

Nyrstar

Unaudited Interim Condensed Consolidated Financial Statements

30 June 2014

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	Note	six months ended 30 Jun 2014	six months ended 30 Jun 2013
Revenue		1,353.7	1,430.4
Raw materials used		(668.6)	(766.1)
Freight expense		(47.9)	(42.2)
Gross profit		637.2	622.1
Other income	15	4.6	48.9
Employee benefits expense		(200.2)	(202.5)
Energy expenses		(142.2)	(175.1)
Stores and consumables used		(89.8)	(93.5)
Contracting and consulting expense		(70.6)	(80.9)
Other expense		(29.9)	(42.6)
Depreciation, amortisation and depletion		(124.1)	(105.7)
Result from operating activities before exceptional items		(15.0)	(29.3)
M&A related transaction expense		(0.1)	(0.6)
Restructuring expense		(3.0)	(10.5)
Impairment loss	5	-	(12.1)
Result from operating activities		(18.1)	(52.5)
Finance income		0.6	0.3
Finance expense		(59.0)	(48.8)
Net foreign exchange loss		(1.7)	(1.2)
Net finance expense		(60.1)	(49.7)
Share of profit of equity accounted investees		0.1	0.4
Gain on the disposal of equity accounted investees		1.0	-
Loss before income tax		(77.1)	(101.8)
Income tax benefit	4	11.5	10.3
Loss for the period		(65.6)	(91.5)
Attributable to:			
Equity holders of the parent		(65.6)	(91.5)
Loss per share for profit attributable to the equity holders of the Company during the period (expressed in EUR per share)			
basic	16	(0.42)	(0.58)
diluted	16	(0.42)	(0.58)

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	six months ended 30 Jun 2014	six months ended 30 Jun 2013
Loss for the period		(65.6)	(91.5)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign currency translation differences		24.7	(21.2)
(Losses) / gains on cash flow hedges		(4.3)	48.1
Less: transfers to the income statement		0.4	8.3
Income tax benefit / (expense)		0.7	(13.7)
Change in fair value of investments in equity securities		2.4	(8.6)
Less: transfers to the income statement	5	-	11.7
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit plans		-	-
Income tax benefit		-	0.6
Other comprehensive income for the period, net of tax		23.9	25.2
Total comprehensive loss for the period		(41.7)	(66.3)
Attributable to:			
Equity holders of the parent		(41.7)	(66.3)
Non-controlling interest		-	-
Total comprehensive loss for the period		(41.7)	(66.3)

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	as at 30 Jun 2014	as at 31 Dec 2013
Property, plant and equipment	7	1,768.3	1,771.5
Intangible assets		10.1	10.3
Investments in equity accounted investees		16.4	18.6
Investments in equity securities	5,10	30.0	27.5
Zinc purchase interest	8	223.4	224.3
Deferred income tax assets		148.5	120.6
Other financial assets		15.2	10.4
Other assets		2.9	3.2
Total non-current assets		2,214.8	2,186.4
Inventories		516.1	515.6
Trade and other receivables		204.7	174.9
Prepayments		12.4	17.5
Current income tax assets		4.9	6.5
Other financial assets	10	8.0	26.6
Cash and cash equivalents		309.5	292.3
Total current assets		1,055.6	1,033.4
Total assets		3,270.4	3,219.8
Share capital and share premium		1,649.7	1,649.7
Reserves	18	(244.8)	(274.5)
Accumulated losses		(570.3)	(505.6)
Total equity attributable to equity holders of the parent		834.6	869.6
Non-controlling interest		-	-
Total equity		834.6	869.6
Loans and borrowings	9	621.9	839.9
Deferred income tax liabilities		182.7	174.2
Provisions		217.1	208.6
Employee benefits		70.5	71.0
Other financial liabilities	10	2.0	3.9
Other liabilities		55.6	55.6
Total non-current liabilities		1,149.8	1,353.2
Trade and other payables		524.8	486.0
Current income tax liabilities		4.2	17.1
Loans and borrowings	9	340.6	121.9
Provisions		14.0	17.1
Employee benefits		40.3	33.1
Other financial liabilities	10	28.7	20.8
Deferred income	11	328.4	294.7
Other liabilities		5.0	6.3
Total current liabilities		1,286.0	997.0
Total liabilities		2,435.8	2,350.2
Total equity and liabilities		3,270.4	3,219.8

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Note	Share capital	Share premium	Reserves	Accumulated losses	Total amount attributable to shareholders	Non-controlling interest	Total equity
As at 1 Jan 2014		1,297.6	352.1	(274.5)	(505.6)	869.6	-	869.6
Loss for the period		-	-	-	(65.6)	(65.6)	-	(65.6)
Other comprehensive income		-	-	23.9	-	23.9	-	23.9
Total comprehensive loss		-	-	23.9	(65.6)	(41.7)	-	(41.7)
Treasury shares	15	-	-	5.8	(0.5)	5.3	-	5.3
Share-based payments		-	-	-	1.4	1.4	-	1.4
As at 30 Jun 2014		1,297.6	352.1	(244.8)	(570.3)	834.6	-	834.6

EUR million	Note	Share capital	Share premium	Reserves	Accumulated losses	Total amount attributable to share holders	Non-controlling interest	Total equity
As at 1 Jan 2013		1,324.8	352.1	(207.5)	(307.6)	1,161.8	-	1,161.8
Loss for the period		-	-	-	(91.5)	(91.5)	-	(91.5)
Other comprehensive income		-	-	24.6	0.6	25.2	-	25.2
Total comprehensive loss		-	-	24.6	(90.9)	(66.3)	-	(66.3)
Change in par value		-	-	3.2	(3.2)	-	-	-
Treasury shares	15	-	-	(29.8)	(11.7)	(41.5)	-	(41.5)
Distribution to shareholders (capital decrease)	12	(27.2)	-	-	-	(27.2)	-	(27.2)
Share-based payments		-	-	-	3.0	3.0	-	3.0
As at 30 Jun 2013		1,297.6	352.1	(209.5)	(410.4)	1,029.8	-	1,029.8

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	six months ended 30 Jun 2014	six months ended 30 Jun 2013
Loss for the year		(65.6)	(91.5)
Adjustment for:			
Depreciation, amortisation and depletion		124.1	105.7
Income tax benefit		(11.5)	(10.3)
Net finance expense		60.1	49.7
Share of profit in equity accounted investees		(0.1)	(0.4)
Impairment loss	5	-	12.1
Equity settled share based payment transactions		1.9	3.1
Other non-monetary items	15	4.2	(54.8)
Gain on disposal of equity accounted investees		(1.0)	-
Gain on sale of property, plant and equipment		(1.2)	(1.2)
Cash flow from operating activities before working capital changes		110.9	12.4
Change in inventories		4.8	171.6
Change in trade and other receivables		(27.9)	(2.6)
Change in prepayments		5.3	(6.1)
Change in deferred income		30.7	98.5
Change in trade and other payables		47.4	(163.9)
Change in other assets and liabilities		14.5	18.0
Change in provisions and employee benefits		4.2	(17.8)
Income tax paid		(23.1)	(15.7)
Cash flow from operating activities		166.8	94.4
Acquisition of property, plant and equipment	7	(90.4)	(109.4)
Acquisition of intangible assets		(0.4)	(0.6)
Proceeds from sale of property, plant and equipment		1.6	1.5
Proceeds from sale of intangible assets		1.2	-
Acquisition of investment in equity securities		-	(0.2)
Proceeds from sale of equity accounted investees		3.3	-
Interest received		0.5	0.3
Cash flow used in investing activities		(84.2)	(108.4)
Sale of own shares	15	4.9	-
Proceeds from borrowings		-	0.5
Repayment of borrowings		(3.1)	(1.2)
Change in SCTF		-	-
Interest paid		(69.9)	(62.0)
Cash flow used in financing activities		(68.1)	(62.7)
Net increase / (decrease) in cash held		14.5	(76.7)
Cash at beginning of the reporting period		292.3	188.1
Exchange fluctuations		2.7	1.6
Cash at end of the reporting period		309.5	113.0

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

1. GENERAL INFORMATION

On 29 October 2007, Nyrstar NV ("Nyrstar" or the "Company") commenced trading on Euronext Brussels Stock Exchange. The company is incorporated and domiciled in Belgium. The unaudited interim condensed consolidated financial statements of the Company as at and for the six months ended 30 June 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

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

The unaudited interim condensed consolidated financial statements of the Group as at and for the six months ended 30 June 2014 are available upon request from the Company's registered office at Zinkstraat 1, 2490 Balen, Belgium or at <http://www.nyrstar.com/>.

The unaudited interim condensed consolidated financial statements were authorised for issue by the Board of Directors of Nyrstar NV on 23 July 2014.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These unaudited interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. They do not include all of the information required for full annual financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS") and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2013 (available at <http://www.nyrstar.com>). The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2014 have been prepared on a going concern basis as the directors believe there are no material uncertainties that would lead to significant doubt that the Group can continue as a going concern in the foreseeable future.

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

(b) Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2013, except for the adoption of the following new and revised standards and interpretations effective as of 1 January 2014:

- IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 (the "Consolidation Standards")
- IFRS 10, 12 and IAS 27 Investment Entities (Amendment)
- IAS 32 Offsetting Financial Assets and Financial Liabilities (Amendment)
- IAS 36 Recoverable Amount Disclosures for Non-Financial Assets (Amendment)
- IAS 39 Novation of Derivatives and Continuation of Hedge Accounting (Amendment)

The nature and impact is described below:

IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28 (the “Consolidation Standards”)

IFRS 10 provides a single basis for consolidation with a new definition of control based on having the power to direct the relevant activities of the investee. IFRS 11 impacts the accounting for joint arrangements, defined as investments or arrangements which are subject to joint control through contractually agreed sharing of control between two or more parties. A joint arrangement is classified as either a joint operation or a joint venture, and the option to proportionately consolidate joint ventures has been removed requiring them to be accounted for under the equity method whilst joint operations are accounted for using the proportionate consolidation method. IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. There were no changes in the accounting previously applied to the Nyrstar subsidiaries and investments as a result of the adoption of the Consolidation Standards. The adoption of the Consolidation Standards required retrospective application.

IFRS 10, 12 and IAS 27 Investment Entities – Amendment to IFRS 10, 12 and IAS 27

Where an entity qualifies as an ‘investment entity’ it does not consolidate its subsidiaries but measure its investments at fair value. The adoption of the amendment to IFRS 10, 12 and IAS 12 did not have a material impact on the Group.

IAS 32 Offsetting Financial Assets and Financial Liabilities – Amendment to IAS 32

The amendments to IAS 32 are intended to clarify existing application issues relating to the offsetting rules and reduce the level of diversity in current practice. Events of default, insolvency or bankruptcy need to be considered in regards to all parties of the arrangement rather than only the counterparty. The amendment has been applied retrospectively and affected presentation only with no impact on the Group’s reported financial position or performance.

IAS 36 Recoverable Amount Disclosures for Non-Financial Assets – Amendment to IAS 36

The amendments to IAS 36 restrict the requirement to disclose the recoverable amount of an asset or CGU to periods in which an impairment loss has been recognized or reversed. They also expand and clarify the disclosure requirements applicable when an asset or CGU’s recoverable amount has been determined on the basis of fair value less cost of disposal. The amendment requires an entity to disclose discount rates that have been used in current and previous measurement of the recoverable amount of impaired assets based on the fair value less costs of disposal using a present value technique. The amendment has been applied retrospectively and has not affected presentation of the Group’s reported financial position or performance.

IAS 39 Novation of Derivatives and Continuation of Hedge Accounting – Amendment to IAS 39

This amendment allows the continuation of hedge accounting when a derivative is novated to a clearing counterparty and certain conditions are met. The amendment response to changes in laws and regulation in some jurisdictions for over the counter derivatives, requiring many of them to be transacted with a central counterparty or entity acting in a similar capacity. The adoption of the amendment to IAS 32 Financial Instruments: Presentation did not have a material impact on the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

3. SEGMENT REPORTING

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

The segmentation and the basis of measurement of ‘Underlying EBITDA’ and components of gross profit are unchanged to those presented in the audited consolidated financial statements as at 31 December 2013.

For the six months ended 30 Jun 2014, EUR million	Mining	Metals Processing	Other and eliminations	Total
Revenue from external customers	45.3	1,308.4	-	1,353.7
Inter-segment revenue	187.9	0.2	(188.1)	-
Total segment revenue	233.2	1,308.6	(188.1)	1,353.7
Payable metal / free metal contribution	168.4	123.9	(1.8)	290.5
Treatment charges	(39.1)	174.4	0.7	136.0
Premiums	-	75.4	0.3	75.7
By-products	90.1	102.2	0.1	192.4
Other	(11.5)	(45.5)	(0.4)	(57.4)
Gross Profit	207.9	430.4	(1.1)	637.2
Employee expenses	(68.6)	(102.4)	(29.2)	(200.2)
Energy expenses	(25.0)	(116.7)	-	(141.7)
Other expenses / income	(77.8)	(88.3)	(19.2)	(185.3)
Direct operating costs	(171.4)	(307.4)	(48.4)	(527.2)
Non-operating and other	(10.6)	(14.8)	25.1	(0.3)
Underlying EBITDA	25.9	108.2	(24.4)	109.7
Depreciation, amortisation and depletion				(124.1)
M&A related transaction expense				(0.1)
Restructuring expense				(3.0)
Impairment loss				-
Embedded derivatives				(0.5)
Gain on the disposal of equity accounted investees				1.0
Net finance expense				(60.1)
Income tax benefit				11.5
Loss for the period				(65.6)
Capital expenditure	(45.7)	(44.9)	(2.0)	(92.6)

For the six months ended 30 Jun 2013, EUR million	Mining	Metals Processing	Other and eliminations	Total
Revenue from external customers	116.4	1,314.0	-	1,430.4
Inter-segment revenue	72.4	-	(72.4)	-
Total segment revenue	188.8	1,314.0	(72.4)	1,430.4
Payable metal / free metal contribution	182.3	116.4	0.7	299.4
Treatment charges	(38.9)	163.9	-	125.0
Premiums	-	60.6	0.1	60.7
By-products	82.6	107.7	-	190.3
Other	0.1	(50.9)	(2.5)	(53.3)
Gross Profit	226.1	397.7	(1.7)	622.1
Employee expenses	(72.0)	(109.9)	(20.6)	(202.5)
Energy expenses	(24.4)	(140.4)	(0.1)	(164.9)
Other expenses / income	(86.6)	(101.4)	(15.3)	(203.3)
Direct operating costs	(183.0)	(351.7)	(36.0)	(570.7)
Non-operating and other	(10.5)	28.4	17.7	35.6
Underlying EBITDA	32.6	74.4	(20.0)	87.0
Depreciation, amortisation and depletion				(105.7)
M&A related transaction expense				(0.6)
Restructuring expense				(10.5)
Impairment loss				(12.1)
Embedded derivatives				(10.2)
Gain on the disposal of equity accounted investees				-
Net finance expense				(49.7)
Income tax benefit				10.3
Loss for the period				(91.5)
Capital expenditure	(50.4)	(56.4)	(4.8)	(111.6)

4. INCOME TAX BENEFIT

Nyrstar recognised an income tax benefit for the six months ended 30 June 2014 of EUR 11.5 million (for the six months ended 30 June 2013: EUR 10.3 million) representing an effective tax rate of 14.9% (30 June 2013: 10.1%). The weighted average tax rate for the Group is calculated by applying the relevant statutory tax rate to the projected annual profit or loss of each Group entity. The resulting tax charges and benefits are then aggregated and divided by the overall Group result. The effective tax rate is impacted by losses incurred by the Group for the six months ended 30 June 2014 for which no tax benefit has been recognised.

Reconciliation of effective tax rate:

EUR million	six month ended 30 Jun 2014	six month ended 30 Jun 2013
Loss before income tax	(77.1)	(101.8)
Tax at aggregated weighted average tax rate (2014: 35.4% / 2013: 30.3%)	27.3	30.9
(Non-deductible) / non-taxable amounts	(1.5)	(4.3)
Net non-recognition of tax assets	(5.6)	(17.8)
Prior year adjustments and tax rate change	(7.3)	4.9
Non-recoverable withholding tax	(1.4)	(3.4)
Income tax benefit	11.5	10.3
Effective tax rate	14.9%	10.1%

5. IMPAIRMENT LOSS

No impairment loss was recognized during the six months ended 30 June 2014.

In the six months ended 30 June 2013 Nyrstar recognised impairment losses of EUR 12.1 million. The majority of these impairment losses relate to an investment in equity securities that has been valued at fair value with mark to market movements recognised in other comprehensive income ("OCI"). Nyrstar has determined that the cumulative loss on the investment of EUR 11.7 million, representing a difference between Nyrstar's acquisition costs and the share price at 30 June 2013, that has been previously recognised in OCI is of a significant and prolonged nature. As a consequence Nyrstar reclassified the loss from OCI to the income statement. The loss is a result of the challenging macroeconomic conditions that continue to negatively impact the commodity and share price environment. This reclassification had no impact on the balance sheet value which continues to be carried at fair value.

The impaired non-core operations were not part of the Mining and Metals Processing segments and the impairment losses therefore remained unallocated.

6. ACQUISITION OF BUSINESS

2014

There were no acquisitions for the six months ended 30 June 2014.

2013

Acquisition of subsidiary: ERAS Metal AS

On 4 December 2013, Nyrstar acquired 100% interest in ERAS Metal AS ("Eras"), the owner of a fuming plant in Hoyanger, Norway. In line with Nyrstar's strategy, the acquisition of Eras provides the opportunity to process alternate valuable feed materials such as Nyrstar smelters' residues and ponds.

As at 31 December 2013, the accounting for the acquisition was done on a provisional basis due to the timing of the acquisition. As at 30 June 2014 the accounting for the acquisition remains provisional and there has not been any changes to the following provisional fair values on acquisition date:

EUR million	Provisional fair values on acquisition
Property, plant and equipment	7.3
Inventories	1.0
Trade receivables	0.6
Cash and cash equivalents	0.1
Provisions	(1.5)
Loans and borrowings	(1.8)
Trade and other payables	(2.8)
Net identifiable assets and liabilities	2.9
Consideration paid, satisfied in cash	2.9
Cash acquired	0.1
Net cash outflow	2.8

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014 the Group's capital expenditure in the normal course of business amounted to EUR 92.2 million (for the six months ended 30 June 2013: EUR 111.0 million).

8. ZINC PURCHASE INTEREST

In February 2010, Nyrstar acquired 1.25 million tonnes of zinc in concentrate for USD 335 million (EUR 242.6 million) from Talvivaara Sotkamo Limited (a member of the Talvivaara Mining Company Plc group "Talvivaara") to be delivered over a number of years (the "Agreement"). As at 30 June 2014, 1.137 million tonnes (31 December 2013 – 1.154 million tonnes) of zinc in concentrate remain to be delivered to Nyrstar.

The asset is depleted through the income statement on the unit of production basis as the underlying tonnes are delivered to Nyrstar.

EUR million	2014	2013
As at 1 January	224.4	237.2
Depletion	(3.1)	(1.4)
Currency translation effects	2.2	2.1
As at 30 June	223.4	237.9

During November 2013 Talvivaara applied for the commencement of corporate reorganisation proceedings under Finland's Restructuring of Enterprises Act (the "Reorganisation"). During December 2013, the responsible Court approved commencement of the Reorganisation and appointed a reorganisation administrator (the "Administrator") to submit a reorganisation plan for the approval by the creditors and the Court. The objective of the process is to reorganise Talvivaara's financial position to facilitate its long term viability.

Further to the background disclosed in the notes to the consolidated financial statements as at 31 December 2013, the following developments have occurred.

Nyrstar has made available to Talvivaara a loan facility up to a maximum amount of EUR 20 million. Nyrstar shall make the facility available in several tranches with the amount of each advance calculated with reference to a corresponding delivery by Talvivaara of zinc in concentrate under the Agreement. The facility is to address Talvivaara's current financing needs and reduce the overall funding gap of Talvivaara prior to reaching sustainable positive cash flow. As at 30 June 2014, EUR 7.7 million has been drawn down under the facility. Nyrstar's obligation to extend financing under the loan facility will cease at the earlier of the aggregate amount outstanding including accrued interest exceeding EUR 20 million or the commencement of a streaming holiday (refer below).

Subject to Talvivaara securing the overall financial solution, Nyrstar has granted Talvivaara an option to enter into a streaming holiday for delivery volumes of up to 80,000 tonnes of zinc in concentrate. During the streaming holiday, Nyrstar commits, outside the Agreement, to purchase zinc concentrate from Talvivaara at market terms. In return, the value sharing mechanism of the original zinc streaming agreement will be amended to reduce on a pro rata basis such that, if the full holiday period is elected, the value sharing mechanism thereafter becomes nil. When applied, the value sharing mechanism allows Talvivaara to receive a cash consideration that is higher than the extraction and processing fee determined in the zinc streaming agreement.

Nyrstar has assessed the recoverability of the Agreement on the basis of Talvivaara continuing as a going concern and delivering into the Agreement. This assessment takes into account the enhanced performance risk due to Talvivaara's current financial situation and the streaming holiday noted above and concludes the EUR 223.4 million carrying value of the Agreement is recoverable.

Considerable uncertainties exist as to the outcome of the Reorganisation, Talvivaara continuing as a going concern and the performance of its obligations under the Agreement. It is currently not possible for Nyrstar to estimate the most likely outcome of the Reorganisation and its impact on the carrying value of the Agreement.

It is possible, though in Nyrstar's view not probable, that the outcome of the Reorganisation will result in the carrying value of the Agreement being impaired. If such an impairment was recognised in the 30 June 2014 financial results, the reported loss for the half-year of EUR 65.6 million would increase by a range of EUR Nil to EUR 176.1 million (being the tax effected carrying value of the zinc purchase interest of EUR 223.4 million). The reported loss for the half-year would then be in a range of EUR 65.6 million to EUR 241.7 million and total equity would be in a range of EUR 834.6 million to EUR 658.5 million. Such impairments would not impact Nyrstar's compliance with financial covenants on existing loan agreements as at 30 June 2014.

9. LOANS AND BORROWINGS

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

EUR million	as at 30 Jun 2014	as at 31 Dec 2013
Convertible bonds	104.4	102.9
Fixed rate bonds	514.5	734.2
Unsecured bank loans	-	1.8
Finance lease liabilities	3.0	1.0
Total non-current loans and borrowings	621.9	839.9
Convertible bonds	119.8	118.5
Fixed rate bonds	219.9	-
Unsecured bank loans	-	2.5
Finance lease liabilities	0.9	0.9
Total current loans and borrowings	340.6	121.9
Total loans and borrowings	962.5	961.8

10. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The carrying amount of all financial assets and liabilities recognised at amortised cost on the interim condensed consolidated statement of financial position approximate their fair value, with the exception of the fixed rate bonds of EUR 734.4 million (31 December 2013: EUR 734.2 million) and the convertible bonds of EUR 224.2 million (31 December 2013: EUR 221.4 million), with fair values based on quoted prices in active markets (Level 1 measurement), of EUR 732.4 million (31 December 2013: EUR 672.6 million) and EUR 220.2 million (31 December 2013: EUR 211.4 million) respectively.

The fair value measurements policies and valuation procedures of Nyrstar's financial assets and liabilities are consistent with the fair value measurement disclosures in the notes to the consolidated financial statements as at 31 December 2013.

EUR million	Valuation technique(s) and key input(s)				Total Jun 30, 2014
		Level 1	Level 2	Level 3	
Investment in equity securities (i)		25.8	-	-	25.8
Commodity contracts – fair value hedges	a	-	4.7	-	4.7
Foreign exchange contracts – held for trading	b	-	3.3	-	3.3
Total		-	8.0	-	8.0
Commodity contracts – fair value hedges	a	-	(14.7)	-	(14.7)
Commodity contracts – cash flow hedges (ii)	a	-	(6.0)	-	(6.0)
Commodity contracts – held for trading	a	-	(2.0)	-	(2.0)
Foreign exchange contracts – held for trading	b	-	(5.3)	-	(5.3)
Embedded derivative	c	-	(2.7)	-	(2.7)
Total		-	(30.7)	-	(30.7)

EUR million	Valuation technique(s) and key input(s)				Total Dec 31, 2013
		Level 1	Level 2	Level 3	
Investment in equity securities (i)		23.3	-	-	23.3
Commodity contracts – fair value hedges	a	-	9.1	-	9.1
Commodity contracts – cash flow hedges (ii)	a	-	4.8	-	4.8
Foreign exchange contracts – held for trading	b	-	11.5	-	11.5
Embedded derivative	c	-	1.2	-	1.2
Total		-	26.6	-	26.6
Commodity contracts – fair value hedges	a	-	(14.4)	-	(14.4)
Foreign exchange contracts – held for trading	b	-	(6.0)	-	(6.0)
Embedded derivative	c	-	(4.3)	-	(4.3)
Total		-	(24.7)	-	(24.7)

(i) All investments in equity securities are measured at level 1 under the fair value measurements using quoted bid prices in an active market, with the exception of the company's investment of EUR 4.2 million (31 December 2013: EUR 4.2 million) in Exeltium SAS, which is a private company and carried at cost and has not been included in the tables above.

(ii) In 2013 Nyrstar entered into a silver sales forward transaction for 5.0 million oz silver, to hedge silver price risk with regard to the funding of the Port Pirie transformation. The above hedges are designated and qualify as cash flow hedges. The effective portion of changes in the fair value of the hedges (EUR 25.8 million) has been recognised outside of the income statement, directly in other comprehensive income in the hedge reserve.

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

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

11. DEFERRED INCOME

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

In June 2014, Nyrstar entered into silver prepay agreements, under which Nyrstar received a USD 125.0 million (EUR 91.5 million) prepayment and agreed to physically deliver 7.4 million oz of silver in equal instalments over a six month period ending December 2014. The silver prepayment is amortised into revenue as the underlying silver is physically delivered. As at 30 June 2014, no silver has been delivered.

In connection with these silver prepay agreements Nyrstar entered into forward purchase contracts with equivalent delivery dates to hedge the silver price exposure related to delivery commitments. These contracts are accounted for as an effective fair value hedges of the firm sales commitments in the silver prepay agreements. The change in fair value of the forward purchase contracts (EUR 1.6 million at 30 June 2014, included in other financial liabilities) and the portion of deferred income related to the silver prepay agreement (EUR 1.6 million) effectively offset in the income statement.

12. DIVIDENDS

In the six months ended 30 June 2014 no dividends were paid to shareholders. The Board of Directors has not proposed any dividends to be paid in 2014.

On 23 May 2013 an extraordinary general shareholders' meeting of the company approved the proposal of the Board of Directors to distribute to shareholders an amount of EUR 0.16 per share, EUR 27.2 million in total and to structure the distribution as a capital reduction through reimbursement of paid-up capital.

13. SHARE CAPITAL AND SHARE PREMIUM

As at 30 June 2014 the share capital of Nyrstar NV comprised 170,022,544 ordinary shares (31 December 2013: 170,022,544 ordinary shares) with a par value of EUR 2.18 (31 December 2013: EUR 2.18).

14. SHARE BASED PAYMENTS

The following grants have been settled or awarded under the share based payment plans disclosed in the notes to the consolidated financial statements as at 31 December 2013:

Settlement of LTIP Grant 4

During the six months ended 30 June 2014, the Group settled the remainder of the 72,219 instruments outstanding under the LTIP Grant 4 for a cash consideration of EUR 0.2 million.

Leveraged Employee Stock Ownership Plan (LESOP)

The second stage of the 2013 LESOP was implemented in March 2014. 500,000 shares were granted, with an effective accounting grant date of 31 March 2014. The shares vested immediately at the grant date. The fair value per share at the

grant date was EUR 0.69, resulting in the total fair value of EUR 0.3 million fully recognised in the six months period ended 30 June 2014.

The 2014 LESOP was approved by the general shareholder's meeting in April 2014. 2,500,000 shares were granted, with an effective accounting grant date of 18 June 2014. The shares vested immediately at the grant date. The fair value per share at the grant date was EUR 0.11, resulting in the total fair value of EUR 0.3 million fully recognised in the six months period ended 30 June 2014.

Deferred Shares Awards

During the six months ended 30 June 2014, the Group settled the 2012 Deferred Shares Awards. A total of 140,639 treasury shares were allocated to settle the awards.

The fair value of the service received in return for these awards for the six months ended 30 June 2014 amounts to EUR 0.5 million (for the six months ended 30 June 2013: EUR 0.3 million)

15. TREASURY SHARES

The treasury shares reserve comprises the par value of the Company's shares held by the Group. As at 30 June 2014, the Group held a total of 12,697,738 of the shares (31 December 2013: 15,338,431).

	six month ended 30 Jun 2014	six month ended 30 Jun 2013
Movement in treasury shares		
As at 1 Jan	15,338,431	7,345,826
Purchases	-	13,245,756
Sales	(2,500,000)	-
Employee share based payment plan (Note 14)	(140,693)	(487,927)
As at 30 June	12,697,738	20,103,655

In May 2014 Nyrstar sold 2,500,000 shares to a financial institution and the participants in relation with the LESOP (note 14), for a cash consideration of EUR 4.9 million.

At 16 April 2013, the Group acquired off-market, Glencore International AG's ("Glencore") entire 7.79% shareholding (13,245,756 shares) in Nyrstar for EUR 3.39 per share, for a total consideration of EUR 44.9 million. Furthermore Glencore agreed to compensate Nyrstar with a termination fee of EUR 44.9 million in relation to ending its Commodity Grade Off-take agreement by 31 December 2013 for the sale and marketing of commodity grade zinc metal produced by Nyrstar, within the European Union. The termination fee has been recognised in other income.

16. EARNINGS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share (EPS) for the six months ended 30 June 2014 was based on the loss attributable to ordinary shareholders of EUR 65.6 million (for the six months ended 30 June 2013: loss of EUR 91.5 million) and a weighted average number of ordinary shares outstanding of 155.4 million (30 June 2013: 157.4 million). The basic EPS is calculated as follows:

EUR million	six months ended 30 Jun 2014	six months ended 30 Jun 2013
Loss attributable to ordinary shareholders (basic)	(65.6)	(91.5)
Weighted average number of ordinary shares (basic, in million)	155.4	157.4
Loss per share (basic, in EUR)	(0.42)	(0.58)

(b) Diluted loss per share

As the entity incurred a loss for the six months ended 30 June 2014, the diluted loss per share EUR 0.42 equals the basic loss per share (for the six months ended 30 June 2013: EUR 0.58).

17. CAPITAL COMMITMENTS

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

EUR million	as at 30 Jun 2014	as at 31 Dec 2013
Within one year	51.8	14.2
Between one and five years	2.0	-
More than five years	-	-
Total	53.8	14.2

18. RESERVES

EUR million	Treasury shares	Translation reserves	Reverse acquisition reserve	Cash flow hedge reserve	Convertible bond	Investments reserve	Total
As at 1 Jan 2014	(33.4)	(20.5)	(265.4)	19.1	24.5	1.2	(274.5)
Losses on cash flow hedges	-	-	-	(3.2)	-	-	(3.2)
Foreign currency translation differences	-	24.7	-	-	-	-	24.7
Change in fair value of investments in equity securities	-	-	-	-	-	2.4	2.4
(Acquisition) / distribution of treasury shares	5.8	-	-	-	-	-	5.8
As at 30 June 2014	(27.6)	4.2	(265.4)	15.9	24.5	3.6	(244.8)

EUR million	Treasury shares	Translation reserves	Reverse acquisition reserve	Cash flow hedge reserve	Convertible bond	Investments reserve	Total
As at 1 Jan 2013	(17.2)	69.5	(265.4)	(0.3)	8.8	(2.9)	(207.5)
Gains on cash flow hedges	-	-	-	42.7	-	-	42.7
Foreign currency translation differences	-	(21.2)	-	-	-	-	(21.2)
Change in fair value of investments in equity securities	-	-	-	-	-	3.1	3.1
Change in par value	3.2	-	-	-	-	-	3.2
(Acquisition) / distribution of treasury shares	(29.8)	-	-	-	-	-	(29.8)
As at 30 June 2013	(43.8)	48.3	(265.4)	42.4	8.8	0.2	(209.5)

19. CONTINGENCIES

No environmental incidents with material business consequences occurred in H1 2014. Regulatory processes associated with actual and alleged non-compliances with environmental regulations were, however, initiated at Nyrstar's Peruvian operations. While the outcomes of the proceedings are currently unknown, the potential for site-specific consequences of a significant nature cannot be excluded. The proceedings include:

At Contonga, the National Water Authority (ANA) initiated sanction processes related to instances of non-compliance with water discharge limits established in the site's effluent permit. Engineering solutions to return the site to compliance are being developed in parallel with efforts to modify the permitted effluent discharge limits. Penalties allowed for under Peruvian legislation include fines or withdrawal of the permit; however on the basis of the actions currently being taken Nyrstar's assessment is that material regulatory penalties are unlikely to be incurred.

At Coricancha, the environmental regulator (OEFA) initiated a sanction process related to alleged instances of non-compliance identified during an inspection in April 2013. Nyrstar has filed a legal defence contesting OEFA's findings and Nyrstar's assessment is that material regulatory penalties are unlikely to be incurred.

In addition to the above Nyrstar is subject to 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.

20. SUBSEQUENT EVENTS

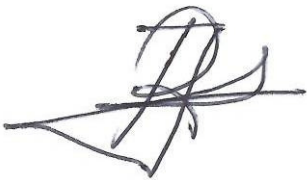
There have been no material reportable events subsequent to 30 June 2014.

STATEMENT OF RESPONSIBILITY

We hereby declare that, to the best of our knowledge, the condensed consolidated interim financial statements for the six month period ended 30 June 2014, which have been prepared in accordance with the IAS 34 Interim Financial Reporting as adopted by the European Union, give a true and fair view of the financial position and income statement of Nyrstar. The commentary on pages 1 to 17 offers a fair and balanced review of the overall performance of the business during the six month period ended 30 June 2014, and any significant transactions with related parties have been disclosed in the financial information.

There have been no material changes to the risks and uncertainties for the Group as outlined in the 2013 Annual Report; these risks and uncertainties remain applicable for the financial performance of the Group for the remainder of 2014.

Brussels, 23 July 2014

A handwritten signature in dark ink, appearing to be "Roland Junck", with a stylized, somewhat abstract shape.

Roland Junck
Chief Executive Officer

A handwritten signature in dark ink, appearing to be "Heinz Eigner", with a more fluid, cursive style.

Heinz Eigner
Chief Financial Officer

Nyrstar NV

**Report on review
of the consolidated interim financial
information for the six-month period
ended 30 June 2014**

The original text of this report is in Dutch

Nyrstar NV

Report on review of the consolidated interim financial information for the six-month period ended 30 June 2014

To the board of directors

We report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated interim financial information. This consolidated interim financial information comprises the condensed consolidated statement of financial position as at 30 June 2014, the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the period of six months then ended, as well as selective notes 1 to 20.

Report on the consolidated interim financial information

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

The condensed consolidated statement of financial position shows total assets of 3,270.4 million EUR and the condensed consolidated income statement shows a consolidated loss (group share) for the year then ended of 65.6 million EUR.

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

Scope of review

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

Conclusion

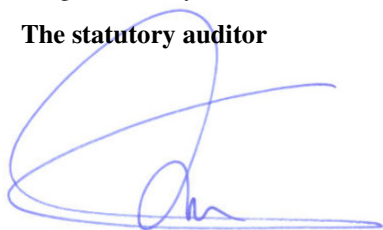
Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information of Nyrstar NV has not been prepared, in all material respects, in accordance with IAS 34 – *Interim Financial Reporting* as adopted by the European Union.

Emphasis of Matter

We draw attention to Note 8 to the consolidated interim financial information which describes the uncertainty related to the recoverability of the company's 223.4 million EUR zinc purchase interest with Talvivaara Mining Company plc. Our conclusion is not qualified in respect of this matter.

Diegem, 23 July 2014

The statutory auditor



DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises

BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Gert Vanhees