Nyrstar

Unaudited Interim Condensed Consolidated Financial Statements

30 June 2018

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	Note	six months ended 30 Jun 2018	six months ended 30 Jun 2017
Continuing operations			
Revenue	5	**1,929.5**	**1,806.2**
Raw materials used		(1,306.4)	(1,226.9)
Freight expense		(23.0)	(24.6)
Gross profit		**600.1**	**554.7**
Other income		5.7	8.2
Employee benefits expense		(168.6)	(162.1)
Energy expenses		(131.8)	(129.2)
Stores and consumables used		(78.4)	(64.3)
Contracting and consulting expense		(80.8)	(67.5)
Other expense		(27.1)	(23.8)
Depreciation, amortisation and depletion		(74.9)	(77.1)
Merger and acquisition related expense		(1.6)	0.4
Restructuring expense		(12.9)	(1.5)
Loss on the disposal of subsidiaries		-	(1.6)
Result from operating activities		**29.7**	**36.2**
Finance income		1.8	2.5
Finance expense		(73.0)	(67.9)
Net foreign exchange loss		(4.6)	(35.1)
Net finance expense		**(75.8)**	**(100.5)**
Loss before income tax		**(46.1)**	**(64.3)**
Income tax benefit	8	1.1	8.7
Loss for the period from continuing operations		**(45.0)**	**(55.6)**
Discontinued operations			
(Loss) / profit from discontinued operations, net of income taxes	7	(4.4)	35.1
Loss for the period		**(49.4)**	**(20.5)**
Attributable to:			
Equity holders of the parent		(49.4)	(20.5)
Loss per share for profit attributable to the equity holders of the Company during the period (expressed in EUR per share)			
basic	17	(0.45)	(0.22)
diluted	17	(0.45)	(0.22)

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 2018	six months ended 30 Jun 2017
Loss for the period		**(49.4)**	**(20.5)**
Other comprehensive income			
Continuing operations			
Items that may be reclassified to profit or loss:			
Foreign currency translation differences		(22.7)	0.1
Transfers to the income statement		-	2.2
(Losses) / gains on cash flow hedges		(7.8)	14.2
Less: transfers to the income statement		(9.8)	(5.3)
Income tax benefit / (expense)		5.7	(3.4)
Change in fair value of investments in equity securities		0.3	(0.1)
Other comprehensive (loss) / income for the period from continuing operations, net of tax		**(34.3)**	**7.7**
Discontinued operations			
Items that may be reclassified to profit or loss:			
Foreign currency translation differences		-	(1.3)
Transfers to the income statement	7	-	**(29.5)**
Income tax expense on defined benefit plans		-	**(0.2)**
Other comprehensive loss for the period, net of tax		**-**	**(31.0)**
Other comprehensive loss for the period, net of tax		**(34.3)**	**(23.3)**
Total comprehensive loss for the period		**(83.7)**	**(43.8)**
Attributable to:			
Equity holders of the parent		(83.7)	(43.8)
Total comprehensive loss for the period		**(83.7)**	**(43.8)**

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	as at 30 Jun 2018	as at 31 Dec 2017
Property, plant and equipment	10	1,732.6	1,690.3
Intangible assets		2.5	3.3
Investments in equity accounted investees		3.4	3.4
Investments in equity securities	12	19.7	19.8
Deferred income tax assets	8	333.6	332.1
Other financial assets	12	158.8	163.8
Other assets		2.1	0.7
Total non-current assets		**2,252.7**	**2,213.4**
Inventories		920.9	965.1
Trade and other receivables		195.6	223.5
Prepayments		11.4	10.2
Current income tax assets		9.9	6.4
Other financial assets	12	90.4	42.0
Other assets		2.0	0.7
Cash and cash equivalents		78.2	68.4
Total current assets		**1,308.4**	**1,316.3**
Total assets		**3,561.1**	**3,529.7**
Share capital and share premium		2,255.3	2,250.7
Perpetual securities	15	186.3	186.3
Reserves	19	(195.6)	(161.3)
Accumulated losses		(1,664.4)	(1,615.9)
Total equity attributable to equity holders of the parent		**581.6**	**659.8**
Total equity		**581.6**	**659.8**
Loans and borrowings	11	950.3	948.4
Deferred income tax liabilities		55.1	67.7
Provisions		168.0	156.8
Employee benefits		74.2	73.5
Other financial liabilities	12	133.2	15.6
Deferred income	13	41.0	79.1
Total non-current liabilities		**1,421.8**	**1,341.1**
Trade and other payables		701.3	631.9
Current income tax liabilities		0.4	0.4
Loans and borrowings	11	325.5	221.6
Provisions		25.0	19.1
Employee benefits		27.2	36.6
Other financial liabilities	12	33.3	151.5
Deferred income	13	441.5	465.6
Other liabilities		3.5	2.1
Total current liabilities		**1,557.7**	**1,528.8**
Total liabilities		**2,979.5**	**2,869.9**
Total equity and liabilities		**3,561.1**	**3,529.7**

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Note	Share capital	Share premium	Perpetual securities	Reserves	Accumulated losses	Total amount attributable to shareholders	Total equity
As at 1 Jan 2018		**1,040.2**	**1,210.5**	**186.3**	**(161.3)**	**(1,615.9)**	**659.8**	**659.8**
Loss for the period		-	-	-	-	(49.4)	(49.4)	(49.4)
Other comprehensive loss		-	-	-	(34.3)	-	(34.3)	(34.3)
Total comprehensive loss		-	-	-	(34.3)	(49.4)	(83.7)	(83.7)
Adjustment on initial application of IFRS 9		-	-	-	-	(0.2)	(0.2)	(0.2)
Capital increase	14	0.9	3.7	-	-	-	4.6	4.6
Distribution on perpetual securities		-	-	-	-	(5.0)	(5.0)	(5.0)
Share-based payments		-	-	-	-	6.1	6.1	6.1
As at 30 Jun 2018		**1,041.1**	**1,214.2**	**186.3**	**(195.6)**	**(1,664.4)**	**581.6**	**581.6**

EUR million	Note	Share capital	Share premium	Perpetual securities	Reserves	Accumulated losses	Total amount attributable to shareholders	Total equity
As at 1 Jan 2017		**1,024.1**	**1,129.0**	**131.6**	**(93.7)**	**(1,647.1)**	**543.9**	**543.9**
Loss for the period		-	-	-	-	(20.5)	(20.5)	(20.5)
Other comprehensive income		-	-	-	(23.1)	(0.2)	(23.3)	(23.3)
Total comprehensive loss		-	-	-	(23.1)	(20.7)	(43.8)	(43.8)
Capital increase	14	0.1	0.3	-	-	-	0.4	0.4
Issuance of perpetual securities		-	-	7.2	-	-	-	-
Distribution on perpetual securities		-	-	-	-	(3.7)	(3.7)	(3.7)
Share-based payments		-	-	-	-	(3.2)	(3.2)	(3.2)
As at 30 Jun 2017		**1,024.2**	**1,129.3**	**138.8**	**(116.8)**	**(1,674.7)**	**500.8**	**500.8**

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 2018	six months ended 30 Jun 2017
Loss for the year		(49.4)	(20.5)
Adjustment for:			
Depreciation, amortisation and depletion		74.9	77.7
Income tax benefit	8	(1.1)	(8.6)
Net finance expense		75.8	102.7
Impairment (reversal) / loss	7,9	-	(16.1)
Equity settled share based payment transactions		3.3	0.8
Non-cash repayment of zinc prepayment		(24.7)	(41.5)
Other non-monetary items		(2.1)	(11.3)
Gain on disposal of subsidiary		-	(27.9)
Gain on sale of property, plant and equipment		(2.7)	(0.5)
Income tax paid		(5.8)	(7.1)
Cash flow from operating activities before working capital changes		68.2	47.7
Change in inventories		67.7	(85.9)
Change in trade and other receivables		23.9	(4.5)
Change in prepayments		(1.2)	(1.5)
Change in deferred income		(75.8)	72.9
Change in trade and other payables		58.3	34.7
Change in other assets and liabilities		(76.2)	8.4
Change in provisions and employee benefits		5.3	(5.2)
Cash flow from operating activities		**70.2**	**66.6**
Acquisition of property, plant and equipment	10	(134.9)	(166.0)
Acquisition of intangible assets		(0.1)	-
Proceeds from sale of property, plant and equipment		2.9	0.5
Proceeds from sale of intangible assets		-	0.9
Proceeds from / (payment in relation to) sale of subsidiary		5.6	6.2
Interest received		1.1	1.5
Cash flow used in investing activities		**(125.4)**	**(156.9)**
Capital increase		-	0.4
Proceeds from borrowings		-	438.7
Repayment of borrowings		(16.1)	(168.2)
Change in SCTF credit facility		107.4	(166.2)
Issue of perpetual instrument		-	7.2
Proceeds from zinc prepayment		50.3	-
Distribution on perpetual securities		(5.0)	(3.7)
Interest paid		(72.8)	(45.9)
Cash flow from financing activities		**63.8**	**62.3**
Net increase / (decrease) in cash held		**8.6**	**(28.0)**
Cash at beginning of the reporting period		68.4	129.4
Exchange fluctuations		1.2	(6.3)
Cash at end of the reporting period		**78.2**	**95.1**

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

1. GENERAL INFORMATION

On 29 October 2007, Nyrstar NV ("Nyrstar" or the "Company") commenced trading on Euronext Brussels Stock Exchange. The Company is incorporated and domiciled in Belgium. The interim condensed consolidated financial statements of the Company, reviewed by the external auditors, as at and for the six months ended 30 June 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

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

The interim condensed consolidated financial statements of the Group, reviewed by the external auditors, as at and for the six months ended 30 June 2018 are available upon request from the Company's registered office at Zinkstraat 1, 2490 Balen, Belgium or at http://www.nyrstar.com.

The interim condensed consolidated financial statements were authorised for issue by the Board of Directors of Nyrstar NV on 31 July 2018.

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 2017 (available at http://www.nyrstar.com).

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

(b) Changes in Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017.

Adoption of the following new and revised standards and interpretations effective as of 1 January 2018

At 1 January 2018 the group has adopted IFRS 15 *Revenue from Contracts with Customers* (IFRS 15) and IFRS 9 *Financial Instruments* (IFRS 9). A number of other new standards are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 *Revenue* (IAS 18), IAS 11 *Construction Contracts* (IAS 11) and related interpretations. The group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognized at the date of initial application (i.e. 1 January 2018). Accordingly the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18, IAS 11 and related interpretations.

Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. The Group's revenue is predominantly derived from commodity sales, where the point of recognition is dependent on the contractual sales terms, known as the International Commercial terms (Incoterms). As the time of the transfer of risks and rewards coincides with the transfer of a control, the timing and the amount of revenue recognised is not materially affected for the majority of sales.

For the Incoterms Cost, Insurance and Freight (“CIF”) and other similar Incoterms, the seller must contract for and pay the costs of freight necessary to bring the goods to the agreed location. Consequently, the freight service on export commodity contracts with CIF Incoterms will meet the criteria of a separate performance obligation and a portion of the revenue earned under these contracts, representing the obligation to perform freight service, is deferred and recognised over time as this obligation is fulfilled, along with the associated costs.

The Group has assessed the impact of the CIF (and similar) sales as at 1 January 2018. The revenue related to the freight service which required to be deferred amounted to EUR 0.5 million. As the group’s margin on the freight element is insignificant the impact on the opening equity as at 1 January 2018 was estimated to be Nil. In addition the Company has disclosed in note 5 disaggregated revenue separated between the sale of goods and the sale of freight services.

Nyrstar undertakes swap transactions of metal concentrates with the objective to exchange metal concentrates on hand when quality does not fully meet Nyrstar’s current production requirements for similar metal concentrates when their quality better fits the current production requirements. As such the swap transactions are driven by Nyrstar’s smelting process and its technical requirements rather than trading opportunities arising from swap transactions.

The new IFRS 15 takes a slightly different approach, scoping out *non-monetary exchanges between entities in the same line of business to facilitate sales to customers or to potential customers*. As the scope exclusion is no longer restricted to goods that are “similar in nature and value”, an exchange of dissimilar goods may no longer result in revenue being recognised. The implication is that even if goods are not similar in nature but are both traded by the Company, e.g. concentrate swapped for metal, under the new Standard such transactions may not meet the revenue recognition criteria.

Therefore, swap transactions of raw material are presented on a net basis recognizing only the adjusting difference, if any, between the metal concentrate received and the metal concentrates given up.

IFRS 9 – Financial Instruments

The new standard is applicable to financial assets and financial liabilities, and covers all three aspects of the accounting for financial instruments: classification and measurement, impairment and de-recognition of financial assets and financial liabilities, and a new hedge accounting model. The group has adopted IFRS 9 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39).

IFRS 9 largely retains the existing requirements of IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale. The adoption of IFRS 9 has had no impact on the Group’s accounting policies related to financial liabilities and derivative financial instruments that are used as hedging instruments. The group has elected to adopt the new general hedge accounting model of IFRS 9. This requires the group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. All hedge relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 and are therefore regarded as continuing hedge relationships. As a results there are no changes to hedge accounting policies.

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model as impairment model for financial assets. The group has adopted the new impairment model which applies to trade receivables. Due to the Company’s existing payment terms with its customers, the impact of the ECL calculation was not significant. The group has determined that the application of IFRS 9’s impairment requirements at 1 January 2018 results in an additional impairment allowance amounting to EUR 0.2 million.

New IFRS accounting standards, amendments and interpretations not yet adopted

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

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

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

The Group has completed an initial assessment of the potential impact on its consolidated financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's borrowing rate at 1 January 2019, the composition of the Group's lease portfolio at that date, the Group latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

Thus far, the most significant impact identified is that the Company will need to recognise lease assets and liabilities mainly related to its mobile equipment and its corporate head office. The Group plans to apply IFRS 16 initially on 1 January 2019, using a modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The group plans to apply the practical expedient to grandfather the definition of a lease on transition. That means that it will apply IFRS 16 to the contracts identified as lease under IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*. All other contracts which contain a lease will be subsequently accounted under IFRS 16 when they are renewed subsequent to 1 January 2019.

IFRS 17 – Insurance contracts – effective for year ends beginning on or after 1 January 2019

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

Other issued standards and amendments that are not yet effective are not expected to have a material impact on the financial statements.

- IFRIC 23 – Uncertainty over Income Tax Treatments – issued on 7 June 2017, IASB effective on 1st January 2019. IFRIC 23 clarifies the accounting for uncertainties in income taxes.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Going concern

The Company has assessed that, taking into account its available cash and cash equivalents (including undrawn committed facilities available at the date of authorisation of the consolidated financial statements), its cash flow projections for the next 12 months from 31 July 2018, based on the approved budgets and management's forecasts, it has sufficient liquidity to meet its present obligations and cover working capital needs for next 12 months and will remain in compliance with its financial covenants throughout this period.

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

Commodity prices and foreign exchange rates
Commodity prices and foreign exchange rates were developed from externally available sources.

Production output and capital and operating costs
Based on historical results unless definitive plans are in place which are expected to have a significant effect on operations.

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

Port Pirie Redevelopment Project
The cash flow projections for the next 12 months include management's best estimate of the revenue from the project.

The Company has undertaken a sensitivity analysis of its going concern assessment through independently adjusting the cash flow projections for the next 12 months for zinc prices, zinc smelter production output and unfavourable movements in the USD and AUD. Each of the sensitivities below were modelled independently of each other.

- Forecast zinc prices used the current LME forward curve for the next 12 months (base case) and were sensitised by USD ±500/t to reflect the recent zinc price volatility. No changes were made to the assumed treatment charges.
- Forecast smelter production output was adjusted down by 12%, a zinc smelter production level which the Company has exceeded in each of the last 7 years.
- Assumed the USD and AUD would weaken by 5% against EUR. This was to reflect a reasonably possible change in the key foreign exchange rates. A weakening USD and AUD negatively impacted the Group's equity.

Additionally, the Company modelled a downside scenario that included reasonably plausible combined adverse macro-economic changes, production issues and additional working capital requirements, that in combination, would affect the Company's liquidity and would lower the Company's equity.

In each of the sensitivities and downside scenario, the analysis indicated that the Company would have sufficient liquidity to meet its present obligations and cover working capital needs for next 12 months and remain in compliance with its financial covenants for the next 12 months.

Adverse movements in currency rates, commodity prices, working capital requirements and/or operational results will affect the Company's liquidity or lower the Company's equity, and if these adverse movements persist for an extended period of time, the Company may have to take mitigating actions to maintain liquidity or equity headroom. A sustained and material impact on the Company's liquidity or equity will also impact the Company's ability to comply with financial covenants under its credit facilities.

(b) Inventory valuation

The estimated quantity of contained metal in the raw material feed consumed by Nyrstar's Metals Processing operations is determined based on the available weights and assays of the purchased raw material. The contained metal is assayed on purchase of the materials from suppliers. The respective purchase contracts will specify the percentage of the contained metal in the materials that Nyrstar needs to pay for (the "payable metal"). Nyrstar does not pay for any excess metal recovered through the smelting process (the "unpaid metal").

The determination of the quantity of the unpaid metal in the raw material is typically less accurate than for payable metal on the basis it may not be eventually recovered by the smelters. With the commissioning and ramp-up of the redeveloped Port Pirie multi-metals facility in Australia in 2018, Nyrstar's Metals Processing operations are now a more integrated business capable of recovering increased percentages of unpaid metals. This increases the importance of precise tracking of the metal recoveries and losses in Nyrstar's Metal Processing operations.

In the six months ended 30 June 2018, Nyrstar has migrated to a new metal accounting system to enhance its capabilities to track the recoverable metals (both paid and unpaid metal) in its inventories. As part of this process, Nyrstar performed a detailed analysis of the contained metals included in the inventories and its ability to recover the metals. As a result of this analysis, the Group increased its estimated recoverable volume of contained metal in its work in progress inventories.

The additional estimated quantities of contained unpaid metal (relating to zinc, lead, silver and gold) were processed and sold within the six months ended 30 June 2018 displacing other raw material inputs with higher portions of payable metal. This resulted in an increase in the free metal and by-product gross profit for the period of EUR 18.8 million.

4. 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 2017.

For the six months ended 30 Jun 2018, EUR million	**Metals Processing**	**Mining**	**Other and eliminations**	**Total**
Revenue from external customers	1,928.2	1.3	-	**1,929.5**
Inter-segment revenue	0.1	154.4	(154.5)	**-**
Total segment revenue	**1,928.3**	**155.7**	**(154.5)**	**1,929.5**
Payable metal / free metal contribution	192.7	160.5	-	353.2
Treatment charges	122.6	(13.8)	-	108.8
Premiums	76.0	-	-	76.0
By-products	106.3	8.8	-	115.1
Other	(47.0)	(6.7)	0.7	(53.0)
Gross Profit	**450.6**	**148.8**	**0.7**	**600.1**
Employee expenses	(109.5)	(42.3)	(16.8)	(168.6)
Energy expenses	(117.0)	(11.5)	-	(128.5)
Other expenses / income	(119.8)	(57.7)	(10.8)	(188.3)
Direct operating costs	**(346.3)**	**(111.5)**	**(27.6)**	**(485.4)**
Non-operating and other	13.9	(8.8)	0.6	5.7
Underlying EBITDA	**118.2**	**28.5**	**(26.3)**	**120.4**
Depreciation, amortisation and depletion				(74.9)
Merger and acquisition related expense				(1.6)
Restructuring expense				(12.9)
Other income				2.0
Embedded derivatives				(3.3)
Net finance expense				(75.8)
Income tax benefit				1.1
Loss from discontinued operations, net of taxes				(4.4)
Loss for the period				**(49.4)**
Capital expenditure	**(69.9)**	**(63.0)**	**(0.6)**	**(133.6)**

For the six months ended 30 Jun 2017, EUR million	Metals Processing	Mining	Other and eliminations	Total
Revenue from external customers	1,804.5	1.7	-	1,806.2
Inter-segment revenue	0.3	105.5	(105.8)	-
Total segment revenue	**1,804.8**	**107.2**	**(105.8)**	**1,806.2**
Payable metal / free metal contribution	181.9	105.1	-	287.0
Treatment charges	171.3	(10.4)	-	160.9
Premiums	79.2	-	-	79.2
By-products	78.7	9.2	-	87.9
Other	(55.5)	(5.6)	0.7	(60.4)
Gross Profit	**455.6**	**98.3**	**0.7**	**554.6**
Employee expenses	(111.8)	(38.5)	(11.8)	(162.1)
Energy expenses	(117.2)	(9.7)	-	(126.9)
Other expenses / income	(109.6)	(36.5)	(10.1)	(156.2)
Direct operating costs	**(338.6)**	**(84.7)**	**(21.9)**	**(445.2)**
Non-operating and other	0.3	1.6	(0.3)	1.5
Underlying EBITDA	**117.3**	**15.2**	**(21.5)**	**110.9**
Depreciation, amortisation and depletion				(77.1)
M&A related transaction expense				0.4
Restructuring expense				(1.5)
Impairment loss				-
Embedded derivatives				(2.4)
Net finance expense				(100.5)
Income tax benefit				8.7
Profit from discontinued operations, net of taxes				35.1
Loss for the period				**(20.6)**
Capital expenditure	**(140.1)**	**(19.7)**	**(1.5)**	**(161.3)**

5. REVENUE

The Company's operations and main revenue streams are those described in the last annual financial statements. The Company's revenue is derived primarily from contracts with customers, except for immaterial accounts related to hedge accounting. The nature and effect of initially applying IFRS 15 as at 1 January 2018 are explained in the basis of preparation and significant accounting policies (note 2).

For the Incoterms Cost, Insurance and Freight ("CIF") and other similar Incoterms, the seller must contract for and pay the costs of freight necessary to bring the goods to the agreed location. Consequently, the freight service on export commodity contracts with CIF Incoterms will meet the criteria of a separate performance obligation and a portion of the revenue earned under these contracts, representing the obligation to perform freight service, is deferred and recognised over time as this obligation is fulfilled, along with the associated costs.

The total revenue of the Company for the six months ended 30 June 2018 of EUR 1,929.5 million consisted of EUR 1,926.9 million related to the sales of products and EUR 2.6 million related to the sales of freight and related services for CIF Incoterms as described above.

At 30 June 2018 Nyrstar had in place a trade receivable factoring program to monetise (on a non-recourse basis) a certain portion of its trade receivables. As the factoring arrangement is on a non-recourse basis, the trade receivables subject to the factoring have been derecognised from the Company's balance sheet when they were sold. At 30 June 2018, the Company derecognised EUR 129.2 million of the sold receivables (31 December 2017: EUR 74.7 million).

6. DISPOSAL OF BUSINESS

2018

There were no disposals of business during the six months ended 30 June 2018.

2017

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

The income statements of the disposed mines for the six months ended 30 June 2017 were re-presented under discontinued operations (note 7).

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

EUR million	Note	Coricancha mine	Campo Morado mine	Total
Property, plant and equipment		1.6	26.0	27.6
Other assets		-	0.1	0.1
Total non-current assets		**1.6**	**26.1**	**27.7**
Inventories		2.6	-	2.6
Trade and other receivables		1.1	1.4	2.5
Prepayments		-	0.1	0.1
Cash and cash equivalents		0.1	-	0.1
Total current assets		**3.8**	**1.5**	**5.3**
Provisions		9.8	6.9	16.7
Total non-current liabilities		**9.8**	**6.9**	**16.7**
Trade and other payables		1.4	1.3	2.7
Provisions		1.5	1.6	3.1
Employee benefits		0.2	-	0.2
Total current liabilities		**3.1**	**2.9**	**6.0**
				-
Carrying value of net (assets) / liabilities disposed		**7.4**	**(17.8)**	**(10.4)**
Add: cash and cash equivalents received		-	3.1	3.1
Add: receivables recorded in relation to the disposal		0.1	14.7	14.8
Add: other financial liability recorded in relation to the disposal		(7.5)	-	(7.5)
Add: Foreign currency translation gains recycled to the income statement on the disposal		1.1	28.4	29.5
Net gain on disposal	7	**1.1**	**28.4**	**29.5**
				-
Cash and cash equivalents received		**-**	**3.1**	**3.1**
Less: cash and cash equivalents disposed		0.1	-	0.1
Cash received from disposals in 2016				3.2
Net cash received from disposal		**(0.1)**	**3.1**	**6.2**

7. DISCONTINUED OPERATIONS

Campo Morado mine

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

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

In June 2018 Nyrstar received USD 8.0 million (EUR 6.9 million) from Telson as a partial payment of the Consideration under the Agreement and agreed for the remaining USD 8.5 million (EUR 7.3 million) of the Consideration to be repaid by Telson over next eight months with the final payment to be received by the Company before 28 February 2019.

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

Prior to reclassification as disposal group held for sale, the Campo Morado mine was part of the mining segment (note 4).

El Toqui mine

In November 2016 the Company finalised the sale of the El Toqui mine in Chile. In the six months ended 30 June 2018 the Company has decreased the estimated value of the expected tax refund by USD 0.4 million (EUR 0.3 million).

Additionally, in the six months ended 30 June 2018 the Company has agreed to pay USD 1.7 million (EUR 1.5 million) as a full and final settlement of any liability owing in respect of the environmental prosecutions indemnity of up to USD 3.0 million (EUR 2.6 million) that was provided by Nyrstar at the sale of the El Toqui mine.

El Mochito mine

In December 2016 the Company finalised the sale of the El Mochito mine in Honduras. In the six months ended 30 June 2018 the Company agreed with the purchaser of the mine to settle the outstanding working capital, tax and other matters. The Company has paid USD 1.5 million (EUR 1.3 million) settlement amount and has agreed to a loan forgiveness of USD 1.5 million (EUR 1.3 million). As a result of this settlement the Company was released from all previously provided indemnities provided to the purchaser of the El Mochito mine.

Contonga mine

On 14 December 2016 Nyrstar announced that it has entered into Share Purchase Agreements to sell its Contonga mine in Peru to subsidiaries of Glencore plc (“Glencore”), a global diversified natural resources company, for a total cash consideration of USD 21.0 million (EUR 19.9 million) (the "Transaction"). Closing of the Transaction was subject to customary closing conditions, which were finalised in September 2017. Accordingly, the Contonga mine was classified as a disposal group held for sale from 14 December 2016 and presented as a discontinued operation. An impairment loss on re-measurement to fair value less cost to sell for Contonga of EUR 19.1 million was recognised in the 2016 consolidated income statement.

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

The transaction closed on 1 September 2017 (the “Closing Date”) at which point the Group recognised the sale of the Contonga mine.

Prior to reclassification as disposal group held for sale, the Contonga mine was part of mining segment in note 4.

There have been no developments related to the disposal of the Contonga mine in the six months ended 30 June 2018.

Quebec mineral claims

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

Coricancha mine

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

a. Not close the Coricancha mine within three years of the completion of the sale, Great Panther Silver Limited must release the Company from all obligations under the Mine Closure Bond in favor of the Ministerio de Energia y Minas of Peru; or
b. Elect to close the Coricancha mine within three years of the completion of the sale, it may call upon the Company to pay the full amount of the Mine Closure Bond to offset closure costs. Upon payment of these monies, Great Panther will assume the obligations under the Mine Closure Bond and release the Company from all obligations to the Ministerio de Energia y Minas of Peru.

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

Additionally, as a part of the sales consideration, the Company has agreed to fund certain reclamation works of the Coricancha mine of up to USD 20.0 million (EUR 19.0 million). The best estimate of this liability amounting to EUR 11.6 million has been included as a part of the sales consideration of the mine. Closing of the Transaction was subject to customary closing conditions and was finalised in the first half of 2017. Accordingly, the Coricancha mine was classified as a disposal group held for sale from 20 December 2016 and presented as a discontinued operation. An impairment loss on re-measurement to fair value less cost of disposal for Coricancha of EUR 18.4 million was recognised in the 2016 consolidated income statement.

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

The transaction closed on 30 June 2017 (the "Closing Date") at which point the Group recognised the sale of the Corricancha mine (note 6).

Prior to reclassification as disposal group held for sale, the Coricancha mine was part of mining segment in note 4.

There have been no developments related to the disposal of the Corichanca mine in the six months ended 30 June 2018.

Income statement from discontinued operations:

EUR million	Note	six months ended 30 Jun 2018	six months ended 30 Jun 2017
Revenue		**-**	**6.6**
Gross profit		**-**	**6.4**
Other expenses		(4.4)*	(14.0)
Depreciation, amortisation and depletion		-	(0.6)
Impairment loss		-	(4.6)
Impairment reversal / (loss) on remeasurement to fair value less cost to sell		-	20.7
Gain on the disposal of subsidiaries	6	-	29.5
Result from operating activities		**(4.4)**	**37.4**
Net finance expense		**-**	**(2.2)**
(Loss) / profit before income tax		**(4.4)**	**35.2**
Income tax expense		-	(0.1)
(Loss) / profit for the period from discontinued operations		**(4.4)**	**35.1**

* Primarily relates to El Toqui and El Mochito

Cash flows from discontinued operations:

EUR million	six months ended 30 Jun 2018	six months ended 30 Jun 2017
Cash flow from operating activities	-	(9.1)
Cash flow from / (used in) investing activities	5.6	(0.1)
Cash flow used in financing activities	-	(5.5)
Net increase / (decrease) in cash held	**5.6**	**(14.7)**

8. INCOME TAX

(a) Income tax recognised in the income statement

Nyrstar recognised an income tax benefit for the six months ended 30 June 2018 of EUR 1.1 million (for the six months ended 30 June 2017: income tax benefit of EUR 8.6 million) representing an effective tax rate of 2.2% (30 June 2017: 29.4%) based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

(b) Reconciliation of effective tax rate

EUR million	six month ended 30 Jun 2018	six month ended 30 Jun 2017
Loss before income tax	(50.5)	(29.1)
Tax at aggregated weighted average tax rate (2018: 30.5% / 2017: 19.8%)	15.4	5.8
(Non-deductible) / non-taxable amounts	1.4	(0.4)
Net non-recognition of tax assets	(15.5)	(4.8)
Prior year adjustments and tax rate change	-	8.3
Non-recoverable withholding tax	(0.2)	(0.3)
Income tax (expense) / benefit	**1.1**	**8.6**
Income tax benefit / (expense) from continuing operations	1.1	8.7
Income tax expense from discontinued operations	-	(0.1)
Effective tax rate	2.2%	29.4%

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

(c) Recognised net deferred income tax assets

EUR 275.3 million of the EUR 333.6 million (31 December 2017: EUR 329.7 million of the EUR 332.1 million) net deferred tax assets arise in entities that have been loss making in either 2018 or 2017, or both.

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

The most significant net deferred tax assets relate to the Company's subsidiaries in the Switzerland and Canada where the Company has recognised a net deferred tax asset of EUR 249.4 million and EUR 25.9 million, respectively.

Switzerland

Swiss tax law allows for a seven year carry-forward period for tax losses. The majority of the Group's Swiss tax losses are recorded in the Group's operating headquarters which acts as the Principal entity for the Group's smelters. Therefore, the profitability of the Swiss subsidiary is closely linked to the performance of the Group's Metals Processing segment.

The Group has assessed the recoverability of the deferred tax asset in the Swiss subsidiary in a manner consistent with the analysis as at year ended 31 December 2017. Based on the evaluation of the forecasts of the Swiss subsidiary it was determined that it is probable that taxable profits will be available in the future before expiration of recognised tax assets.

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

i) commodity prices, treatment charges and exchange rates consistent with those applied for testing of the smelting segment impairment indicators;

ii) ramp up of the Port Pirie Redevelopment Project to full capacity in the second half of 2019; and

iii) forecast zinc production volumes for all Group's smelters.

The Swiss subsidiary also holds investments in the Group's mining assets in the Americas and the unused tax losses recognised in the Swiss subsidiary resulted primarily from impairments made on investments in affiliated mining entities. As these investments held by the Group's Swiss subsidiary have been substantially impaired, no further impairment losses are expected to be incurred in the future.

These assumptions are consistent with the assumptions used as a basis for assessment for the year ended 31 December 2017. Based on the assessment the Company expects to fully utilise the recognised tax losses before expiry.

Canada

The Group continued to recognise net deferred tax assets related to prior year losses incurred by the Myra Falls Mine and the Langlois Mine in Canada. Canadian tax law allows for a twenty year carry-forward period for tax losses.

Excluding non-recurring items, the Langlois Mine generated taxable profits in both 2016 and 2017, which are expected to continue in the future based on the assessment carried out by the Group.

The largest part of the prior year losses of the Myra Falls mine were generated in the years when the mine was under care and maintenance. In 2017, the Group finalised a comprehensive review of the Myra Falls Mine and commenced a restart of the mine in Q3 2017 with the expected first production towards the second half of 2018, hence these losses are not expected to repeat in the future.

These assumptions of forecasted future taxable profits are consistent with the assumptions used as a basis for assessment for the year ended 31 December 2017.

Based on the assessment the Company has determined that it is probable that the available and recognised deferred tax assets related to the tax losses incurred in Canada will be fully utilised before expiring.

d) Tax Audit

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

Since in certain jurisdictions some of the circumstances that are subject to tax audits are still in existence at 30 June 2018, similar arguments may be put forward by the tax authorities for additional years that are currently not under audit, which may lead to significant tax expenses in the future. For these matters, the best estimate of the quantifiable possible exposure (including penalties and late payment interest) as at 30 June 2018 is between nil and EUR 78 million. Although Nyrstar cannot estimate the risk related to these tax matters as remote, it does not consider it probable that these tax matters will result in additional tax liabilities to the Company. Therefore, it has not recognised a provision in respect of these matters.

As part of tax dispute procedures, Nyrstar Netherlands (Holdings) BV is challenging a corrective corporate income tax assessment relating to an intra-group reorganisation in the year ended 31 December 2010, for which the court of first instance delivered a decision in the Group's favour in the second half of 2017. The Dutch Authorities are appealing the lower court decision and Nyrstar continues to defend its position. In addition and in connection with the same matter, the Group is challenging corrective assessments issued in 2017 for the years ended 31 December 2011 and 31 December 2013.

Further, Nyrstar Belgium NV is challenging an assessment relating to the non-deductibility of interest expenses incurred in the year ended 31 December 2012. In May 2018, the Antwerp Court of Appeal issued a decision denying the interest deduction claimed by Nyrstar Belgium NV, but confirming that the additional tax liability arising from the add-back of the interest expense could be sheltered by losses available from years prior to 2012. Nyrstar has engaged Supreme Court counsel to prepare an appeal to be filed in the Supreme Court. Nyrstar has not recorded a provision in respect of these matters.

9. IMPAIRMENT LOSS

No impairment losses were recognised in the six months ended 30 June 2018 and 2017.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018 the Group's capital expenditure in the normal course of business amounted to EUR 133.6 million (six months ended 30 June 2017: EUR 161.3 million) of which EUR 2.2 million (six months ended 30 June 2017: EUR 67.5 million) related to the Port Pirie re-development.

11. 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 2018**	**as at 31 Dec 2017**
Convertible bonds	102.1	100.8
Fixed rate bonds	838.8	837.0
Unsecured bank loans	9.1	10.2
Finance lease liabilities	0.3	0.4
Total non-current loans and borrowings	**950.3**	**948.4**
Convertible bonds	28.4	27.2
SCTF Credit Facility	294.7	176.9
Unsecured bank loans	2.1	17.2
Finance lease liabilities	0.3	0.3
Total current loans and borrowings	**325.5**	**221.6**
Total loans and borrowings	**1,275.8**	**1,170.0**

Fixed rate bonds

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

Convertible bonds

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

SCTF credit facility

SCTF credit facility is a secured multi-currency revolving structured commodity trade finance credit facility with a limit of EUR 600 million (2017: EUR 600 million). The facility will mature in December 2021 (with run-off period during the final year before the maturity). The facility includes an accordion to increase its size to EUR 750.0 million on a pre-approved but uncommitted basis.

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

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

Transaction costs related to the current SCTF credit facility amount to EUR 5.6 million.

Loans from related parties (note 21)

In May 2016, Nyrstar entered into a USD 150 million revolving working capital facility agreement with Trafigura. The facility was uncommitted and was secured by the shares of Nyrstar France SAS, a subsidiary of the Company, with a current term through to January 2017 and with an interest of LIBOR plus 4%. In November 2016, with the effective date of 1 January 2017, the working capital facility become committed, was extended till 31 December 2017 and was upsized to USD 250 million. The amended working facility is secured by a share pledge over the shares of Nyrstar France SAS and Budel BV, subsidiaries of the Company. In November 2017 the USD 250 million facility was extended until the end of 2019.

12. FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The classification and measurement of financial instruments is unchanged on application of the new IFRS 9 standard.

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 838.8 million (31 December 2017: EUR 837.0 million) and the convertible bonds of EUR 130.5 million (31 December 2017: EUR 128.0 million), with fair values based on quoted prices in active markets (Level 1 measurement), of EUR 823.8 million (31 December 2017: EUR 917.4 million) and EUR 148.3 million (31 December 2017: EUR 157.6 million) respectively.

The fair value measurement policies and valuation procedures of Nyrstar's financial assets and liabilities are consistent with the fair value measurement disclosures in the notes to the consolidated financial statements as at 31 December 2017.

The following table presents the fair value measurements by level of the following fair value measurement hierarchy for derivatives that are included in other financial assets and liabilities:

- 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); and
- inputs for the asset or liability that are not based on observable market data (level 3).

EUR million	Valuation technique(s) and key input(s)	Level 1	Level 2	Level 3	Total 30 Jun 2018
Investment in equity securities (i)		**19.7**	**-**	**-**	**19.7**
Commodity contracts – fair value hedges	a	-	38.7	-	38.7
Commodity contracts – cash flow hedges	a	-	27.1	-	27.1
Foreign exchange contracts – held for trading	b	-	6.4	-	6.4
Embedded derivative	c	-	33.9	-	33.9
Total		**-**	**106.1**	**-**	**106.1**
Commodity contracts – fair value hedges	a	-	(8.5)	-	(8.5)
Commodity contracts – cash flow hedges	a	-	(3.9)	-	(3.9)
Foreign exchange contracts – held for trading	b	-	(14.3)	-	(14.3)
Embedded derivative	c	-	(19.8)	-	(19.8)
Total		**-**	**(46.5)**	**-**	**(46.5)**

EUR million	Valuation technique(s) and key input(s)	Level 1	Level 2	Level 3	Total 31 Dec 2017
Investment in equity securities (i)		**19.8**	**-**	**-**	**19.8**
Commodity contracts – fair value hedges	a	-	2.5	-	2.5
Commodity contracts – cash flow hedges	a	-	4.1	-	4.1
Foreign exchange contracts – held for trading	b	-	3.1	-	3.1
Foreign exchange contracts – cash flow hedges	b	-	-	-	-
Embedded derivative	c	-	63.1	-	63.1
Total		**-**	**72.8**	**-**	**72.8**
Commodity contracts – fair value hedges	a	-	(29.2)	-	(29.2)
Commodity contracts – cash flow hedges	a	-	(35.0)	-	(35.0)
Foreign exchange contracts – held for trading	b	-	(11.2)	-	(11.2)
Total		**-**	**(75.4)**	**-**	**(75.4)**

(i) All investments in equity securities are measured at level 1 under the fair value measurements using quoted bid prices in an active market, with the exception of the company's investment of EUR 1.5 million (31 December 2017: EUR 1.5 million) in Exeltium SAS, which is a private company and carried at cost.

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

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

Zinc prepayment

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

In May 2018 the Company increased the remaining balance of the prepayment from EUR 49.5 million (USD 61.7 million) to EUR 103.5 million (USD 125 million) resulting in net cash proceeds to Nyrstar of approximately EUR 50.3 million (USD 63 million). The renewed zinc prepayment has a three year amortising structure and a 12 month grace period following which the facility will be repaid in equal monthly zinc deliveries over a period of two years concluding in May 2021. The interest cost for the prepay funding is LIBOR plus 425 basis points. The balance of the current portion of the zinc prepayment at 30 June 2018 was EUR 4.7 million (31 December 2017: EUR 74.8 million) and the balance of the non-current portion at 30 June 2018 was EUR 99.1 million (31 December 2017: Nil).

The risks and obligations of Nyrstar as to the SPV are fully described above except that in the event of Trafigura failing to take physical delivery of the zinc delivered by Nyrstar (note 21), the Company is required to, on a best efforts basis, find alternative buyers on behalf of the SPV. No financial risks arise to Nyrstar from this obligation.

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

Directly attributable transaction costs have been deducted at initial recognition of the zinc prepayment and are amortised over the term of the zinc prepayment together with the interest of LIBOR plus a margin of 4.5%. The outstanding balance of the zinc prepayment at 30 June 2018 is EUR 103.5 million (31 December 2017: EUR 74.8 million).

13. DEFERRED INCOME

EUR million	as at 30 Jun 2018	as at 31 Dec 2017
Prepayments for deliveries of silver metal	15.3	54.1
Prepayments for deliveries of copper metal	25.7	25.0
Total non-current deferred income	**41.0**	**79.1**
Prepayments for deliveries of silver metal	167.7	158.3
Prepayments for deliveries of zinc and lead metal	273.8	307.3
Total current deferred income	**441.5**	**465.6**
Total deferred income	**482.5**	**544.7**

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

Prepayments for deliveries of silver metal

During the six months ended 30 June 2018 Nyrstar agreed to a five month extension of the silver deliveries to the USD 50 million (EUR 43.8 million) silver prepay initially entered into in the six months ended 30 June 2017. The deliveries of silver will occur from November 2018 to April 2019. The volume of silver to be delivered remains 4.2 million oz. The silver prepayments are amortised into revenue as the underlying silver was physically delivered. As at 30 June 2018 there were no oz of silver delivered.

In the second half of 2017 Nyrstar also entered to two additional silver prepays:

- The silver prepay of USD 60 million (EUR 50.0 million) has a nine months grace period with a ten months delivery period with variable silver instalments based on the silver price at the time of deliveries. As at 30 June 2018, no silver has been delivered. The remaining approximately 3.8 million oz will be delivered between October 2018 and July 2019.

- The silver prepay of USD 10 million (EUR 8.4 million) has a 11 months grace period with a one-off delivery of 0.8 million oz. As at 30 June 2018, no silver has been delivered. The 0.8 million oz will be delivered in December 2018.

During the six months ended 30 June 2017, Nyrstar also entered into additional two silver prepay transactions:

- The silver prepay of USD 50 million (EUR 43.8 million) had a nine months grace period with a five months delivery period with variable silver instalments based on the silver price at the time of deliveries. As at 30 June 2018, 1.3 million oz of silver was delivered. The remaining approximately 1.9 million oz will be delivered between July 2018 and September 2018.

- The silver prepay of USD 60 million (EUR 52.6 million) had a six months grace period with a six months delivery period with variable silver instalments based on the silver price at the time of deliveries. As at 30 June 2018, all silver has been delivered.

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

In connection with the silver prepay agreements with the fixed silver oz deliveries Nyrstar entered into forward purchase contracts with equivalent delivery dates to hedge the silver price exposure related to delivery commitments. These contracts are accounted for as effective fair value hedges of the firm sales commitments in the silver prepay agreements. The change in fair value of the forward purchase contracts of EUR 2.0 million has been included in other financial assets and the portion of deferred income related to the silver prepay agreement of EUR 2.0 million effectively offsets in the income statement.

Prepayments for deliveries of contained copper

During 2017, Nyrstar entered into a copper prepay transaction with its offtaker related to a delivery of the copper concentrate from its mines for which it received total funds of USD 30 million (EUR 25.7 million). The prepay has a 12 months grace period with a three years delivery period until December 2021.

Prepayments for deliveries of zinc and lead metal

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

14. SHARE CAPITAL AND SHARE PREMIUM

As at 30 June 2018 the share capital of Nyrstar NV comprised 109,873,001 ordinary shares (31 December 2017: 109,033,545 ordinary shares) with a par value of EUR 1.038 (31 December 2017: EUR 1.038).

In March 2018 the Company issued 839,456 new ordinary shares as a settlement of the 2017 annual incentive plan of EUR 4.8 million (consisting of capital and issue premium) within the framework of the authorised capital. The new shares were subscribed for by certain existing employees of the Company and its subsidiaries.

In June 2017 the Company issued 84,969 new ordinary shares of EUR 0.4 million (consisting of capital and issue premium) within the framework of the authorised capital. The new shares were subscribed for by certain existing senior employees of the Company and its subsidiaries.

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

15. PERPETUAL SECURITIES

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

Each tranche represented an amount equal to the forecast project costs actually payable in the following calendar month (less the unspent amount of any previous tranches and less any required overrun funding) with the last drawdown in November 2017 including a six month's lookahead mechanism. No further tranches can be issued. At 30 June 2018, an aggregate total of EUR 186.3 million (31 December 2017: EUR 186.3 million) of perpetual securities had been issued.

Whilst the Securities are outstanding, NPP is subject to forms of economic compulsion which compel the Company to pay distribution amounts on the Securities and to otherwise redeem the Securities. During the six months ended 30 June 2018 Nyrstar paid the relevant distribution amount but did not redeem any of the targeted number of Securities, a "trigger event" under the Liquidity Facility. Nyrstar remains in full compliance with its contractual obligations (note 15(ii)).

Forms of economic compulsion contained in the Securities:

(i) The Securities have scheduled (targeted) distributions (the Distribution Amount Payments) every six months (with the first payment on 27 May 2016) and scheduled (targeted) redemptions every six months commencing on 27 May 2018 according to an agreed targeted amortisation schedule (the Amortisation Schedule). The Amortisation Schedule contemplates ten redemptions (via payment) of AUD 29.125 million (EUR 27.7 million) with the first targeted redemption in May 2018 and subsequent targeted redemptions every six months with the final redemption targeted in November 2022. The distributions on Perpetual Securities in the six months ended 30 June 2018 amounted to AUD 7.8 million (EUR 5.0 million) (30 June 2017: EUR 3.7 million). No redemption of Securities was made in the six months ended 30 June 2018. The Distribution Amount on the Securities accrues in respect of each day in the relevant six month period at a distribution rate plus a fee component amount. The distribution rate is based on a floating interest rate being the Bank Bill Rate (this is the interbank rate published by the Australian Financial Markets Association) plus a fixed margin of 1.275%. The average distribution rate for the six months ended 30 June 2018 was 3.31% (30 June 2017: 3.27%). The fee component amount varies based on certain matters, including the time and amount of the Securities outstanding. The fees were adjusted in 2017. The fee component amount for the six months ended 30 June 2018 varied between 2.2% and 3.5% (30 June 2017: 1.7%). Distribution amounts and redemptions on Securities are recognised directly in equity.

Nyrstar, at its sole discretion, has the ability to defer any and all of the Distribution Amount Payments. However, if Nyrstar does not make the Distribution Amount Payments every six months, the unpaid amount is capitalised and added to the amount of accumulated distributions for the following six month period (and so on). The fee component amount may increase depending on the amount outstanding and for how long that amount is outstanding. Should the Company not make the Distribution Amount Payments in accordance with the targeted distribution amount schedule within the first 2.5 years, the fee component amount will increase from 2.2% to 3.5% (and may potentially increase to 5.7% in certain circumstances). The fee increases to 8% per annum if the Perpetual Securities have not been redeemed by the seventh year after first issue, and 12% after ten years.

(ii) In the event NPP defers a Distribution Amount Payment on the Securities, or does not redeem in accordance with the Targeted Amortisation Schedule, or in certain other circumstances, the Group is obliged each time to transfer cash into NPP up to an amount equal to the missed payment or redemption amount (the “Liquidity Facility”). The maximum amount which can be paid into the Liquidity Facility is up to AUD 75.0 million (EUR 47.5 million). There is no requirement for NPP to use the Liquidity Facility to pay Distribution Amount Payments or redeem the Securities, however there are limitations to the use of the Liquidity Facility proceeds. These limitations include NPP cannot transfer the proceeds of the Liquidity Facility to another member of the Nyrstar group or use the proceeds to acquire assets unless permitted otherwise in the contractual documentation. At 30 June 2018 the balance of the Liquidity Facility was AUD 75 million (EUR 47.5 million) (31 December 2017: AUD 75 million (EUR 48.9 million)).

(iii) Except in very limited circumstances, NPP is not permitted to make any distributions (for example dividends, capital redemptions, management fees or similar or interest or principal payments on outstanding intercompany balances) to any other Nyrstar Group companies without prior approval of the holder of the Securities. This is essentially a “Dividend Stopper” type clause associated with the Securities.

(iv) NPP is required to maintain a minimum cash balance of at least AUD 30.0 million (EUR 19.0 million) which is on deposit with an authorised deposit taking institution in Australia. The minimum cash balance is to be maintained until the Securities are fully redeemed and has been classified as restricted cash.

Early Redemption Events

There are only limited circumstances, all of which are within the control of Nyrstar, where there might be a mandatory redemption of the Securities, as set out below (“Early Redemption Events”).

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

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

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

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

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

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

NPP fails to comply with its undertakings in respect of:

- (i) not making misrepresentations;
- (ii) not providing Securities’ holders with a no default certificate;
- (iii) restrictions on negative pledges;

(iv) restrictions on the disposal of its assets;

(v) restrictions on the entry into any amalgamation, demerger, merger or corporate reconstruction (other than any amalgamation, merger or corporate reconstruction within the Nyrstar Group that does not involve NPP);

(vi) restrictions on changing its business;

(vii) restrictions on entry into any derivative transactions (other than in accordance with the hedging policy);

(viii) restrictions on joining a tax consolidated group;

(ix) restrictions on the commingling of property;

(x) restrictions on the provision of financial accommodation or guarantees or incurrence of finance debt;

(xi) insurance; and

(xii) the project documents,

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

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

16. SHARE BASED PAYMENTS

During the six months ended 30 June 2018, the Company issued awards under the Grant 11 of the Long Term Incentive Plan (LTIP) (LTIP 11). The effective accounting date of LTIP 11 was 8 June 2018. It has a performance period of 3 years, commencing at 1 January 2018. For LTIP 11 awards to vest, the two following performance conditions must be met at the end of 2020

- Nyrstar achieving a target underlying EBITDA by the end of 2020 (70% weighting); and
- The Nyrstar average share price for the 3 year performance period must outperform the MSCI world mining and metals index by 2% based on the volume weighted average annual performance (30% weighting)

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

The fair value of services received for the six months ended 30 June 2018, in return for the Grant 11 award issued was EUR 1.0 million.

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

The modification of Grant 9 and the issuance of Grant 10 were made in accordance with the rules and conditions of the LTIP. 871,000 awards of Grant 9 were modified and 1,155,536 awards of Grant 10 were granted with an effective accounting grant date of 30 April 2018 and a performance period of 3 years, commencing 1 January 2016 and 1 January 2017 respectively, over which the performance conditions are assessed.

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

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

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

In order to align rewards with the overall Group performance, the Board of Directors ("Board") approved the 2018 Annual Incentive Plan ("2018 AIP") for the employees of Nyrstar as a share settled plan with certain share deferral for the Nyrstar Management Committee and other senior managers of the Company. The performance criteria of the 2018 AIP are related to the Company's financial performance and the individual personal targets. The fair value of the services received for the six months ended 30 June 2018 amounted to EUR 3.0 million.

There have been no other changes to the Group's share based payment plans as disclosed in detail in the notes to the consolidated financial statements for the year ended 31 December 2017.

17. EARNINGS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share (EPS) for the six months ended 30 June 2018 was based on the loss attributable to ordinary shareholders of EUR 49.4 million (for the six months ended 30 June 2017: loss of EUR 20.5 million) and a weighted average number of ordinary shares outstanding of 109.5 million (30 June 2017: 93.6 million). The basic EPS is calculated as follows:

EUR million	six months ended 30 Jun 2018	six months ended 30 Jun 2017
Shareholders of Nyrstar		
Loss attributable to ordinary shareholders (basic)	(49.4)	(20.5)
Weighted average number of ordinary shares (basic, in million)	109.5	93.6
Loss per share (basic, in EUR)	**(0.45)**	**(0.22)**
Continuing operations		
Loss attributable to continuing operations (basic)	(45.0)	(55.6)
Weighted average number of ordinary shares (basic, in million)	109.5	93.6
Loss per share continuing operations (basic, in EUR)	**(0.41)**	**(0.59)**
Discontinued operations		
Profit / (loss) attributable to discontinued operations (basic)	(4.4)	35.1
Weighted average number of ordinary shares (basic, in million)	109.5	93.6
(Loss) / earnings per share discontinued operations (basic, in EUR)	**(0.04)**	**0.38**

(b) Diluted loss per share

As the entity incurred a loss for the six months ended 30 June 2018, the diluted loss per share EUR 0.45 (continuing: EUR 0.41, discontinued: EUR 0.04) equals the basic loss per share (six months ended 30 June 2017: EUR 0.22 (continuing: EUR 0.59, discontinued (earnings per share): EUR 0.38)).

18. 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 2018	as at 31 Dec 2017
Within one year	25.8	22.9
Between one and five years	-	-
More than five years	-	-
Total	**25.8**	**22.9**

19. RESERVES

EUR million	Translation reserves	Reverse acquisition reserve	Cash flow hedge reserve	Convertible bond	Investments reserve	Total
As at 1 Jan 2018	**35.8**	**(265.4)**	**26.2**	**39.2**	**2.9**	**(161.3)**
Losses on cash flow hedges	-	-	(11.9)	-	-	(11.9)
Foreign currency translation differences	(22.7)	-	-	-	-	(22.7)
Change in fair value of investments in equity securities	-	-	-	-	0.3	0.3
As at 30 June 2018	**13.1**	**(265.4)**	**14.3**	**39.2**	**3.2**	**(195.6)**

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

20. CONTINGENCIES

Legal actions

Although Nyrstar is the subject of a number of claims and legal, governmental and arbitration proceedings incidental to the normal conduct of its business, neither the Company nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the six months ended 30 June 2018 which may have or has had significant effects on the financial position or profitability of the Company and its subsidiaries, taken as a whole.

21. RELATED PARTIES

Relationship with Trafigura

Overview of the relationship with Trafigura

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

Since the notification of significant shareholding received by the Company at 1 September 2015, Urion acquired additional shares in the Company via market purchases. According to the most recent information received by the Company, at 30 June 2018 Urion held 26,830,622 shares representing 24.61% of the voting rights.

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

Trafigura Relationship Agreement

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

The Relationship Agreement provides amongst other things for the following:

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

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

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

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

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

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

Trafigura’s Commitment to the 2016 Rights Offering

On 9 November 2015, Trafigura, (through its subsidiary, Urion) agreed, subject to certain conditions, to subscribe for shares in the rights offering (“Offering”) that was launched on 5 February 2016, for up to a maximum aggregate amount of EUR 125 million, and provided that its aggregate shareholding in the Company after completion of the Offering is not more than 49.9%. Pursuant to the Rights Offering, Urion subscribed with rights for 149,861,803 new shares for an aggregate amount of EUR 67.4 million. As a result of the Offering, Urion’s shareholding in the Company remained at 24.61% in aggregate. The Company paid to Trafigura a commission of EUR 5.0 million;

Trafigura’s Commitment to the Equity Issuance in 2017

On 14 November 2017, Trafigura, (through its subsidiary, Urion) subscribed for shares in the equity issuance of EUR 100 million. Urion subscribed for 3,775,000 new shares. As a result of the equity issuance, Urion’s shareholding in the Company changed to 24.61% in aggregate.

Trafigura Commercial Agreements

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

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

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

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

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

In May and November 2017 Nyrstar and Trafigura amended the "Trafigura Commercial Agreements" entered into on 9 November 2015. These amendments are effective as of the date the agreements are signed. These amendments further defined the zinc specifications and volumes by region, and included an option for Nyrstar to receive a three months prepayment for a certain part of the zinc metal supplied to Trafigura in 2018 against the issuance of a parent guarantee. In addition, Trafigura decided to waive a right to increase the quantity of zinc metal received under the Sale Agreement by some quantities that became available in a given region.

Trafigura Off-take Agreement under the zinc prepayment agreement

In December 2015 Trafigura also become the off-taker in the USD 150 million (EUR 137.8 million) zinc prepayment arranged by Deutsche Bank AG that is linked to the physical delivery of refined zinc metal to Trafigura under the terms of a three-year offtake agreement. In second half of 2016 the zinc prepayment was increased to USD 185 million (EUR 158.8 million).

In May 2018 Nyrstar extended the 3 year zinc metal prepay that was originally entered into in December 2015 with a remaining balance of USD 61.7 million (EUR 49.5 million) to an renewed zinc metal prepay of USD 125 million (EUR 103.5 million). The net cash benefit for Nyrstar from the renewed zinc prepay agreement was approximately USD 63 million (EUR 50.3 million). As per the previous agreement, the prepay agreement was arranged by Deutsche Bank and is linked to the physical delivery of refined zinc metal to Trafigura under the terms of a 3-year offtake agreement. The zinc metal prepay has an amortising structure with a 3-year tenure and a 12 month grace period following which the facility will be extinguished via delivery of zinc metal in equal monthly instalments over a period of two years concluding in May 2021.

Trafigura Working Capital Facility

In May 2016 Nyrstar entered into a USD 150 million revolving working capital facility agreement with Trafigura. The facility was uncommitted and was secured by the shares of Nyrstar France SAS, a subsidiary of the Company, with a current term through to January 2017 and with an interest of LIBOR plus 4%. In November 2016, with the effective date of 1 January 2017, the working capital facility become committed, was extended till 31 December 2017 and was upsized to USD 250 million. The amended working facility is secured by a second rank share pledge over the shares of Nyrstar France SAS, a subsidiary of the Company. In November 2017 the facility USD 250 million was extended until the end of 2019 on similar terms to the existing facility and secured by a second rank share pledge over the shares of Nyrstar Budel BV, a subsidiary of the company.

Transactions with related parties

Trafigura became a related party to Nyrstar as of 28 August 2015 when it acquired more than 20% ownership in Nyrstar. The transaction values disclosed below include the transactions from 1 January 2018 to 30 June 2018. The comparative 2017 information include transaction from 1 January 2017 to 30 June 2017.

	Transaction values for the six months ended 30 June	
EUR million	2018	2017
Sale of goods and services		
Trafigura Beheer B.V.	-	-
Subsidiaries & associates of Trafigura Beheer B.V.	319.5	306.0
Others	-	-
Purchase of goods and services		
Trafigura Beheer B.V.	-	-
Subsidiaries & associates of Trafigura Beheer B.V.	350.9	304.1
Others	3.7	-

EUR million	30 June 2018	31 Dec 2017
Amounts owed by		
Trafigura Beheer B.V.	-	-
Subsidiaries & associates of Trafigura Beheer B.V.	11.9	25.8
Others	-	-
Amounts owed to		
Trafigura Beheer B.V.	-	-
Subsidiaries & associates of Trafigura Beheer B.V.	172.9	71.9
Others	1.4	0.6

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

The balance owed to Trafigura at 30 June 2018 of EUR 172.9 million (31 December 2017: EUR 71.9 million) includes Trafigura's direct participation of USD 30.0 million (EUR 25.7 million) in the Zinc prepayment (31 December 2017: USD 17.5 million (EUR 14.6 million)) The loan from related parties was Nil at 30 June 2018 (31 December 2017: EUR Nil).

	Transaction values for the six months ended 30 June	
EUR million	2018	2017
Loan from related parties		
Trafigura Beheer B.V.	-	-
Subsidiaries & associates of Trafigura Beheer B.V.	-	-
Interest paid to related parties		
Trafigura Beheer B.V.	-	-
Subsidiaries & associates of Trafigura Beheer B.V.	7.3	1.3

22. SUBSEQUENT EVENTS

In July 2018, the Company increased zinc metal prepay from USD 125 million to USD 150 million. The upsize of the prepay agreement was arranged by Deutsche Bank and is linked to the physical delivery of refined zinc metal to Trafigura under the terms of a 3-year offtake agreement. The zinc metal prepay has an amortising structure with a 3-year tenure and a 12 month grace period following which the facility will be repaid in equal monthly instalments over a period of two years concluding in May 2021.

Except for the above, there have been no material reportable events subsequent to 30 June 2018.

STATEMENT OF RESPONSIBILITY

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

a) the condensed consolidated interim financial statements for the six month period ended 30 June 2018 which have been prepared in accordance with applicable standards give a true and fair view of the assets, the financial position and income statement of the issuer and its consolidated subsidiaries;

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

c) there have been no material changes to the risks and uncertainties for the Group as outlined in the 2017 Annual Report; these risks and uncertainties remain applicable for the financial performance of the Group for the remainder of 2018.

Brussels, 31 July 2018

Hilmar Rode
Chief Executive Officer

Michel Abaza
Chief Financial Officer

Nyrstar NV

Report on the review of the consolidated interim financial information for the six-month period ended 30 June 2018

Report on the review of the consolidated interim financial information of Nyrstar NV for the six-month period ended 30 June 2018

In the context of our appointment as the company's statutory auditor, we report to you on the consolidated interim financial information. This consolidated interim financial information comprises the interim condensed consolidated statement of financial position as at 30 June 2018, the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the period of six months then ended, as well as selective notes 1 to 22.

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 Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The interim condensed consolidated statement of financial position shows total assets of 3 561,1 million EUR and the interim condensed consolidated income statement shows a consolidated loss (group share) for the period of six months then ended of 49,4 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.

Antwerp, 31 July 2018

The statutory auditor

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