



# Payments to Governments

Report 2018

# Payments to Governments Report 2018

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# INTRODUCTION

This Payments to Governments Report (“Report”) discloses the payments that Nyrstar NV and its subsidiaries (“Nyrstar”) made during 2018 on a country-by-country and project-by-project basis as required by Belgian Law dated 18 December 2015 and the Belgian Royal Decree dated 11 September 2016 entering into effect as of 1 October 2016. This Belgian law enacts domestic rules in line with the reporting requirements of Chapter 10 of the EU Accounting Directive (2013/34/EU) which applies to large entities like Nyrstar that are involved in Extractive industries (exploration, prospection, discovery, development and extraction of minerals, oil, natural gas or other materials within the economic activities listed in Regulation (EC) No 1893/2006 of The European Parliament and of the Council of 20 December 2006 under Section B – Mining and Quarrying) and the logging of primary forests (naturally regenerated forest of native species, where there is no clearly visible indication of human activities and the ecological processes are both significantly disturbed).

This Report is available for download at [www.nyrstar.com](http://www.nyrstar.com)

# Basis for preparation and scope

Nyrstar NV as a parent of the Nyrstar Group has prepared the Report on consolidated basis and reports the activity of any of its subsidiary entities that are active in the extractive industry.

Taxes, production entitlements, royalties, and other payments to governments are presented on a cash-paid basis during the reporting period. In-kind payments are converted into monetary value at the date of settlement.

Payments made by Nyrstar to governments arising from activities involving the exploration, prospecting, discovery, development and extraction of minerals, oil, natural gas or other materials (extractive activities) are disclosed in this Report. It excludes payments to governments related to Nyrstar's metal processing business.

Payments made to government by the Contonga mine, Peru, after 31 August 2017 are not included in the 2017 Report as the Contonga mine was sold to a third party / transaction closed in August 2017 and Nyrstar had no control over the mine as of the transfer.

Payments made to government by the Coricancha mine, Peru, after May 2017 are not included in the 2017 Report as the Coricancha mine was sold to a third party / transaction closed in June 2017 and Nyrstar had no control over the mine as of the transfer.

Unless noted otherwise in the Report, the following terms have the definition as stated below:

## **Government**

Government includes any federal, national, regional or local authority of a country in which the Nyrstar entity operates or another country and it includes any department, agency or undertaking controlled by that authority.

## **Project**

Project is defined as operational activities that are governed by a single contract, license, lease, concession or similar legal agreements and form the basis for payment liabilities to a government. Where such agreements are substantially interconnected, those agreements are considered as a single project.

## **Production entitlements**

Production entitlements are payments to governments based on the volume of output, as mandated in any agreement or license. These entitlements can be paid in cash or in-kind. The value of these payments is calculated based on the market price at the time of the in-kind payment.

## **Taxes on income**

Taxes on income are levied on the income, production or profits of companies. They also include withholding taxes paid on dividends, interest, royalties, and services. Excluded are taxes levied on consumption such as value added taxes ("VAT"), personal income taxes or sales taxes. Property and environmental taxes are also excluded. Taxes on income include taxes paid in-kind, if applicable. The value of taxes paid in-kind is calculated based on the market price at the time of the in-kind payment.

### **Royalties**

Royalties are usage-based payments for the right to the on-going use of an asset (i.e. payments to governments in respect of revenue or production related to the extraction of metals).

### **Non-ordinary dividends**

Non-ordinary dividends such as any dividend paid in lieu of production entitlements or royalties. In this context, dividends do not include payments to governments when a government is a shareholder of the company, as long as the dividend is paid to the government under the same terms and conditions as applicable to other shareholders.

### **Bonuses**

Bonuses are payments related to awards, grants, or transfer of extraction rights. Payments can be in the form of periodic payments or a fixed amount upon signing of a contract, achievement of certain production levels or targets and discovery of (additional) mineral resources or deposits. Bonuses could be paid i.e. when signing a lease, when discovering natural resources and/or when production has commenced. Bonuses include signature, discovery and production bonuses.

### **License fees**

License fees are levied on the right to use a geographical area for exploration, development and production and include rental fees, area fees, entry fees, severance tax and other considerations for licenses and/or concessions.

### **Infrastructure improvements**

Payments related to the construction of infrastructure. Such payments are disclosed if Nyrstar is contractually obligated to improve the infrastructure. Payments in respect of social or community programs, for example building/providing a hospital or school are excluded.

### **Disclosure threshold**

Payments made to a government are single payments or series of related payments of EUR / CAD / USD 100,000 (or equivalent) or more in a financial year.

### **Exchange rate**

Payments made to a government in currencies other than EUR are translated for this Report based on the foreign exchange rate at yearly average rate.

# Forward looking statements

This document has been prepared by the management of Nyrstar NV (the "Company"). It does not constitute or form part of, and should not be construed as, an offer, solicitation or invitation to subscribe for, underwrite or otherwise acquire, any securities of the Company or any member of its group nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of the Company or any member of its group, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.

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# Reports

The following reports have been prepared on the basis as outlined in Basis for preparation and scope on page 1 of this Report.

## Payments per country as of 31 December 2018:

All amounts are in EUR thousand

Country	Production entitlements	Taxes	Royalties	Non-ordinary dividends	Bonuses	License fees	Infrastructure improvement	Total
Canada <sup>1</sup>	-	1,208	-	-	-	73	-	1,281
Peru <sup>1</sup>	-	112	-	-	-	65	-	177
USA <sup>1,2</sup>	-	-	546	-	-	91	-	637
Tunisia <sup>3</sup>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,320</b>	<b>546</b>	<b>-</b>	<b>-</b>	<b>229</b>	<b>-</b>	<b>2,095</b>

<sup>1</sup> Some of the 2018 payments to governments in Canada, Peru and US are over the local currency 100,000 but below the equivalent of EUR 100,000.

<sup>2</sup> The mines in USA are part of the USA federal consolidated tax group including all Nyrstar USA entities where the head entity and some other entities are not in extractive industry. The federal consolidated group's tax obligations is recorded at the level of the head entity of the USA federal consolidated tax group.

<sup>3</sup> All the 2018 payments to governments by Breakwater Tunisia SA were below the local currency 100,000 and the equivalent of EUR 100,000.

## Payments per country as of 31 December 2017:

All amounts are in EUR thousand

Country	Production entitlements	Taxes <sup>4</sup>	Royalties <sup>5</sup>	Non-ordinary dividends	Bonuses	License fees	Infrastructure improvement <sup>7</sup>	Total
Canada <sup>1</sup>	-	783	-	-	-	92	6,199	7,074
Mexico <sup>2</sup>	-	-	-	-	-	-	-	-
Peru <sup>1,3</sup>	-	1,034	38	-	-	49	-	1,121
USA <sup>4,5</sup>	-	-	115	-	-	-	-	115
Tunisia <sup>6</sup>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,817</b>	<b>153</b>	<b>-</b>	<b>-</b>	<b>141</b>	<b>6,199</b>	<b>8,310</b>

<sup>1</sup> Some of the 2017 payments to governments in Canada and Peru are over the local currency 100,000 but below the equivalent of EUR 100,000.

<sup>2</sup> Mexican mine Campo Morado was sold to a third party in 2017.

<sup>3</sup> Contonga and Coricancha mines in Peru were sold in August 2017, June 2017 respectively. Payments to governments after the transaction are not included in the 2017 Report.

<sup>4</sup> The mines in USA are part of the USA federal consolidated tax group including all Nyrstar USA entities where the head entity and some other entities are not in extractive industry. The federal consolidated group's tax obligations is recorded at the level of the head entity of the USA federal consolidated tax group.

<sup>5</sup> The combined 2017 royalties payments to governments by the Nyrstar's mining entities in the USA were above the equivalent of EUR 100,000. The stand-alone royalties payments to governments by the Nyrstar's mining entities in the USA were below the equivalent of EUR 100,000.

<sup>6</sup> All the 2017 payments to governments by Breakwater Tunisia SA were below the local currency 100,000 and the equivalent of EUR 100,000.

<sup>7</sup> Infrastructure improvements include direct guarantee payments to governments for restoration of the sites after the site closure.

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### Payments by government as of 31 December 2018:

All amounts are in EUR thousand

Country/Government	Production entitlements	Taxes	Royalties	Non-ordinary dividends	Bonuses	License Fees	Infrastructure improvements	Total
<b>Canada<sup>1</sup></b>								
National	-	585	-	-	-	-	-	585
Regional - Province of Quebec	-	623	-	-	-	73	-	696
<b>Total</b>	<b>-</b>	<b>1,208</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73</b>	<b>-</b>	<b>1,281</b>
<b>Peru<sup>1</sup></b>								
National	-	112	-	-	-	-	-	112
Mining Geological Institute	-	-	-	-	-	65	-	65
<b>Total</b>	<b>-</b>	<b>112</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>-</b>	<b>177</b>
<b>USA<sup>1,2</sup></b>								
Regional – State of Tennessee	-	-	546	-	-	91	-	637
<b>Total</b>	<b>-</b>	<b>-</b>	<b>546</b>	<b>-</b>	<b>-</b>	<b>91</b>	<b>-</b>	<b>637</b>
<b>Tunisia<sup>3</sup></b>								
National	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>1,320</b>	<b>546</b>	<b>-</b>	<b>-</b>	<b>229</b>	<b>-</b>	<b>2,095</b>

<sup>1</sup> Some of the 2018 payments to governments in Canada, Peru and US are over the local currency 100,000 but below the equivalent of EUR 100,000.

<sup>2</sup> The mines in USA are part of the USA federal consolidated tax group including all Nyrstar USA entities where the head entity and some other entities are not in extractive industry. The federal consolidated group's tax obligations is recorded at the level of the head entity of the USA federal consolidated tax group.

<sup>3</sup> All the 2018 payments to governments by Breakwater Tunisia SA were below the local currency 100,000 and the equivalent of EUR 100,000.



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### Payments by government as of 31 December 2017:

All amounts are in EUR thousand

Country/Government	Production entitlements	Taxes <sup>4</sup>	Royalties <sup>5</sup>	Non-ordinary dividends	Bonuses	License Fees	Infrastructure improvements	Total
<b>Canada<sup>1</sup></b>								
National	-	394	-	-	-	-	-	394
Regional - Province of Quebec	-	389	-	-	-	92	6,199	6,680
<b>Total</b>	-	<b>783</b>	-	-	-	<b>92</b>	<b>6,199</b>	<b>7,074</b>
<b>Mexico<sup>2</sup></b>								
National	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-
<b>Peru<sup>1,3</sup></b>								
National	-	1,034	38	-	-	-	-	1,072
Mining Geological Institute	-	-	-	-	-	49	-	49
<b>Total</b>	-	<b>1,034</b>	<b>38</b>	-	-	<b>49</b>	-	<b>1,121</b>
<b>USA<sup>3,4</sup></b>								
Regional - State of Tennessee	-	-	115	-	-	-	-	115
<b>Total</b>	-	-	<b>115</b>	-	-	-	-	<b>115</b>
<b>Tunisia<sup>5</sup></b>								
National	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>1,817</b>	<b>153</b>	-	-	<b>141</b>	<b>6,199</b>	<b>8,310</b>

1 Some of the 2017 payments to governments in Canada and Peru are over the local currency 100,000 but below the equivalent of EUR 100,000.

2 Mexican mine Campo Morado was sold to a third party in 2017.

3 Contonga and Coricancha mines in Peru were sold in August 2017, June 2017 respectively. Payments to governments after the transaction are not included in the 2017 Report.

4 The mines in USA are part of the USA federal consolidated tax group including all Nyrstar USA entities where the head entity and some other entities are not in extractive industry. The federal consolidated group's tax obligations is recorded at the level of the head entity of the USA federal consolidated tax group.

5 The combined 2017 royalties payments to governments by the Nyrstar's mining entities in the USA were above the equivalent of EUR 100,000. The stand-alone royalties payments to governments by the Nyrstar's mining entities in the USA were below the equivalent of EUR 100,000.

6 All the 2017 payments to governments by Breakwater Tunisia SA were below the local currency 100,000 and the equivalent of EUR 100,000.

7 Infrastructure improvements include direct guarantee payments to governments for restoration of the sites after the site closure.

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### Payments by project as of 31 December 2018:

All amounts are in EUR thousand

Country/Project	Production entitlements	Taxes <sup>4</sup>	Royalties <sup>5</sup>	Non-ordinary dividends	Bonuses	License Fees	Infrastructure improvements	Total
<b>Canada<sup>1</sup></b>								
Myra Falls mine – mine operations	-	585	-	-	-	-	-	585
Langlois mine – withholding taxes	-	95	-	-	-	-	-	95
Langlois Mine – site restoration and rehabilitation	-	-	-	-	-	73	-	73
Langlois Mine – mining taxes	-	528	-	-	-	-	-	528
Bouchard-Hebert mine – site restoration and rehabilitation	-	-	-	-	-	-	-	-
Breakwater Resources Ltd withholding taxes	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,208</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73</b>	<b>-</b>	<b>1,281</b>
<b>Peru<sup>1</sup></b>								
Pucarrajo mine <sup>3</sup>	-	112	-	-	-	65	-	177
<b>Total</b>	<b>-</b>	<b>112</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>65</b>	<b>-</b>	<b>177</b>
<b>USA<sup>1,2</sup></b>								
Nyrstar Tennessee mines	-	-	546	-	-	91	-	637
<b>Total</b>	<b>-</b>	<b>-</b>	<b>546</b>	<b>-</b>	<b>-</b>	<b>91</b>	<b>-</b>	<b>637</b>
<b>Tunisia<sup>3</sup></b>								
Nyrstar Tunisia	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>1,320</b>	<b>546</b>	<b>-</b>	<b>-</b>	<b>229</b>	<b>-</b>	<b>2,095</b>

<sup>1</sup> Some of the 2018 payments to governments in Canada, Peru and US are over the local currency 100,000 but below the equivalent of EUR 100,000.

<sup>2</sup> The mines in USA are part of the USA federal consolidated tax group including all Nyrstar USA entities where the head entity and some other entities are not in extractive industry. The federal consolidated group's tax obligations is recorded at the level of the head entity of the USA federal consolidated tax group.

<sup>3</sup> All the 2018 payments to governments by Breakwater Tunisia SA were below the local currency 100,000 and the equivalent of EUR 100,000.

## Payments by project as of 31 December 2017:

All amounts are in EUR thousand

Country/Project	Production entitlements	Taxes <sup>4</sup>	Royalties <sup>5</sup>	Non-ordinary dividends	Bonuses	License Fees	Infrastructure improvements <sup>7</sup>	Total
<b>Canada<sup>1</sup></b>								
Myra Falls mine – mine operations	-	327	-	-	-	92	-	419
Langlois mine – withholding taxes	-	67	-	-	-	-	-	67
Langlois Mine – site restoration and rehabilitation	-	-	-	-	-	-	6,199	6,199
Langlois Mine – mining taxes	-	389	-	-	-	-	-	389
Bouchard-Hebert mine – site restoration and rehabilitation	-	-	-	-	-	-	-	-
Breakwater Resources Ltd withholding taxes	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>783</b>	-	-	-	<b>92</b>	<b>6,199</b>	<b>7,074</b>
<b>Mexico<sup>2</sup></b>								
Campo Morado mine	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-	-
<b>Peru<sup>1</sup></b>								
Contonga mine <sup>3</sup>	-	1,034	38	-	-	49	-	1,121
Coricancha mine <sup>3</sup>	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>1,034</b>	<b>38</b>	-	-	<b>49</b>	-	<b>1,121</b>
<b>USA<sup>4,5</sup></b>								
Nyrstar Tennessee mines	-	-	115	-	-	-	-	115
<b>Total</b>	-	-	<b>115</b>	-	-	-	-	<b>115</b>
<b>Tunisia<sup>6</sup></b>								
Nyrstar Tunisia	-	-	-	-	-	-	-	-
<b>Total</b>	-	<b>1,817</b>	<b>153</b>	-	-	<b>141</b>	<b>6,199</b>	<b>8,310</b>

1 Some of the 2017 payments to governments in Canada and Peru are over the local currency 100,000 but below the equivalent of EUR 100,000.

2 Mexican mine Campo Morado was sold to a third party in 2017.

3 Contonga and Coricancha mines in Peru were sold in August 2017, June 2017 respectively. June 2017 respectively. Payments to governments after the transaction are not included in the 2017 Report.

4 The mines in USA are part of the USA federal consolidated tax group including all Nyrstar USA entities where the head entity and some other entities are not in extractive industry. The federal consolidated group's tax obligations is recorded at the level of the head entity of the USA federal consolidated tax group.

5 The combined 2017 royalties payments to governments by the Nyrstar's mining entities in the USA were above the equivalent of EUR 100,000. The stand-alone royalties payments to governments by the Nyrstar's mining entities in the USA were below the equivalent of EUR 100,000.

6 All the 2017 payments to governments by Breakwater Tunisia SA were below the local currency 100,000 and the equivalent of EUR 100,000.

7 Infrastructure improvements include direct guarantee payments to governments for restoration of the sites after the site closure.

