	Level 1	Level 2	Level 3	Total
Investments in equity securities	5.5	-	4.3	9.8
	5.5	-	4.3	9.8

Forward exchange contracts used for hedging: Assets

Commodity contracts – fair value hedges	-	39.2	-	39.2
Foreign exchange contracts – held for trading	-	7.6	-	7.6
Foreign exchange contracts – cash flow hedge	-	1.1	-	1.1
Embedded derivative	-	12.6	-	12.6
	-	60.5	-	60.5

Forward exchange contracts used for hedging: Liabilities

Commodity contracts – fair value hedges	-	(23.6)	-	(23.6)
Foreign exchange contracts – held for trading	-	(1.2)	-	(1.2)
Embedded derivative	-	(5.4)	-	(5.4)
	-	(30.2)	-	(30.2)

31 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.

As at 31 December	2010 €m	2009 €m
Within one year	15.0	22.9
Later than one year but not later than five years	-	0.1
	15.0	23.0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 Operating leases

The value of commitments in relation to operating leases contracted for but not recognised as liabilities at the reporting date are set out in the table below.

As at 31 December	2010 €m	2009 €m
Within one year	0.8	1.9
Later than one year but not later than five years	1.4	4.0
	2.2	5.9

Lease rentals for the period ended 31 December 2010 amounting to € 4.4 million (31 December 2009: € 3.3 million) relating to the lease of property and machinery respectively, have been included in the income statement.

33 Contingencies

Guarantees

As at 31 December	2010 €m	2009 €m
Guarantees provided by Nyrstar		
Workers' compensation	5.3	7.2
Environmental	42.0	40.0
Supplier	7.7	-
Other	4.2	0.7
	59.2	47.9
Guarantees received by Nyrstar		
Supplier	0.2	0.9
	0.2	0.9

Legal actions

Nyrstar is the subject of a number of claims and legal proceedings incidental to the normal conduct of its business. Management does not believe that such claims and proceedings are likely, on aggregate, to have a material adverse effect on the financial condition of Nyrstar.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34 Related parties

(a) Transactions with related parties

No transactions with related parties occurred in the period to 31 December 2010.

(b) Key management compensation

BOARD OF DIRECTORS	2010	2009
For the year ended 31 December	€m	€m
- Salaries and other compensation:		
Fixed portion	0.5	0.4
Variable portion	-	-
- Number of shares held	-	-

NYRSTAR MANAGEMENT COMMITTEE	2010	2009
For the year ended 31 December	€m	€m
- Salaries and other compensation:		
Fixed portion	2.1	2.0
Variable portion (paid during period)	1.3	0.8
- Other benefits	1.2	0.9
- Number of shares held	1,094,497	405,150

Other benefits comprised of relocation-related allowances, housing allowances and pension contributions.

35 Audit and non-audit services provided by the Company's statutory auditor

During the period, the auditor received fees for audit and non audit services provided to the Group as follows:

For the year ended 31 December	2010	2009
	€'000	€'000
Audit services	673.4	615.6
Non audit services	523.3	364.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

36 Group entities

The holding company and subsidiaries included in the Group's Consolidated Financial Statements are:

Entity	Belgian company number	Country of Incorporation	Ownership
Nyrstar Netherlands (Holdings) B.V.		The Netherlands	100%
Nyrstar Budel B.V.		The Netherlands	100%
Budelco B.V.		The Netherlands	100%
Buzifac B.V.		The Netherlands	100%
Buzipon B.V.		The Netherlands	100%
Buzisur B.V.		The Netherlands	100%
Nyrstar Australia Pty Ltd		Australia	100%
Nyrstar International B.V.		The Netherlands	100%
Nyrstar Netherlands Trading BV		The Netherlands	100%
Nyrstar Hobart Pty Ltd		Australia	100%
Nyrstar Metals Pty Ltd		Australia	100%
Nyrstar Port Pirie Pty Ltd		Australia	100%
Nyrstar US Inc.		United States	100%
Nyrstar Holdings Inc.		United States	100%
Nyrstar Taylor Chemicals Inc.		United States	100%
Nyrstar Clarksville Inc.		United States	100%
Nyrstar Tennessee Mines - Gordonsville LLC		United States	100%
Nyrstar Tennessee Mines - Strawberry Plains LLC		United States	100%
Nyrstar IDB LLC		United States	100%
Compania Minera San Juan (Peru) S.A.		Peru	100 %
Nyrstar Belgium SA/NV	RPR 0865.131.221	Belgium	100%
Nyrstar France SAS		France	100%
Galva 45 S.A.		France	66%
GM-Metal SAS		France	100%
Nyrstar Germany GmbH		Germany	100%
Nyrstar NV	RPR 0888.728.945	Belgium	100%
Nyrstar Sales & Marketing NV	RPR 0811.219.314	Belgium	100%
Nyrstar Finance International NV	RPR 0889.716.167	Belgium	100%
Nyrstar UK Pty Ltd		United Kingdom	100%
Nyrstar Spain & Portugal S.L.		Spain	100%
Nyrstar Trading GmbH		Austria	100%
Nyrstar Italy S.R.L.		Italy	100%
Nyrstar Sales & Marketing AG		Switzerland	100%
Nyrstar Finance International AG		Switzerland	100%
Minera Huallanca S.A.		Peru	100%
Nyrstar Peru Metal S.A.		Peru	100%
Nyrstar Peru S.A.		Peru	100%
Nyrstar US Trading Inc.		United States	100%
Nyrstar France Trading SAS		France	100 %
Nyrstar Canada (Holdings) Ltd		Canada	100 %

37 Subsequent events

On 5 January 2011, Nyrstar successfully completed its acquisition of Farallon, the owner of the Campo Morado zinc-rich polymetallic mining operation in Mexico, by way of a friendly takeover for approximately CAD 409 million (approximately € 296 million).

On 6 January 2011, Nyrstar NV held a second extraordinary general shareholders' meeting to vote on a proposal to permit a rights offering in an amount of up to €500 million. The proposal was approved by the EGM.

Statutory auditor's report on the consolidated financial statements

as at 31 December 2010



FREE TRANSLATION

NYRSTAR NV

**Report of the statutory auditor to the
general meeting of shareholders of Nyrstar
NV on the consolidated financial statements
as of and for the year ended 31 December
2010**

23 February 2011



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REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF SHAREHOLDERS OF NYRSTAR NV ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2010

In accordance with legal and statutory requirements, we report to you on the performance of our audit mandate. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the consolidated financial statements of Nyrstar NV ("the Company") and its subsidiaries (jointly "the Group"), prepared in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated accounts comprise the statement of financial position as of 31 December 2010 and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the summary of significant accounting policies and the other explanatory notes. The total of the consolidated statement of financial position amounts to € 2,103.0 million and the consolidated statement of income shows a profit for the year (Group share) of € 72.2 million.

The board of directors of the Company is responsible for the preparation of the consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing, legal requirements and auditing standards applicable in Belgium, as issued by the "Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren". Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.



In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. We have also evaluated the appropriateness of the accounting policies used, the reasonableness of accounting estimates made by the Group and the presentation of the consolidated financial statements, taken as a whole. Finally, we have obtained from management and responsible officers of the Group the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net worth and financial position as of 31 December 2010 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation of the management report and its content are the responsibility of the board of directors.

Our responsibility is to supplement our report with the following additional comment, which does not modify our audit opinion on the financial statements:

- The management report on the consolidated financial statements includes the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the Group is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

Sint-Stevens-Woluwe, 23 February 2011

PricewaterhouseCoopers Bedrijfsrevisoren BCVBA
Represented by

Peter Van den Eynde
Bedrijfsrevisor

Nyrstar NV summarised (non-consolidated) financial statements

as at 31 December 2010

The annual accounts prepared under Belgian GAAP are presented below in summarised form. In accordance with the Belgian Company Code, the annual accounts of Nyrstar NV together with the management report and the statutory auditor's report will be deposited with the National Bank of Belgium.

These documents may also be obtained on request from: Nyrstar NV, Zinkstraat 1, B- 2490 Balen (Belgium).

The statutory auditor, PricewaterhouseCoopers Reviseurs d'Enterprises represented by Peter Van den Eynde has expressed an unqualified opinion on the annual statutory accounts of Nyrstar NV.

Balance sheet

€ thousands	As at 31 December 2010	As at 31 December 2009
ASSETS		
Non-current assets	1,936,826	2,038,623
Formation expenses	-	3,479
Intangible assets	3,438	4,190
Property, plant and equipment	3,058	4,260
Financial assets	1,930,330	2,026,694
Current assets	73,986	19,843
Total assets	2,010,812	2,058,466
LIABILITIES		
Shareholders' equity	1,626,938	1,542,753
Issued share capital	1,490,760	1,490,760
Share premium	8,818	8,818
Legal reserve	9,772	5,563
Undistributable reserves	31,012	1,733
Available reserves	-	-
Retained earnings	86,576	35,879
Provisions for risks and charges	9,805	7,680
Liabilities	374,069	508,033
Non-current Liabilities	336,114	109,544
Current Liabilities	37,955	398,489
Total equity and Liabilities	2,010,812	2,058,466

Income Statement

€ thousands	As at 31 December 2010	As at 31 December 2009
Operating income	50,745	43,423
Operating charges	(50,431)	(57,632)
Operating result	314	(14,209)
Financial income	97,883	75,222
Financial charges	(23,490)	(11,355)
Ordinary result before taxes	74,707	49,658
Exceptional result	9,600	-
Income taxes	(122)	(254)
Net result	84,185	49,404
Result allocation		
Retained earnings from prior year	35,879	(705,169)
Transfer from capital and share premium	-	704,114
Transfer from reserves	-	1,055
Addition to the legal reserves	4,209	2,470
Addition to the other reserves	29,278	1,055
Dividends to be distributed	-	10,000
Profit/loss to be carried forward	86,577	35,879

Glossary of key industry terms

Acid plant A facility that recovers sulphur dioxide from discharged gases and manufactures sulphuric acid from it.

Ag Chemical symbol for silver.

Alloy Metal containing several components.

Alloying A technique of combining or mixing two or more metals to make an entirely new metallic compound; for example, mixing copper and tin creates bronze.

As Chemical symbol for arsenic.

Base Metal Non precious metal, usually refers to copper, lead, and zinc.

Blast furnace A tall shaft furnace used to smelt sinter and produce crude lead bullion and a slag.

Bullion Crude metal that contains impurities; needs to be refined to make market quality metal.

Cadmium A soft bluish white ductile malleable toxic bivalent metallic element; occurs in association with zinc ores.

C1 cash costs The costs of mining, milling and concentrating, on-site administration and general expenses, property and production royalties not related to revenues or profits, metal concentrate treatment charges, and freight and marketing costs less the net value of the by-product credits.

CAGR Compound Annual Growth Rate.

Calcine Product of roasting zinc sulphide concentrates; mainly zinc oxide, also with silica and iron compounds, lead compounds, minor elements and residual combined sulphur.

Capping Rock overlying the mineral body of a mine.

Cathode Negatively charged electrode in electrolysis; in zinc and cadmium electrolysis, the cathode is a flat sheet of aluminum.

Cell house The location in the production process where zinc metal is electrolytically plated onto aluminum cathodes.

Cement, cementation The process of obtaining a metal from a solution of one of its compounds by precipitation with another metal (e.g., obtaining copper from a solution of copper sulphate by adding metallic zinc).

CGG Continuous Galvanizing Grade zinc; contains alloying agents such as aluminum, lead and selenium in specific qualities desired by customers; used in continuous strip galvanizing plants.

Cobalt A hard, lustrous, silver-grey metal.

Coke Product made by de-volatilization of coal in the absence of air at high temperature.

Concentrate Material produced from metalliferous ore by mineral processing or beneficiation; commonly based on sulphides of zinc, lead and copper; in a concentrate, the abundance of a specific mineral is higher than in the ore.

Continuous galvanizing A system for providing a continuous supply of material to be galvanized.

Conversion Price Operating cost for a smelter to produce market quality metal, not including the cost of raw materials.

Copper cementate Metallic copper obtained by cementation.

Copper sulphate A copper salt made by the action of sulphuric acid on copper oxide.

Desilverizing A method for removing silver from lead.

Dewatering A process usually used to remove water from wet solids or slurries by draining, pressing, pumping.

Die casting A process for producing parts in large quantities, by injecting molten metal under pressure into a steel die.

dmt Dry metric tonne.

doré Unrefined gold and silver bullion bars, usually consisting of approximately 90% precious metals, which are to be further refined to almost pure metal.

Electrolysis The process by which metals (here zinc, cadmium, and copper) are 'won' or deposited from solution onto a cathode by the passage of an electric current through the solution between anode and cathode.

Electrolyte Solution containing metals (here zinc, cadmium, copper and silver) circulating in an electrolysis cell.

Electrolytic smelting Smelting that roasts and then leaches concentrates to produce a zinc bearing solution. Zinc is subsequently recovered from the solution using electro winning and then melted and cast into slabs.

Electrowinning The process of removing metal from a metal bearing solution by passing an electric current through the solution.

EPA Environment Protection Authority of a state, provincial or federal government.

EZDA Proprietary zinc die casting alloy made at the Hobart smelter; the alloy contains aluminum and magnesium.

Flotation A method of mineral concentration, usually of sulphide ores, by which valuable mineral particles adhere to froth bubbles for collection as a concentrate; waste particles remain in the slurry for eventual disposal as a tailing.

Fluxes Additives to a feed mix made to produce a fluid slag in the furnace; typical fluxes are lime, silica and iron oxide.

Fuming, fume A process for recovering of zinc and lead from molten lead blast furnace slag by injecting coal; the metals are removed as vapors in the gas stream, and are deoxidized to form a fume that is collected.

Galvanizing Process of coating steel sheet or fabricated products with a thin layer of zinc for corrosion protection.

Germanium A brittle grey crystalline element that is a semiconducting metalloid (resembling silicon).

Grade Quantity of metal per unit weight of host rock.

Greenhouse gases Gaseous components of the atmosphere that contribute to the greenhouse effect.

Grinding Size reduction to relatively fine particles.

Gypsum Calcium sulphate, hydrated.

Hydrometallurgical The treatment of ores and concentrates using a wet process that usually involves the dissolution of some component and its subsequent recovery from solution.

Indium A rare, soft silvery metallic element.

Induction furnace Furnace that heats metals without fuel combustion; the metal is heated by an electromagnetic field created by electrical windings or inductors.

Intermediate copper cementate See: Cementation.

ISF—Imperial Smelter Furnace A blast furnace smelting technology in which a zinc and lead-bearing sinter and coke are heated in a furnace. The zinc is volatilized and subsequently recovered prior to further refining and casting into slabs.

JORC Code The 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

kt Thousand tonnes.

lb Pound.

Leachate The liquid produced when water percolates through any permeable material.

Leaching A process using a chemical solution to dissolve solid matters.

Lead sulphate A white crystal or powder compound of lead, sulphur and oxygen. It often forms at and is most readily seen at the terminals of lead acid car batteries. In this Prospectus it describes a residue produced in the leach stage of zinc smelters.

Life-of-mine Number of years that an operation is planning to mine and treat ore, taken from the current mine plan.

LME London Metal Exchange.

Lost time injury rate Twelve month rolling averages of the number of lost time injuries per million hours worked, and include all employees and contractors across all operations.

Matte Mixed sulphide compound produced in a furnace; at the Port Pirie smelter matte is a lead-copper sulphur material.

NI 43-101 The Canadian Securities Administrators National Instrument 43-101 Standards of Disclosure for Mineral Projects.

Ore Mineral bearing rock.

Oxidation The process by which minerals are altered by the addition of oxygen in the crystal structures.

Oxide washing Process to remove halides from zinc secondaries.

Paragoethite Form of goethite made as a by-product of zinc production, so named since the process differs from the normal "goethite process".

Pb Lead.

Pyrometallurgy Extractive metallurgy—the production of metals from ores and concentrates—based on use of high temperature furnaces.

Recordable environmental incident An event at any operation (including Nyrstar's joint ventures) requiring reporting to a relevant environmental authority relating to non-compliance with license conditions. Statistics are correct as of the date an accident is reported, but may be subject to adjustment based on subsequent internal audit or regulatory review.

Recordable injuries Any injury requiring medical treatment beyond first aid.

Recordable injury rate Twelve month rolling averages of the number of recordable injuries per million hours worked, and include all employees and contractors across all operations.

Reductant The element in a reduction oxidation (redox) reaction that reduces the other element involved in the reaction to a lower oxidation state. For example converting the lead in lead oxide to lead metal in a blast furnace uses the carbon contained in coke as a reductant.

Refining Charge or RC An annually negotiated fee that may be linked to metal prices, paid by the miner or seller of precious metals to a smelter as a concession on the cost of the metal concentrate or secondary feed materials that the smelter purchases.

RLE process Roast Leach Electrowin; technology used for the production of zinc and which combines the roasting, leaching and electrowinning processes. See also definition of each individual process.

Roaster In zinc production, a fluid-bed furnace used to oxidize zinc sulphide concentrates; operates typically at 930-970°C; air injected through the furnace bottom 'fluidizes' the bed of fine combusting solids.

Roasting The process of burning concentrates in a furnace to convert the contained metals into a more readily recovered form.

Secondaries See: Secondary feed materials.

Secondary feed materials By-products of industrial processes such as smelting and refining that are then available for further treatment/recycling. It also includes scrap from metal machining processes and from end-of-life materials.

SHG Special High Grade Zinc; minimum 99.995% zinc; premium quality, used by die casters; traded on the LME; attracts a price margin over lower grades.

Silica The chemical compound silicon dioxide, also known as silica, is the oxide of silicon.

Sinter A hard, porous, agglomerated intermediate material made by oxidation at moderately high temperature of sulphide concentrates, fluxes and returns on a grate conveyor termed a sinter machine.

Slag Mixture of oxides produced in molten form in a furnace at high temperature.

Smelting Chemical reduction of a metal from its ore by fusion.

Softening Oxidation process that removed arsenic and antimony from lead bullion; so named as arsenic and antimony make lead into a hard alloy.

Solvent extraction Method used in hydrometallurgy for metal recovery and/or purification; metal(s) are transferred to and from a selective organic liquid that is dissolved in a type of kerosene.

Spent electrolyte Electrolyte discharged from the electrolysis cells; compared with the feed electrolyte, the solution has a lower level of the metal being electrowon (i.e., zinc, copper) and correspondingly elevated acid level.

Stripping Removal of metal from material on which it has precipitated or been adsorbed, e.g., gold from carbon or copper from cathodes.

Sulphate A salt or ester of sulphuric acid.

Sulphide concentrate The product, usually of the flotation process, in which sulphide particles are removed from the crushed rock, containing predominantly sulphide minerals.

Sulphides Minerals consisting of a chemical combination of sulphur with metals.

t Metric tonne.

Tailings Material rejected from a treatment plant after the recoverable valuable minerals have been extracted.

Treatment Charge or TC An annually negotiated fee that may be linked to metal prices, paid by the miner or seller to a smelter as a concession on the cost of the metal concentrate or secondary materials that the smelter purchases.

Zn Zinc.



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ANNUAL REPORT

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