



Limited Liability Company (*Naamloze Vennootschap*)
Zinkstraat 1, 2490 Balen (Belgium)
Company number VAT BE 0888.728.945 RPR/RPM Turnhout

Report of the Board of Directors ex Article 119 Company Code

Pursuant to Article 119 of the Company Code, the Board of Directors reports on the operations of the Nyrstar Group with respect to the financial year ended on 31 December 2018.

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

A free copy of the annual report of the Board of Directors on the statutory accounts of Nyrstar NV in accordance with Article 96 of the Belgian Company Code can be requested at the Company's registered office at Zinkstraat 1, 2490 Balen.

1. Comments to the Financial Statements

Nyrstar's consolidated financial statements as at and for the year ended 31 December 2018 comprise Nyrstar NV (the "Company") and its subsidiaries (together referred to as "Nyrstar" or the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

(a) Statement of compliance

The consolidated financial statements of Nyrstar NV ("Company") and its subsidiaries ("Group") are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. These include International Financial Reporting Standards (IFRS) and the related interpretations issued by the International Accounting Standards Board (IASB), and the IFRS Interpretations Committee (IFRIC), effective at the reporting date and adopted by the European Union.

In October 2018 the Group initiated a review of its capital structure in response to the challenging financial and operating conditions being faced by the Group. As a result of at 31 December 2018, the Company was the ultimate holding entity of the Group. However, upon completion of the restructuring of the Nyrstar Group ("Restructuring"), to which the requisite majorities creditors have committed in the Lock-Up Agreement (as defined below), the Company as the ultimate holding entity of the Group is, within 12 months from the date of this report (23 May) on 31 July 2019, expected to cease, the Company ceased its control over the operating entities that it controlled as at 31 December 2018 and the Group will cease trading in its current form it traded in as at 31 December 2018 (refer to note 42: "Subsequent events" for a detailed description of the Restructuring). While the Company will cease trading as a controlling holding company of the current Operating Group, (as defined below in note 42), it will continue trading as an investment company, holding 2% of the equity in the Operating Group (defined below) for the benefit of existing Nyrstar NV shareholders. The liquidity of the Company will be supported by the intended funding and other ongoing support arrangements between Trafigura with NewCo (as defined below), the new in note 42) which is the present controlling holding company of the Operating Group (NewCo as defined below) and the Company that are expected to. These arrangements provide the Company with, among other things, a EUR 8.5 million committed limited recourse loan facility ("the Limited Recourse Loan Facility") that the Company can use on its terms to finance its ongoing operating activities (refer. The original arrangements obliging Trafigura and NewCo to "Principal Recapitalisation Terms - Equity"). These provide certain funding and support were entered into on 19 June 2019. The Limited Recourse Loan

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Facility between the Company and NewCo was subsequently entered into on 23 July 2019. Certain of these agreements ~~are still being finalised~~ only became fully effective on completion of the Restructuring on 31 July 2019. As a consequence of the Restructuring, the consolidated financial statements of the Group for the year ended 31 December 2018 have been prepared on a basis that the Group has ceased to trade in ~~its current form~~ the form it existed as at 31 December 2018 and is therefore other than that of a going concern.

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At the date of this report, material uncertainties remain over:

- ~~The ability of the Group to meet its funding requirements depends on the successful completion of the Restructuring while the successful completion of the Restructuring remains uncertain;~~
- ~~Finalisation and execution of the various documents to implement the Restructuring and the negotiation of the final terms and conditions between the parties;~~
- ~~Completion of conditions precedent to implementation of the Restructuring, including those outside of the Group's control requiring third-party approvals;~~
- ~~Finalisation of the agreement related to the transfer of assets from Nyrstar NV to NewCo associated with implementation of the Restructuring including the finalisation of the valuation of the fair market value supporting this transfer.;~~
- ~~Liquidity of the Group until the completion of the Restructuring.~~

The Group expects to complete the Restructuring in around 26 July 2019. Therefore, the Group has forecasted its weekly available liquidity commencing 17 May 2019 to assess whether it has sufficient liquidity to continue to operate until the Restructuring is completed. The Group has available liquidity as at 17 May 2019 of EUR 138 million in the form of cash and committed facilities (which includes the Bridge Financing from Trafigura outlined in note 42). There is a material uncertainty as to whether the Group will have sufficient liquidity to complete the Restructuring in the event commodity prices decrease, there are unforeseen production or liquidity events (for example critical capital failure) or there is a delay in the Restructuring.

However, the Board of Directors, based on the progress of and creditor support for the Restructuring at the date of this report, assesses that it is reasonable to expect that the Company is expected to have sufficient liquidity until the completion of the Restructuring and that the Restructuring is expected to be successful and should enable the Company and the Group to have adequate resources to continue in operational existence for the foreseeable future. Following the completion of the Restructuring, and on the basis that the funding and support agreements described above are agreed and entered into on 31 July 2019, the Operating Group is expected to have sufficient liquidity provided by the post-restructuring facilities and by Trafigura Group and the Company. The liquidity of the Company is expected to be supported by the EUR 8.5 million committed limited recourse loan. Limited Recourse Loan Facility for the Company's ongoing ordinary course operating activities (such facility between Trafigura and the Company has an additional separate EUR 5 million tranche for litigation defence costs (if any)).

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The conclusion of the directors that the Group's consolidated financial statements for the year ended 31 December 2018 are prepared on a basis other than that of a going concern has not altered the accounting policies as described in note 3 "Significant accounting policies" but has resulted in significant judgements being made by management in their application, including:

- The recoverable amount of assets and cash-generating units described in note 3 (h) "Impairment of non-financial assets" corresponds to their fair value less costs of disposal
- The operating entities of the Group are not presented as discontinued operation or as disposal groups held for sale as the conditions for such a classification were not met on 31 December 2018 ~~(note 4)~~;
- The measurement basis of financial liabilities at amortised cost remains unchanged despite the fair values being lower at 31 December 2018 (note 3(c)(ii)); and
- The loans and borrowings (note 28) as well as the zinc prepayments (note 20) recognised as other financial liabilities ~~has have~~ been presented based on the contractual due dates at 31 December 2018, even though

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the ~~expected outcome of the~~ Restructuring ~~will result~~ ~~has resulted~~ in a full or partial extinguishment of these liabilities of the Group. For more details on the Restructuring refer to section 4 of this report.

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1.1 Overview of activities and finance overview

As was communicated by the Company on 20 September 2018 and 30 October 2019, the external market conditions in H2 2018, primarily reduced zinc prices, historically low treatment charges and increased energy prices, caused a material negative impact to the Company's earnings for H2 2018 and FY 2018.

Metals Processing underlying EBITDA of EUR 135 million, down EUR 71 million year-on-year, driven by lower zinc treatment charges, higher energy prices in Europe and Australia during H2 2018, the suspension of operations at Port Pirie in December 2018, partially offset by higher production of zinc, copper, silver and minor metals.

Mining underlying EBITDA of EUR 19 million, down EUR 28 million year-on-year, driven by the negative EBITDA performance from the restart of the Myra Falls mine and weak production and operating cost performance at the Langlois and Middle Tennessee mines, partially offset by lower zinc treatment charges and continued operating improvements at the East Tennessee mines.

Group underlying EBITDA of EUR 99 million for 2018, a decrease of 52% on 2017, primarily driven by a 15% decrease in the benchmark zinc treatment charge, a weakening of the US dollar against the Euro (1.13 to 1.18), increased energy prices in Metals Processing and higher direct operating costs at the mining operations, partially offset by increased zinc metal and zinc in concentrate production (up 4% and 14% respectively).

1.2 Non-Financial Key-Performance Indicators

Production

	Financial year 2018	Financial year 2017
<u>Mining production</u>		
Zinc in concentrate ('000 tonnes)	139	123
Gold ('000 troy ounces)	2.1	1.9
Silver ('000 troy ounces)	439	553
Copper in concentrate ('000 tonnes)	1.6	2.1
<u>Smelting production</u>		
Zinc metal ('000 tonnes)	1,064	1,019
Lead metal ('000 tonnes)	160	171
Sulphuric acid ('000 tonnes, gross)	1,364	1,266
Silver (million troy ounces)	13.8	13.6
Gold ('000 troy ounces)	73	73

Metals Processing produced approximately 1.06 million tonnes of zinc metal in 2018, representing a 4% increase on 2017. The increase in zinc metal production year-over-year was despite the planned maintenance shuts at Auby, Balen, Clarksville and Hobart; and was assisted by a lack of material unplanned outages which had impacted production volumes in 2017. However, zinc and lead metal production was impacted during Q4 2018 by lower raw material inventory as a consequence of the Company's liquidity constraints.

Lead metal production at Port Pirie of 160kt was down 7% year-over-year due to a 38 day planned blast furnace maintenance outage in Q2 2018 and a shut of the blast furnace for December 2018. During December 2018, the Company chose not to operate the old sinter plant at Port Pirie in order to further support reducing lead-in-air emissions which ended the year below the defined limit. In addition, Nyrstar also performed maintenance on the TSL furnace and blast furnace during December 2018. These maintenance shuts were to address a TSL furnace cooling issue and to bring forward maintenance previously scheduled for the blast furnace in January 2019. The TSL furnace resumed operation on 15 December 2018.

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Nyrstar's Mining operations produced approximately 139kt of zinc in concentrate in 2018, an increase of 14% compared to 2017. The total mine production of zinc in concentrate in 2018 is marginally below the revised full year guidance range of 140 to 150kt. This lower level of zinc in concentrate production has been largely due to disappointing production performance of the Langlois and the Middle Tennessee mines and commercial production at the Myra Falls mine commencing later than had been originally anticipated at the start of the year and the impact of the suspension of ore extraction at year end to address deficiencies identified in compliance orders from the Ministry for Energy, Mines & Petroleum Resources in British Columbia.

Markets

At the start of the year the zinc price opened at USD 3,316 per tonne and reached a high of USD 3,596 per tonne in February 2018. Over the course of the year, the zinc price retreated with a low of USD 2,283 per tonne in August 2018. The zinc price averaged USD 2,922 per tonne in 2018, up 1% on 2017.

On the back of the tightening availability of zinc concentrate, the annual 2018 benchmark treatment charge terms were settled in April 2018 at approximately 15% below the 2017 terms of USD 172 per dmt and spot treatment charges in H1 2018 reached historically low levels of approximately USD 20 per tonne before recovering substantially in H2 2018. The zinc concentrate 2018 benchmark treatment charges were settled with a base TC of USD 147 per dmt (dry metric tonne) of concentrate.

Safety, Health and Environment

"Prevent Harm" is a core value of Nyrstar. The Company is committed to maintaining safe operations and to proactively managing risks including with respect to people and the environment. At Nyrstar, we work together to create a workplace where all risks are effectively identified and controlled and everyone goes home safe and healthy each day of their working life.

In 2018 the Group continued to make significant progress in our safety "towards zero" vision. No severe irreversible injuries occurred. The frequency rate of cases with time lost or under restricted duties (DART) for the Company achieved a new record low of 3.7, an improvement of 7% compared to a rate of 3.9 in 2017. The frequency rate of cases requiring at least a medical treatment (RIR) was 6.7, this is a 4% increase compared to 6.4 in 2017. More important, the number of days lost due to LTIs and RW injuries reached a new record low of 202. This is 20% lower than the previous best of 255 days lost by million working hours in 2017.

No environmental events with material business consequences or long-term environmental impacts occurred during the period.

1.3 Operating Results, Financial Position and Cash Flows

Group gross profit for 2018 of EUR 1,118 million was up 4% on 2017, driven by higher zinc production volumes in Mining and Metals Processing and marginally higher zinc and gold prices which were both up 1%, partially offset by deteriorating benchmark zinc treatment charge terms and a weaker US dollar against the Euro.

Direct operating costs for 2018 of EUR 1,014 million increased 16% on 2017, due to higher zinc production volumes in Mining and Metals Processing, higher electricity prices at the smelters, increased mining costs as a result of the restart of operations at Myra Falls and the ramp-up of mining operations at Middle Tennessee.

Group underlying EBITDA of EUR 99 million in 2018, a decrease of 52% on 2017, due to a weakening of the US dollar against the Euro, lower lead and silver prices, a 15% reduction in the benchmark zinc treatment charge, higher direct operating costs per tonne of zinc in both Mining and Metals Processing. Underlying adjustments in 2018 were a total of EUR 49 million, comprising EUR 2 million of embedded derivatives, EUR (22) million of restructuring expense, EUR 1 million of M&A related transaction expense and EUR (30) million of other expenditure relating primarily to the write-off of payments that were connected with the divestment of the

El Toqui mine in Chile which had been sold in 2017. This write-off was due to the insolvency of the purchaser of the El Toqui mine.

Depreciation, depletion and amortisation expense for 2018 of EUR 162 million was up 4% year-on-year.

In 2018 the Company recognised a non-cash, pre-tax **impairment loss** of EUR 99.130 million (2017: impairment gain of EUR 126 million). This impairment loss relates fully to pre-tax impairment losses on Nyrstar's Mining assets (EUR ~~85.9 million~~ 117.2 million) at Langlois and Myra Falls and specific asset write-offs in Metals Processing (EUR 11.4 million).

Net finance expense (including foreign exchange) for 2018 of EUR 151 million was down EUR 56 million on 2017 primarily due to a net foreign exchange gain of EUR 6.5 million in 2018 compared to a loss of EUR 59.9 million in 2017. The interest expense in 2018 of EUR 128.3 million was higher than in 2017 (EUR 104.4 million).

Nyrstar recognised an **income tax expense** for the year ended 31 December 2018 of EUR 250 million (2017: income tax benefit of EUR 37 million) representing an effective income tax rate of ~~-68.963.4%~~ (for the year ended 31 December 2017: -481.3%). The tax rate is impacted by non-recognition of current year losses, and by the de-recognition of previous losses relating mainly to Nyrstar Sales & Marketing AG, the US Group, and the Canadian Group given it is not probable that these tax losses will be used in the future considering forecast profit projections.

Loss after tax of EUR ~~648650~~ million in 2018, compared to a net profit of EUR 47 million in 2017, mainly as a result of the impairment charges related to the write down of the carrying value of Langlois and Myra Falls mines, the partial downed-recognition of Nyrstar Sales & Marketing AG and Nyrstar US deferred tax assets due to reduced expected recoverability and the operational losses incurred in 2018 and change of control impacts.

Capital expenditure was EUR 229 million in 2018, representing a decrease of 37% year-on-year driven by a substantial reduction in Metals Processing from EUR 303 million in 2017 to EUR 126 million in 2018 with the completion of the Port Pirie Redevelopment and a EUR 43 million increase in Mining with the restart of the Myra Falls mine.

1.4 Liquidity Position and Capital Resources

Net debt at the end of 2018 at EUR 1,643 million, excluding the zinc metal prepay, was 49% higher compared to the end of 2017 (EUR 1,102 million at the end of 2017), predominantly due to substantial working capital outflow during Q4 2018 due to higher commodity prices, no new silver prepayments in H2 2018, reduction in non-committed letter of credit lines from banking counterparties, tightened credit terms with a number of suppliers, the reclassification of EUR 82.5 million of prepayments for deliveries of silver metal from deferred income to loans and borrowing at 31 December 2018 as the Group had no ability to settle by physical delivery of silver metal from its own production, the reclassification of EUR 50.7 million of prepayments for deliveries of zinc metal from deferred income to loans and borrowing at 31 December 2018 as the Group had no ability to settle by physical delivery of zinc metal from its own production and the reclassification of perpetual securities (EUR 174.9 million at 31 December 2018) from equity to loans and borrowings. The net debt inclusive of the zinc metal prepay and perpetual securities at the end of 2018 was EUR 1,771 million, up 30% compared to the end of 2017. Cash balance at the end of 2018 was EUR 239 million compared to EUR 68 million at the end of 2017.

2. Internal Control and Enterprise Risk Management

General

The Nyrstar Board of Directors is responsible for the assessment of the effectiveness of the Risk Management Framework and internal controls. The Board of Directors is responsible for ensuring that nature and extent of risks are identified on a timely basis with alignment to the Group's strategic objectives and activities.

The Audit Committee plays a key role in monitoring the effectiveness of the Risk Management Framework and is an important medium for bringing risks to the Board's attention. If a critical risk or issue is identified by the Board or management, it may be appropriate for all directors to be a part of the relevant risk management process, and as such the Board of Directors will convene a sub-committee comprised of a mix of Board Members and Senior Management. Each respective sub-committee further examines issues identified and reports back to the Board of Directors. In 2018 the Board of Directors formed a "Special committee" consisting the independent Board members as well as the members of the executive management team to closely monitor the liquidity position of the company and report its findings and recommendations to the Board of Directors. No additional sub-committees were convened in 2018. Four Audit Committee meetings were held in 2018.

The Nyrstar Risk Management Framework requires regular evaluation of the effectiveness of internal controls to ensure the Group's risks are being adequately managed. The Risk Management Framework is designed to achieving the Group's objectives. Effective risk management enables Nyrstar to achieve an appropriate balance between realising opportunities while minimising adverse impacts.

This section gives an overview of the main features of the Company's internal control and risk management systems, in accordance with the Belgian Corporate Governance Code and the Belgian Companies Code.

Components of the Risk Management Framework

The Risk Management Framework is integrated in the management process and focuses on the following key principles.

The key elements of Risk Management Framework are:

1 Understanding the external and internal environment

Understanding the internal and external business environment and the effect this has on our business strategy and plans. This informs about Nyrstar's overall tolerance to risk.

2 Consistent methods for risk identification and analysis of risks, existing controls and control effectiveness

Implementing systems and processes for the consistent identification and analysis of risks, existing controls and control effectiveness. Evaluating whether the level of risk being accepted is consistent with levels of risk acceptable to the Audit Committee.

3 Risk management and mitigation

Using innovative and creative thinking in responding to risks and taking action where it is determined that the Group is being exposed to unacceptable levels of risk.

4 Stakeholder engagement and Communication

Involving all Nyrstar employees and relevant stakeholders in managing risks and communicating identified key risks and controls.

5 Monitoring and review

Regularly monitoring and reviewing our risk management framework, our risks and control effectiveness.

The guideline for the Risk Management Framework has been written to comply with ISO 31000; 2009. Compliance with the guideline is mandatory within Nyrstar.

Critical Internal Controls

The following is a summary of Nyrstar's critical internal controls:

Organisational Design

There is a sound organizational structure with clear procedures, delegation and accountabilities for both the business side and the support and control functions, such as human resources, legal, finance, internal audit, etc.

The organizational structure is monitored on an ongoing basis, e.g. through benchmarking the organizational structure with industry standards and competitors. Responsibilities are delegated to business units, by business plans and accompanying budgets approved by management and the Board of Directors within set authorization levels and authorities are delegated to appropriate accountable individuals reflecting seniority, experience and competencies.

Policies and Procedures

The Group has established internal policies and procedures to manage various risks across the Group. These policies and procedures are available on the Nyrstar intranet-site, and distributed for application across the whole Group. Every policy has an owner, who periodically reviews and updates if necessary. Induction and ongoing training processes are well established and implemented across the Group

Ethics

The Board of Directors has approved a Corporate Governance Charter and a Code of Business Conduct, including a framework for ethical decision making. All employees must perform their daily activities and their business objectives according to the strictest ethical standards and principles. The Code of Business Conduct is available on www.nyrstar.com and www.nyrstar.be and sets out principles how to conduct business and behave in respect of:

- Our People
- Our Communities and Environment
- Our Customers and Suppliers
- Our Competitors
- Our Shareholders
- Our Assets

The Board of Directors regularly monitors compliance with applicable policies and procedures of the Nyrstar Group.

Whistleblowing

Nyrstar also has a whistle-blower procedure in place, allowing staff to confidentially raise concerns about any irregularities in financial reporting, possible fraudulent actions, bribery and other areas including non-compliance with Code of Business conduct as well as regulatory and legal compliance.

Quality Control

Nyrstar is ISO 9001 certified for the smelting and refining of zinc and zinc alloys, lead and lead alloys, silver, gold and other by-products. All of its major processes and the controls that they encompass are formalized and published on the Company's intranet.

Cyber security

Nyrstar's cyber security framework embeds the following elements:

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- ISO 27001: requirements for establishing, implementing, maintaining and continually improving an information security management system
- NIST Framework: U.S. Government cybersecurity risk frameworks for voluntary use by critical infrastructure owners and operators to identify, assess, and manage cyber risks and to improve critical infrastructure cybersecurity
- Nyrstar Business Systems IT Security Policy
- Nyrstar Business Systems risks and internal controls register
- Ongoing compliance with EU GDPR regulations

Financial Reporting and Budget Control

Nyrstar applies a comprehensive Group standard for financial reporting. The standard is in accordance with applicable International Accounting Standards. These include International Financial Reporting Standards (IFRS) and the related interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC) as adopted by the European Union. The effectiveness and compliance with the Group standard for financial reporting is consistently reviewed and monitored by the Audit Committee.

In order to ensure adequate financial planning and follow up, a financial budgeting procedure describing the planning, quantification, the implementation and the review of the budget in alignment with forecasts, is closely followed. Nyrstar conducts Group wide budgeting process, which is centrally coordinated and consists of the following steps:

- 1) Group business strategy is updated and communicated within Nyrstar, which amongst other things outlines the strategic guidelines and objectives for the upcoming financial year.
- 2) Key inputs and assumptions for the budgeting process for the upcoming financial year are provided by relevant internal stakeholders (including expected production, capex, metal prices, foreign exchange and commercial terms) and uploaded into the centralised budgeting, planning and consolidation system.
- 3) The key inputs and assumptions for the budget then go through a rigorous process of validation by relevant internal stakeholders and senior management. The Management Committee and the Board sign off on the final agreed budget.
- 4) The final budget is communicated to the different Nyrstar business units and departments.
- 5) The Group's full actual financial results, supplemented by quarterly interim management statements, including selected key financial results, are communicated to shareholders bi-annually.

Management Committees

Various management committees are established as a control to manage various risks Nyrstar is exposed to:

Treasury Committee

The Treasury Committee comprises the Chief Financial Officer, the Group Treasurer and the Group Controller. The role of the Treasury Committee is to recommend to the Chief Executive Officer and to the Board of Directors amendments to the treasury policy. This includes all treasury transactions being reviewed before they are recommended for approval by the Chief Executive Officer and the Board of Directors.

The treasury committee meets at least quarterly.

Metal Price Risk Committee

The Metal Price Risk Committee comprises the Chief Financial Officer, the Group Treasurer, the Group Controller and the Group Manager Financial Planning & Analysis. Nyrstar's metal price risk committee establishes policies and procedures how Nyrstar manages its exposure to the commodity prices and foreign exchange rates.

Information, Communication and Financial Reporting Systems

The Group's performance against plan is monitored internally and relevant action is taken throughout the year. This includes weekly and monthly reporting of key performance indicators for the current period together with information on critical risk areas.

Comprehensive monthly board reports that include detailed consolidated management accounts for the period together with an executive summary from the Chief Financial Officer are prepared and circulated to the Board of Directors by the Company Secretary on a monthly basis. This includes updates on Health, Safety and Environment, operational and financial performance as well as legal disputes and contingent risks.

Monitoring and Review

Management is responsible for evaluating existing controls and the control effectiveness and determines whether the level of risk being accepted is consistent with the level of risk approved by the Board of Directors. Management takes action where it is determined that the Group is being exposed to unacceptable levels of risk and actively encourages all Nyrstar employees to communicate freely risks and opportunities identified.

Internal audit is an important element in the overall process of evaluating the effectiveness of the Risk Management Framework and internal controls. The internal audits are based on risk based plans, approved by the Audit Committee. The internal audit findings are presented to the Audit Committee and management, identifying areas of improvement. Progress of implementation of the actions is monitored by the Audit Committee on a regular basis. The Group internal audit function is managed internally. The Audit Committee supervises the internal audit function.

The Board of Directors pays specific attention to the oversight of risk and internal controls. On a yearly basis, the Board of Directors reviews the effectiveness of the Group's risk management and internal controls. The Audit Committee assists the Board of Directors in this assessment. The Audit Committee also reviews the declarations relating to internal supervision and risk management included in the annual report of the Company. The Audit Committee reviews the specific arrangements to enable staff to express concerns in confidence about any irregularities in financial reporting and other areas e.g., whistle-blower arrangements.

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

Other

The Group is committed to the ongoing review and improvement of its policies, systems and processes.

Financial and Operational Risks

The principal risks and uncertainties which Nyrstar faces, along with the impact and the procedures implemented to mitigate the risks, are detailed in the tables below. These risks relate primarily to the Operating Group (refer below). Subsequent of the completion of the Restructuring, the Company have different financial and operating risks, mainly related to the performance of the Operating Group I which the Company will have a 2% investment.

FINANCIAL RISKS		
Description	Impact	Mitigation
<p>Commodity price risk</p> <p>Nyrstar's results are largely dependent on the market prices of commodities and raw materials, which are cyclical and volatile.</p>	<p>Profitability will vary with the volatility of metals prices.</p>	<p>Nyrstar typically engages in transactional hedging which means that it will undertake short-term hedging transactions to cover the timing risk between raw material purchases and sales of metal and to cover its exposure on fixed-price forward sales of metal to customers. This metal at risk hedging was undertaken throughout 2018. In March 2019, Nyrstar closed out all of its metal at risk cash collateralised positions and is currently fully exposed to metal prices for its metal at risk.</p> <p>From time to time, Nyrstar may also decide to enter into certain strategic metal price hedges to lock prices that are considered as favourable and providing price certainty to the Company's operations that may otherwise face difficulties related to their liquidity and profitability in a reasonably possible pricing decline. In December 2018, Nyrstar terminated all of its strategic metal hedges to provide additional liquidity to the business.</p>
<p>Forward price risk</p> <p>Nyrstar is exposed to the shape of the forward price curve for underlying metal prices.</p>	<p>The volatility in the London Metal Exchange price creates differences between the average price we pay for the contained metal and the price we receive for it.</p>	<p>Nyrstar engages in transactional hedging which means that it will undertake short-term hedging transactions to cover the timing risk between raw material purchases and sales of metal and to cover its exposure on fixed-price forward sales of metal to customers.</p> <p>From time to time, Nyrstar may also decide to enter into certain strategic metal price hedges to lock prices that are considered as favourable and providing price certainty to the Company's operations that may otherwise</p>

		face difficulties related to their liquidity and profitability in a reasonably possible pricing decline.
<p>Foreign Currency Exchange rate risk</p> <p>Nyrstar is exposed to the effects of exchange rate fluctuations.</p>	<p>Movement of the U.S. Dollar, the Australian Dollar, Canadian Dollar, Swiss Franc, and other currencies in which Nyrstar's costs are denominated against the Euro could adversely affect Nyrstar's profitability and financial position.</p>	<p>Nyrstar has entered into strategic foreign exchanges hedges to limit its downside exposure related to the fluctuations between the Euro and the U.S. Dollar, the Euro and the Australian Dollar and between the Euro and the Canadian Dollar. Nyrstar also regularly enters into short-term hedging transactions to cover its transactional foreign exchange exposures.</p>
<p>Interest rate risk & leverage risk</p> <p>Nyrstar is exposed to interest rate risk primarily on loans and borrowings.</p> <p>Nyrstar is exposed to risks inherent with higher leverage and compliance with debt covenants.</p>	<p>Changes in interest rates may impact primary loans and borrowings by changing the levels of required interest payments.</p> <p>Nyrstar's indebtedness increased significantly since 2011 in order to finance its expansion into mining and later with regard to the expansion of the Port Pirie Lead smelter, as a consequence it is now subject to risks inherent with higher leverage and compliance with debt covenants. Nyrstar initiated a review of its capital structure in October 2018 in response to the challenging financial and operating conditions being faced by the Group. The review identified a very substantial additional funding requirement that the Group is unable to meet without a material reduction of the Group's indebtedness.</p>	<p>Nyrstar's interest rate risk management policy is to limit the impact of adverse interest rate movements through the use of interest rate management tools.</p> <p>Debt covenants and required head room are monitored by Nyrstar on an on-going basis. On the basis of the 31 December 2018 accounts, Nyrstar was in breach of certain debt covenants and required head room.</p> <p>Balance sheet strengthening also includes management of the liquidity headroom, longer debt maturities or equity issuance.</p>
<p>Credit risk</p> <p>Nyrstar is exposed to the risk of non-payment from any counterparty in relation to sales of goods and other transactions.</p>	<p>Group cash flows and income may be impacted by non-payment.</p>	<p>Nyrstar has determined a credit policy with credit limit requests, use of credit enhancements such as letters of credit, approval procedures, continuous monitoring of the credit exposure and dunning procedure in case of delays.</p>
<p>Liquidity risk</p>	<p>Nyrstar may not be able to fund operations, capital investments, the</p>	<p>Liquidity risk is addressed by maintaining a sufficient degree of</p>

<p>Nyrstar requires a significant amount of cash to finance its debt, fund its working capital, its capital investments and its growth strategy. Liquidity risk arises from the possibility that Nyrstar will not be able to meet its financial obligations as they fall due.</p>	<p>growth strategy and the financial condition of the Company.</p>	<p>diversification of funding sources as determined by management, detailed, periodic cash flow forecasting and conservatively set limits on permanently available headroom liquidity as well as maintaining ongoing readiness to access financial markets within a short period of time. It also includes an active management of the working capital requirements of the business in line with the increasing working capital requirements in the high metal price environment. In response to the liquidity tightness experienced by Nyrstar in Q4 2018, a special committee of the Board was established to proactively manage liquidity and the capital structure review.</p>
<p>Reliance on specific means of funding</p> <p>Nyrstar uses different means of funding available to the company. They include equity, bonds, committed and uncommitted trade finance facilities, loans from related parties as well as metal prepayments or a Perpetual Securities and other sources as and when they became available to the Company.</p>	<p>Different means of funding introduce different risk associated with them. At times, certain means of funding may become unavailable to the Company. Certain means of funding used by the Company, e.g. the Perpetual Securities are accounted based on the IFRS accounting standards that are open to interpretation and require the Company to select and consistently apply its accounting policies. If the accounting standards or their interpretation change or if the interpretation of certain terms and conditions included in the Company's funding arrangements change, the Company may, or may not, be required to change the accounting treatment of some of its funding instruments resulting in their reclassification in the Company's Consolidated Statement of Financial Position. Such reclassifications could have a material adverse impact on Nyrstar's ability to comply with current financial ratios under certain of means of funding. For year ended 31 December 2018, the Perpetual Securities were reclassified as financial liabilities as opposed to entirely equity as they had been in prior reporting periods (note 26</p>	<p>Management aims to diversify the sources of funding to spread the risk that one of the sources become unavailable to the Company.</p>

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	of the 31 December 2018 consolidated financial statements of the Group).	
<p>Treatment charge (TC) risk</p> <p>Nyrstar's results remain correlated to the levels of TCs that it charges zinc miners to refine their zinc concentrates and lead miners to refine their lead concentrates. TCs are cyclical in nature.</p>	<p>A decrease in TCs can be expected to have a material adverse effect on Nyrstar's business, results of operations and financial condition.</p>	<p>TCs are negotiated on an annual basis. The impact of TC levels is expected to further decrease in the future in line with the completion of the Port Pirie Redevelopment and in line with the increasing Nyrstar mining production.</p>
<p>Energy price risk</p> <p>Nyrstar's operating sites, particularly its smelters, are energy intensive, with energy costs accounting for a significant part of its operating costs. Electricity in particular represents a very significant part of its production costs.</p>	<p>Increases in energy, particularly electricity, prices would significantly increase Nyrstar's costs and reduce its margins.</p>	<p>Nyrstar attempts to limit its exposure to short term energy price fluctuations through forward purchases, long term contracts and participation in energy purchasing consortia.</p>

OPERATIONAL RISKS		
Description	Impact	Mitigation
<p>Operational risks</p> <p>In operating mines, smelters and other production facilities, Nyrstar is required to obtain and comply with licenses to operate.</p> <p>In addition Nyrstar is subject to many risks and hazards, some of which are out of its control, including: unusual or unexpected geological or climatic events; natural catastrophes, interruptions to power supplies; congestion at commodities transport terminals; industrial action or disputes; civil unrest, strikes, workforce limitations, technical failures, fires, explosions and other accidents; delays and other problems in major investment projects (such as</p>	<p>Nyrstar's business could be adversely affected if Nyrstar fails to obtain, maintain or renew necessary licenses and permits, or fails to comply with the terms of its licenses or permits.</p> <p>The impact of these risks could result in damage to, or destruction of, properties or processing or production facilities, may reduce or cause production to cease at those properties or production facilities. The risks may further result in personal injury or death, environmental damage, business interruption, monetary losses and possible legal litigation and liability. Negative publicity, including that generated by non-governmental bodies, may further harm Nyrstar's operations.</p> <p>Nyrstar may become subject to liability against which Nyrstar has not insured or cannot insure, including those in respect of past activities. Should Nyrstar suffer a</p>	<p>Nyrstar's process risk management system incorporating assessment of safety, environment, production and quality risks, which includes the identification of risk control measures, such as preventative maintenance, critical spares inventory and operational procedures.</p> <p>Corporate Social Responsibility and the Nyrstar Foundation projects enable Nyrstar to work closely with local communities to maintain a good relationship.</p> <p>Nyrstar currently has insurance coverage for its operating risks associated with its zinc and lead smelters and mining operations which includes all risk property damage (including certain aspects of business interruption),</p>

the ramping-up of mining assets).	major uninsured loss, future earnings could be materially adversely affected.	operational and product liability, marine stock and transit and directors' and officers' liability.
<p>Supply risk</p> <p>Nyrstar is dependent on a limited number of suppliers for zinc and lead concentrate. Nyrstar is partially dependent on the supply of zinc and lead secondary feed materials.</p>	<p>A disruption in supply could have a material adverse effect on Nyrstar's production levels and financial results. Unreliable energy supply at any of the mining and smelting operations requires appropriate emergency supply or will result in significant ramp up costs after a major power outage.</p>	<p>Nyrstar management is taking steps to secure raw materials from other sources, increase its flexibility to treat varying qualities of raw material and secondary materials.</p> <p>Nyrstar is continuously monitoring the energy market worldwide. This includes also considering alternate energy supply, e.g. wind power at mine sides.</p>
<p>Environmental, health & safety risks</p> <p>Nyrstar operations are subject to stringent environmental and health laws and regulations, which are subject to change from time to time. Nyrstar's operations are also subject to climate change legislation.</p>	<p>If Nyrstar breaches such laws and regulations, it may incur fines or penalties, be required to curtail or cease operations, or be subject to significantly increased compliance costs or significant costs for rehabilitation or rectification works.</p>	<p>Safety is one of the core values of Nyrstar, and currently it is implementing common safety policies across all sites along with corresponding health and safety audits. Nyrstar pro-actively monitors changes to environmental, health and safety laws and regulations.</p>
<p>International operations risk</p> <p>Nyrstar's mining and smelting operations are located in jurisdictions that have varying political, economic, security and other risks. In addition Nyrstar is exposed to nationalism and tax risks by virtue of the international nature of its activities.</p>	<p>These risks include, amongst others, the destruction of property, injury to personnel and the cessation or curtailment of operations, civil disturbances and activities of governments which limit or disrupt markets. Political officials may be prone to corruption or bribery, which violates Company policy and adversely affects operations.</p>	<p>Nyrstar performs a thorough risk assessment on a country-by-country basis when considering its investment activities. In addition Nyrstar attempts to conduct its business and financial affairs focusing to minimize to the extent reasonably practicable the political, legal, regulatory and economic risks applicable to operations in the countries where Nyrstar operates.</p>
<p>Reserves and resource risk</p> <p>Nyrstar's future profitability and operating margins depend partly upon Nyrstar's ability to access mineral reserves that have geological characteristics enabling mining at competitive costs. This is done by either conducting successful exploration and development activities or by acquiring</p>	<p>Replacement reserves may not be available when required or, if available, may not be of a quality capable of being mined at costs comparable to existing mines.</p>	<p>Nyrstar utilises the services of appropriately qualified experts to ascertain and verify the quantum of reserves and resources including ore grade and other geological characteristics under relevant global standards for measurement of mineral resources.</p>

properties containing economically recoverable reserves.		
Project execution risk Nyrstar's growth strategy relies in part on the ramp-up of the Port Pirie Redevelopment and the restart of the Myra Falls and the Middle Tennessee Mines..	Delay, technical issues or cost overruns in these projects could adversely impact the original business cases which justified these projects and impact Nyrstar's financial position.	These risks are being carefully managed by a dedicated technical/project team in smelting (including external resources where needed) and mining segments. All investments leverage internal know how "off the shelf" technology or a different application of an existing technology.

3. Important Events which occurred after the End of the Financial Year

Please refer to Note 42 (Subsequent events) in the 31 December 2018 IFRS Financial Statements.

4. Information regarding the Circumstances that could significantly affect the Development of the Group

Introduction

The Group initiated a review of its capital structure (the "Capital Structure Review") in October 2018 in response to the challenging financial and operating conditions being faced by the Group. ~~These conditions subsequently led to the~~ November 2018, the Group experienced increased working capital requirements as its liquidity position suddenly and unexpectedly deteriorated following the third quarter 2018 results announcement, negative press coverage and credit rating downgrade. In particular, a significant portion of the Group's trade financing arrangements were suspended or terminated, or required to be cash collateralised, either partly or fully. These substantial working capital and liquidity outflows experienced by the Group during the fourth quarter of 2018 and first quarter of 2019 necessitating the raising of urgent funding to enable the Company and the Group to continue its operations. Combined with the Group's materially reduced Underlying EBITDA performance in 2018 and the maturing of certain liabilities during 2019, these factors resulted in the need to reconsider the Group's capital structure.

The Capital Structure Review identified a very substantial additional funding requirement that the Group ~~is was~~ unable to meet without a material reduction of the Group's indebtedness. As a consequence, the Capital Structure Review ~~has~~ necessitated negotiations between the Group's financial creditors in order to develop a deleveraging and funding plan as part of a comprehensive balance sheet recapitalisation. Alternatives to such a recapitalisation were carefully considered but no alternative to address the financial issues was viable and failure to ~~do so~~ address these financial issues would have placed the future of the Company, its subsidiaries and its stakeholders at severe risk. Accordingly, on 15 April 2019, Nyrstar announced that it had entered into a lock-up agreement dated 14 April 2019 (the "Lock-Up Agreement") with representatives of its key financial creditor groups. The Lock-Up Agreement ~~sets set~~ out the terms for the recapitalisation of the Group (the "Recapitalisation Terms"). Subsequently, on 29 April 2019, Nyrstar announced that formal consents to the Lock-Up Agreement had been received from, inter alia, over 79% of the aggregate outstanding principal amount under the senior notes due in 2019 and due in 2024, and over 87% of the aggregate outstanding principal amount under the convertible bonds. Under the Lock-Up Agreement, implementation of the Recapitalisation Terms ~~are was~~ subject to various conditions precedent which ~~include included~~ various third party regulatory approvals which were all successfully obtained.

The Recapitalisation Terms ~~include included~~ amongst a number of other steps, a sale ~~by the Group~~ of all of the subsidiaries of Nyrstar NV (excluding a newly incorporated English holding company of NewCo (as defined below) ~~and Nyrstar Pension Fund OFF~~) ("Operating Group") at a nominal amount of USD 1 taking into account the fair market value of the assets (as adjusted by liabilities within the Operating Group), at the time of the sale (i.e. pre-restructuring) to a newly

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incorporated English subsidiary of the Company ("NewCo") and one or more schemes of arrangement under the UK Companies Act 2006. Upon implementation of the Recapitalisation Terms, Trafigura Group Pte. Ltd. (together with its affiliates, "Trafigura") will be issued 98% of the outstanding share capital of NewCo and will as a result has become the owner of 98% of the equity of the Operating Group with Nyrstar NV owning the balance of 2%. As the result of the recapitalisation, Trafigura Group Pte. Ltd. will become an the ultimate parent of the Operating Group.

On 14 June 2019, NewCo was incorporated in England under the name of NN2 Newco Limited. On 20 June 2019, the Company announced that various steps to implement the Restructuring had been and were being undertaken, including that NewCo had acceded to the Notes (as defined below) and that NewCo had published a practice statement letter in relation to a scheme of arrangement to be proposed by NewCo in respect of the Notes. The English court held the convening hearing on 4 July and ordered the NewCo scheme meetings to be held on 22 July (or such later time or date as NewCo may have decided). The NewCo scheme meetings were held on 22 July. There were two creditor classes for the NewCo scheme – the convertible bonds in one class, and the senior notes due in 2024 and the senior notes due in 2019 combined into a single second creditor class. For the first scheme creditor class (the convertible bonds), 98.87% by value voted and 100% by value and 100% by number of those voting supported the scheme. For the second scheme creditor class (the senior notes due in 2024 and the senior notes due in 2019), 95.57% by value voted and 99.96% by value and 98.93% by number of those voting supported the scheme. Accordingly, the NewCo scheme was supported by an overwhelming majority of the scheme creditors and well in excess of the requisite majorities (being 75% by value and a majority by number of those creditors voting in each scheme class).

The English court sanction hearing for the NewCo scheme of arrangement was held on 26 July 2019 when the sanction order was granted. The scheme of arrangement became effective on the same day. On 29 July, a meeting of holders of the convertible bonds was held and a resolution was passed to approve the NewCo scheme (98% by value of those entitled to vote did so and 100% of those voting approved the resolution scheme). On 30 July, the United States Bankruptcy Court Southern District of New York entered an order under Chapter 15 of title 11 of the United States Bankruptcy Code granting recognition of main proceedings and related relief giving full force to the UK scheme of arrangement of NewCo in the United States.

The Restructuring subsequently took full effect on 31 July 2019.

Implementation of the Recapitalisation Terms has ensured the continuing operations of the Operating Group for the benefit of all stakeholders: failure to implement the Recapitalisation Terms would have highly likely lead to the insolvency of the Group as well as the Company, which was anticipated to have resulted in material harm to the Group's customers, suppliers and approximately 4,100 employees of the Group, as well as very substantial loss of value to the financial stakeholders, and a total loss to shareholders.

Support for the Lock-Up Agreement

The Lock-Up Agreement was initially entered into by the Group (and relevant subsidiaries) with representative lenders across each of its key financial creditor groups, who were closely involved in the discussions on the proposed terms of the recapitalisation. Subsequently, many other creditors acceded to the Lock-Up Agreement.

By late July 2019, the Lock-Up Agreement ~~has~~ been signed by noteholders representing slightly over 93.94% in aggregate ~~across~~ by value of the Group's EUR 500 million 6.875% senior notes due in 2024, EUR 340 million 8.5% senior notes due in 2019 and EUR 115 million convertible bonds due in 2022 (together "the Notes" and holders of the Notes being "the Noteholders").

The Lock-Up Agreement was negotiated and agreed in full cooperation with the coordinating committee of the Group's bank lenders (the "Bank Coordinating Committee") representing the following Group facilities entered into by the Company's affiliate, Nyrstar Sales & Marketing AG ("NSM") (the "Bank Facilities"):

- The EUR 600m revolving structured commodity trade finance facility agreement originally dated as of 28 January 2010 between, among others, NSM and Deutsche Bank AG, Amsterdam Branch as Facility Agent and Security Agent ("the SCTF"):

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- ~~Certain unsecured bank facilities (together the "Unsecured Facilities"), with an aggregate principal amount outstanding at the relevant time of around EUR 238m comprising:~~
 - ~~the Prepayment Agreement dated 24 April 2018 with Politus B.V. as buyer (the "Politus Prepayment");~~
 - ~~the Common Terms Agreement dated 5 September 2014 with Hydra Limited (the "Hydra Prepayment");~~
~~and,~~
 - ~~certain unsecured bilateral prepayment and working capital facilities (together the "Bilateral Facilities").~~

~~The Bank Coordinating Committee provided their formal approvals by entering into the Lock-Up Agreement in parallel with the Noteholder approval process.~~

~~The Lock-Up Agreement is was also fully supported by Trafigura including in its capacity as lender under the USD 650 million Trade Finance Facility Agreement dated 6 December 2018 (as amended) (the "TFFA") provided to NSM, as well as in its capacity as bridge finance provider to NSM (see below) and as future majority owner of the Operating Group in accordance with the Recapitalisation Terms.~~

~~Operation of the Lock-Up Agreement, Standstill and Implementation of the Recapitalisation Terms~~

~~The Lock-Up Agreement obligesobliged, subject to its terms and certain conditions, each of the parties to it to take such action and/or provide such approvals as were required to implement the Recapitalisation Terms.~~

~~TheThe Lock-Up Agreement provided that~~ obligations of the parties under the Lock-Up Agreement ~~willwould~~ automatically terminate on, inter alia, the earliest of:

- ~~Implementation of the Recapitalisation Terms and.~~
- ~~The Restructuring Long Stop Date of 30 August 2019, which maycould be extended to 30 September 2019 with the consent of Nyrstar, Trafigura, the Bank Coordinating Committee and a representative group of Noteholders.~~

~~The Lock-Up Agreement requiresrequired the parties to proceed expeditiously with the steps required to implement the Recapitalisation Terms.~~

~~At the date of this report, the relevant majorities of all creditor groups have provided the required support to the implementation of the Recapitalisation Terms.~~ During the period in which the Lock-Up Agreement ~~is was~~ in effect, from the time of entry into it the parties agreed to the suspension and deferral of certain amounts otherwise falling due under the Group's debt facilities. These amounts included any principal or interest payment under the Notes and the Unsecured Facilities, including any accrued coupons or interest.

~~It is hoped that, in the best interests of the Group, implementation of the Recapitalisation Terms can occur on a fully consensual basis across the Group's creditors. However, the Recapitalisation Terms also contain provision for one or more creditor schemes of arrangement under the UK Companies Act 2006. The schemes of arrangement allow for the Recapitalisation Terms to be implemented upon obtaining the necessary majority creditor consents (being 75% by value and a majority by number of those creditors voting in each scheme class); all of which have been obtained. The UK establishment of NewCo helps to facilitate the UK scheme processes and is therefore required by creditors. At the date of this report, the Group anticipates that implementation of the Recapitalisation Terms will be fully consensual save for scheme of arrangement of NewCo in respect of the Notes and a scheme of arrangement of Politus B.V. in respect of the creditors of Politus B.V. which in turn is a creditor of NSM.~~

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Implementation of the Recapitalisation Terms will ensure the continuing operations of the Operating Group for the benefit of all stakeholders; failure to implement the Recapitalisation Terms is highly likely to lead to the insolvency of the Group as well as the Company, which is anticipated to result in material harm to the Group's customers, suppliers and 4,100 employees of the Group, very substantial loss of value to the financial stakeholders, and a total loss to shareholders.

The Recapitalisation Terms are summarised below.

USD250 million Bridge Finance Facility in conjunction with the Lock-Up Agreement

In conjunction with entering into the Lock-Up Agreement, Trafigura has provided up to USD250 million through a committed term loan facility to NSM (the "Bridge Finance Facility") to strengthen the Group's liquidity position and provide for its interim funding requirements prior to completion of the implementation of the Recapitalisation Terms. Under the Lock-Up Agreement, entry into the Bridge Finance Facility and subsequent funding are subject to certain conditions.

The Bridge Finance Facility benefits from certain asset and share security and has a final maturity date of 30 August 2019 (unless extended by the agreement between all the parties to the Bridge Finance Facility) and an interest rate of LIBOR plus a margin of 5% per annum. The Bridge Finance Facility's asset and share security includes guarantees from the Nyrstar NV, NSM and the Group's US, Canadian and Belgian principal operating companies, a pledge of the shares of NewCo and share pledges of and asset security over the Group's US, Canadian and Belgian principal operating companies.

The necessary Noteholder consents have been sought from, and committed to by, consenting Noteholders under the Lock-Up Agreement in order to permit the incurrence of, and security interests attaching to, the Bridge Finance Facility. All these consents were successfully obtained from the Noteholders, as announced on 18 April 2019, and all the conditions precedent in the Bridge Finance Facility have been satisfied.

Principal Recapitalisation Terms – Trafigura

Under the agreed Recapitalisation Terms:

The principal Recapitalisation Terms relating to Trafigura's ownership of the Operating Group, its obligations under existing arrangements with the Group and under new arrangements with the Group's stakeholders, were as follows:

- Trafigura will become the owner of 98% of the shares of the Operating Group by a share issuance by NewCo;
- The reinstatement provision by Trafigura of a guarantee in respect of the reinstated Bank Facilities on the terms and in the amounts described below and guaranteed by Trafigura;
- Issuance by Trafigura of the securities in the amounts described below (see "Principal Recapitalisation Terms – Notes") to Noteholders in consideration for the discharge of the Notes;
- Funding by Trafigura of the USD 250 million Bridge Finance Facility (with all security and guarantees released on completion of the Restructuring);
- Reinstatement by Trafigura of the USD 650 million TFFA (with all security and guarantees released on completion of the Restructuring);
- Providing by Trafigura of the ongoing funding requirements for the Operating Group (see "Principal Recapitalisation Terms – Equity"); and
- 2% equity participation in the Operating Group to be retained by the Company.

Principal Recapitalisation Terms – Bank Facilities

SCTF (as defined above)

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- The SCTF ~~will be~~ reinstated in the amounts set out as follows (the "Reinstated SCTF"):
 - 100% of the principal amount outstanding at the time of reinstatement for those lenders participating in their pro rata share of up to EUR 100 million of the New Revolving Facility (see below);
 - 85% of the principal amount outstanding at the time of reinstatement for those lenders not participating in their pro rata share of the New Revolving Facility; ~~and~~
 - All the SCTF lenders committed to participate in the EUR 100 million of the New Revolving Facility, so the Reinstated SCTF was 100% of the principal amount outstanding at the time of reinstatement.
- The Reinstated SCTF ~~will be~~ divided equally between a revolving borrowing base facility and a term loan facility with a bullet maturity and ~~will benefit~~ from comprehensive asset security over the European subsidiaries of the Operating Group and a corporate guarantee by Trafigura, in addition to the existing borrowing base security over certain inventories and receivables of the Operating Group; ~~and~~
- The Reinstated SCTF ~~will have~~ a 5 year maturity and an interest margin of LIBOR/EURIBOR + 1% per annum.

Unsecured Facilities

- The Politus Prepayment, the Hydra Prepayment and the Bilateral Facilities ~~will be~~ amended and reinstated in the aggregate amounts set out as follows (the "Reinstated Unsecured Facilities") (the exact allocation per facility varies according to the agreement ~~which was reached in relation to those facilities as~~ detailed in the Lock-up Agreement ~~reached between those facilities~~):
 - 47.5% ~~on a blended basis~~ of the principal amount outstanding for those lenders participating in their pro rata share of up to EUR 60 million of the New Revolving Facility;
 - 35% ~~on a blended basis~~ of the principal amount outstanding for those lenders not participating in their pro rata share of the New Revolving Facility; ~~and~~
 - The Reinstated Lenders under the Unsecured Facilities ~~will~~ committed to take up all of the above EUR 60 million of the New Revolving Facility and, therefore, the Reinstated Unsecured Facilities were reinstated to EUR 100 million in aggregate.
- The Reinstated Unsecured Facilities have a 5 year maturity and an interest margin of LIBOR + 1.5% per annum. ~~and~~
- The Reinstated Unsecured Facilities ~~will~~ benefit from a corporate guarantee by Trafigura.

New Revolving Facility following the completion of the Restructuring

- Up to EUR 160 million new revolving credit facility (the "New Revolving Facility") provided by lenders under the SCTF and Unsecured Facilities in the proportions described above.
- The New Revolving Facility ~~will have~~ a 4 year maturity and an interest margin of LIBOR/EURIBOR + 1.25% per annum; ~~and~~
- The New Revolving Facility ~~will share~~ the same security and guarantee package as the Reinstated SCTF except for having second ranking security over the inventory and receivables securing the borrowing base which, ~~after following~~ the discharge of the borrowing base tranche of the Reinstated SCTF, ~~shall rank~~ pari passu with the security for the term loan tranche of the Reinstated SCTF.

Principal Recapitalisation Terms – Notes

- The Notes ~~will be~~ issued by Trafigura to the Noteholders ~~and will be~~ treated equally with one another with each Noteholder ~~receiving~~ having been issued its pro-rata share of the consideration set out below:
 - EUR 262.5 million Perpetual Resettable Step-up Subordinated Securities issued by Trafigura Group Pte Ltd.
 - Maturity: no fixed maturity date.

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- o Interest: 7.5% per annum with step up margin of 3% applied after 5 years: and
- o Other terms and conditions based on Trafigura's perpetual securities issued under an offering memorandum dated 15 March 2017.
- EUR 80.6 million (USD equivalent) Guaranteed Senior Notes issued by Trafigura Funding S.A. under the EUR 3 billion Euro Medium Term Note Programme (and consolidated with the USD400 million notes issued on 19 March 2018):
 - o Maturity: 19 March 2023.
 - o Interest: 5.250% per annum: and
 - o Guaranteed by Trafigura Group Pte. Ltd., Trafigura Trading LLC and Trafigura Pte Ltd.
- EUR 225 million (USD equivalent) Guaranteed Zero Coupon Commodity Price Linked instrument issued by a new subsidiary of Trafigura:
 - o Maturity: 7 years following the Issue Date.
 - o Early Repayment: quarterly calculated by reference to 5% of 250,000 tonnes multiplied by the excess of the average zinc price during that quarter over USD2,500/t up to a cap of USD2,900/t plus 10% of 250,000 tonnes multiplied by the excess of the average zinc price during the quarter over USD2,900/t: and
 - o All payments guaranteed by Trafigura Group Pte. Ltd., Trafigura Trading LLC and Trafigura Pte Ltd.
- In addition, any Noteholder ~~acceding~~ who had ~~acceded~~ to the Lock-Up Agreement on or before 11.59pm (London time) on 7 May 2019 (and subject to certain other requirements) ~~will receive~~ received a cash settled fee of 150bps of the principal amount of its Notes on implementation of the Recapitalisation Terms. Ultimately the holders of slightly over 93% of the Notes were paid this fee.

Principal Recapitalisation Terms – TFFA

Under the Recapitalisation Terms, all security and guarantors supporting the TFFA ~~will be~~ was released. Its term ~~will be~~ was extended to a new 5 year maturity.

Principal Recapitalisation Terms – Bridge Finance Facility

Under the Recapitalisation Terms, all security and ~~guarantors~~ guarantees supporting the Bridge Finance Facility ~~will be~~ was released. ~~It will be converted to~~ The Bridge Finance Facility was then replaced with an unsecured on-demand intercompany debt with no fixed maturity, and which, at Trafigura's option, ~~will~~ was to be equitised or subordinated.

Principal Recapitalisation Terms – Unaffected Facilities

Existing debt and working capital facilities not specifically referenced above ~~will remain~~ were unaffected by the Recapitalisation Terms ~~and will continue to operate on their existing terms throughout the period of the Lock-Up Agreement and following the implementation effective date.~~ This includes the AUD291 million (as at 31 December 2018) perpetual securities issued by Nyrstar Port Pirie Pty Ltd which ~~are~~ was unaffected by the Lock-Up Agreement ~~and in relation to which, the Group remain in constructive discussions with the South Australian Government.~~

Principal Recapitalisation Terms – Equity

The Recapitalisation Terms ~~provide~~ provided for a sale by Nyrstar NV of the Operating Group to NewCo, following ~~which that, on 31 July 2019, a subsidiary of Trafigura will be incorporated in Malta (Nyrstar Holdings PLC) was~~ issued 98% of the outstanding share capital of NewCo. Nyrstar NV ~~will continue~~ continues to be a holding company, holding 2% of the equity in the Operating Group for the benefit of existing Nyrstar NV shareholders. Nyrstar NV and Trafigura also agreed on certain minority protection rights for Nyrstar NV and Nyrstar NV benefits from certain information rights, including in respect of distributions. Further, if Trafigura (at any time) proposes a transfer of any right or interest to a third party purchaser (on

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arms' length terms, for cash or non-cash consideration) that would result in a member of the Trafigura group holding 50% or less of the shares in NewCo, then Trafigura has the right to oblige Nyrstar NV to transfer (drag right), and Nyrstar NV has an equivalent right to participate in such transfer to the third party purchaser (tag right) in relation to, its entire 2% equity stake in NewCo on the same terms and for the same consideration per share as the transfer by Trafigura. Finally, Nyrstar NV can put all (but not part only) of its 2% holding onto Trafigura at a price equal to EUR 20 million in aggregate payable to Nyrstar NV. This put option can be exercised by Nyrstar NV between 6 months and 3 years of the implementation of the Recapitalisation Terms, subject to limited triggers allowing earlier exercise of the put option before 6 months or earlier termination of the put option before 3 years.

Further, Nyrstar NV has been released of liabilities for existing financial indebtedness and obligations owed under parent company guarantees of commercial agreements or other obligations of the current members of the Operating Group (or indemnified by NewCo to the extent such guarantee liabilities are not released). The Nyrstar NV is indemnified in respect of certain other historic liabilities relating to the Operating Group will. NewCo also provideprovides certain funding towards the continued operating costs of Nyrstar NV under a limited-recourse loan facility-the Limited Recourse Loan Facility. This is expected to includeincludes EUR 8.5 million committed funding in respect of day-to-day ordinary course operating costs subject to various draw down requirements which, along with the other terms of the limited-recourse loan facility are yet to be finally agreed and executed. This loan facility and certain related agreements whereby NewCo and Trafigura provide(the relevant facility has an additional support to the Company (including regarding the guarantee releases and indemnification mentioned above) after the Recapitalisation Terms have been implemented are being agreed. Discussions are advanced and, whilst the Company expects to agree these documents soon, material uncertainty remains in respect of such agreements until they are actually agreed and executed.separate EUR 5 million tranche for litigation defence costs (if any)).

In the interests of all stakeholders of the Group, including the Nyrstar NV's shareholders, the CompanyBoard of Directors decided to voluntarily apply the procedure provided for in article 524 of the Belgian Companies Code, to: (a) the Bridge Finance Facility, (this article 524 procedure was applied on 15 April 2019), and, separately, to (b) (i) the sale by the Company of the Operating Group and all receivables owed to Nyrstar NV by the Operating Group at fair market value nominal amount of USD 1 taking into account the fair market value of the assets (as adjusted by liabilities within the Operating Group) at the time of the transfer to NewCo, and (ii) the subsequent transfer of majority ownership of NewCo to Trafigura, through the issuance by NewCo of a 98% equity stake in itself to Trafigura (with the remaining 2% issued directly to Nyrstar NV) in connection with the coming into effect of certain other steps regarding implementation of the Restructuring. TheThis article 524 procedure was voluntarily applied by the Board on 19 June 2019 and the independent expert appointed during this process will also included a review of the consideration at which Nyrstar NV will sellsold the Operating Group to NewCo.

Following the completion of the restructuring, Nyrstar NV's main asset recognised on the balance sheet subsequent to the completion of the Restructuring is expected to be the value of its 2% investment in the NewCo.

Other subsequent events:

- In January 2019, Nyrstar was subject to a cyber-attack. Certain IT systems, including email, were impacted. The cyber-attack issue was subsequently contained and resolved. The operational and financial impact of the cyber-attack on Nyrstar's Metals Processing and Mining operations was not significant.
- In March 2019, Nyrstar unwound the majority of its metal at risk hedges to improve the liquidity of the Company. The improved liquidity was due to the fact that the metal at risk hedges required cash collateralising due to the loss of credit lines from hedge counterparties (Note 35(d)). Nyrstar is currentlywas then subsequently fully exposed to metal prices for its metal at risk. Due to the declining metal prices in 2019, the operating result of the Group for the seven months ended 31 July 2019 (the effective date of the Restructuring) has been negatively impacted by approximately EUR 40 to EUR 50 million as the Group has not hedged its metal at risk exposure.

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- On 29 April 2019, Nyrstar Port Pirie Pty Ltd notified the holder of the Perpetual Securities that it elected to cash pay all of the Distribution Amount (interest/fees) on the Perpetual Securities for the period 27 November 2018 to 27 May 2019 (being AUD 13.2 million) and also that it would redeem 29,125 Perpetual Securities with a value of AUD 29.1 million. This is was the targeted number of Perpetual Securities for the relevant period under the financing arrangement involving the State of South Australia. Nyrstar will paypaid the aggregate of both amounts, AUD 42.3 million (EUR 26.1 million) on 27 May 2019. During the period to 31 July 2019, the South Australian Government, Nyrstar and Trafigura participated in discussions that ultimately have led to agreement on the terms on which the perpetual securities will be restructured to a guaranteed secured debt. Those terms include Nyrstar Port Pirie Pty Ltd making a A\$58.25M repayment in November 2019 (corresponding with the payments that were deferred in May and November 2018).
- In June 2019 Nyrstar declared force majeure under a number of its agreements, due to an unplanned stoppage of production at the Port Pirie smelter that commenced on 28 May 2019. Production was initially expected to resume at the end of June 2019. The Blast Furnace was intentionally shut down in May 2019, to allow the Top Submerged Lance Furnace (TSL) to re-establish an adequate stock of TSL slag feed for the Blast Furnace, following an extended planned shutdown of the TSL in April 2019. The Blast Furnace restart was unexpectedly delayed on 28 May 2019 by a steam eruption in the Refinery and a failed Blast Furnace water jacket. On 5 June 2019, a failure of the TSL main process gas duct (Gooseneck), between the Waste Heat Boiler and Evaporative Gas Cooler required a further shutdown of the TSL for remedial work. Consequently the further extended Blast Furnace outage resulted in a requirement for a partial dig out of the Continuous Drossing Furnace (CDF), essential for treatment of all lead output from the Blast Furnace, as it had fully solidified. The Blast Furnace was restarted on 27 June 2019, however, the restart attempt was aborted due to issues with the slag chemistry. Remediation work on the TSL Gooseneck was completed in July 2019 and the TSL restarted on 18 July 2019. The Blast Furnace was subsequently restarted on 27 July 2019. These unplanned shutdowns had an estimated negative impact on production at Port Pirie of approximately 30,000 tonnes of lead market metal over the course of June and July 2019 (i.e. before the 31 July 2019 restructuring effective date when the Port Pirie smelter started to be controlled by the Trafigura group) and an estimated Underlying EBITDA impact of EUR 25 to 30 million in the same period.
- It was discovered at the end of May 2019 that certain Board materials had not been provided to Deloitte. Deloitte then reviewed the materials as part of its audit activities. The Board commissioned an investigation with Alvarez & Marsal to examine whether the fact that the materials were not provided to Deloitte was an oversight or had been instructed by Nyrstar Board or management members. Alvarez & Marsal did not finalise its investigation as the lead examiner has been incapacitated due to grave illness after providing a first draft of his report. The Board then commissioned a second independent investigation with the law firm Contrast to examine the same question. Based on the reports of the law firm Contrast and Alvarez & Marsal, the Audit Committee and the Board of Directors concluded that the fact that these materials were not provided to Deloitte earlier was an individual error, that occurred in exceptional circumstances of pressure, but was not organised or instructed at Nyrstar Board or management level and not made with the intention to mislead or deny relevant information from the Company's auditors. Alvarez & Marsal and the law firm Contrast have conducted management interviews and the law firm Contrast has also conducted a forensic search to reach its conclusion.
- On 24 June 2019 the president of the court of Brussels rendered a decision against Nyrstar NV after a unilateral petition dated 21 June 2019 by minority shareholders Kris Vansanten and Jean-Marc Van Nypelseer, both represented by WATT Legal. The decision, amongst others, requested Nyrstar NV to disclose certain documentation at its AGM on 25 June 2019 and on its website. Nyrstar fully complied with the court decision, yet filed a third party opposition to this decision on 11 July 2019. WATT Legal subsequently launched counterclaims such as for a shareholders' meeting to be convened (either by the board or an interim administrator).

The court hearing took place on 14 August 2019. The Court rendered its decision on 28 August 2019 declaring Nyrstar's opposition admissible and largely well founded. In particular, the court only upheld the request to suspend the vote on all agenda points for the AGM of 25 June 2019 and the request for Nyrstar to convene a new AGM once the auditor has finalized her report. All other measures requested by WATT Legal (in their initial petition of 21 June 2019) were found inadmissible, as the shareholders had ample time to request these through a contradictory

[procedure. The court also declared the counter measures by WATT Legal \(which they reduced in their final legal briefs to requesting the appointment of an interim administrator to convene an AGM\) inadmissible. The court rejected Nyrstar's counter damage claim for compensation of EUR 10,000 per shareholder due to frivolous and vexatious lawsuit. The minority shareholders have to bear ¾ of the court expenses and Nyrstar only ¼ of the court expenses.](#)

- [Nyrstar notes the press coverage by L'Echo and De Tijd on Saturday 17 August 2019. The various allegations that have been raised by Nyrstar's ex-internal auditor in the press coverage published by L'Echo and De Tijd date from 2018 and before. They were all historically reported to, investigated and fully dealt with by Nyrstar's management committee, audit committee and/or board of directors as appropriate in 2018 and early 2019. Nyrstar strongly refutes any allegation that any of its published accounts have been falsely or incorrectly stated.](#)

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5. Research and Development

The Group undertakes research and development through a number of activities at various production sites of the Group. This research and development is primarily concentrated on the production of various high margin non-commodity grade alloy products and by-products in Nyrstar's Metals Processing operations.

6. Financial Risks and Information regarding the use by the Company of Financial Instruments to the extent relevant for the evaluation of its Assets, Liabilities, Financial Position and Results

Please refer to Note 3 (Significant accounting policies), Note 5 (Financial risk management) and Note 35 (Financial instruments) in the IFRS Financial Statements.

7. Non-financial Information provided in accordance with Article 119 § 2 of the Belgian Company Code:

Introduction

The non-financial information presented in this section is prepared in accordance with Article 119 § 2 of the Belgian Company Code and in consideration of the disclosure guidance contained in the Sustainability Accounting Standards Board's (SASB) Sustainability Accounting Standard for Metals & Mining. The information is primarily aimed at investors but other interested stakeholder groups such as employees, local communities, non-governmental organisations (NGOs), customers and regulators are likely to find it useful as well. Additional mechanisms are in place to report on sustainability performance and to engage with particular stakeholders on matters that are of specific interest to them.

Business Model

A description of Nyrstar's business model including principal products, production processes and market characteristics is available on the Nyrstar website at www.nyrstar.com/be.

Materiality Analysis

This non-financial statement provides disclosures and information on environmental, human rights, anti-corruption, social and employee-related matters of material importance to the company and its stakeholders. In determining what matters to report on, we consider legal requirements and disclosure commitments made by Nyrstar as well as the potential for the topic to impact our financial or operational performance. The materiality assessment is further guided by the disclosure topics identified by the Sustainability Accounting Standards Board's (SASB) Sustainability Accounting Standard for Metals & Mining. Whilst the SASB standards are

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designed for use by companies providing 10-K filings to the US Securities and Exchange Commission (SEC) and therefore not directly applicable to Nyrstar, we believe the industry-specific assessment completed by SASB to provide a good representation of the material issues facing a metals and mining organization of our size, operational profile and global footprint. The relevance of the SASB disclosure topics to Nyrstar has been validated by comparing them to the outcomes of qualitative and quantitative risk assessments conducted under the Nyrstar Enterprise Risk Management Framework, to the contents of functional reports on environment, health and safety, community relations and other sustainability matters prepared during the year, and to feedback from our stakeholders. To a large extent, the topics identified by SASB and through our higher level risk assessments represent structural risks that are inherent in what we do and, for this reason, the list of material issues requiring disclosure in our annual and sustainability reporting does not change significantly from year to year. The specific exposures that these topics represent at a site or business unit level are, however, often more dynamic. To the extent relevant for Nyrstar's financial and operational performance, we strive for our reporting to consider and incorporate impacts resulting from long-term structural shifts as well as those relating to local and dynamic risk exposures.

Governance

Introduction

Nyrstar is committed to ethical and transparent business practices in accordance with our Corporate Governance Charter, Code of Business Conduct and Anti-Corruption Policy. Our governance structures provide clear lines of responsibility from the operations through to the Board of Directors. The Safety, Health, Environment and Community (SHEC) Committee of the Board has the specific mandate to monitor Nyrstar's SHEC performance and the effectiveness of the SHEC control framework. Further details on Nyrstar's governance structures and processes are provided in the Corporate Governance Statement and on the Nyrstar website.

Management of Non-Financial Risks

Risk is managed through an enterprise risk management approach which is aligned to the ISO 31000 risk management standard. The ERM framework specifies a common approach and process to the assessment, prioritization and control of risks across the Group. Risk management and due diligence processes for safety & health, environment and community (SHEC) are aligned with the ERM framework and our functional leaders are responsible for ensuring the policies, plans and programmes developed within their areas of accountability contribute to the achievement of Nyrstar's business strategy and risk management objectives. The assessment and control of non-financial risks is further supported by the Nyrstar SHEC Management Framework comprising a range of policies, standards, procedures and guidelines targeting key SHEC topics and hazards relevant to the organisation. More information about the SHEC Framework is available on the Nyrstar website.

Monitoring of non-financial risks is further supported by our Group Assurance programmes for safety & health, environment and business risk. Under these programmes, in 2018 all Nyrstar operations were audited against Nyrstar standards for critical safety risks. In addition, a new audit process providing assurance on environmental regulatory compliance, critical environmental risks and physical conditions was launched and implemented at half of the operations (remaining sites being scheduled for 2019). The outcomes of the audits form the basis for treatment plans to address identified performance deficiencies and weaknesses in risk management processes.

Responsible Sourcing

Responsible sourcing represents a quickly evolving sustainability topic driven by broadened public interest in the social and environmental footprint of goods and services. For Nyrstar, the most significant aspect of responsible sourcing relates to the procurement of mineral concentrates and other raw materials for our smelters. The 'feed book' of third party mines supplying mineral concentrates to our smelters typically comprise 50 or more operations located worldwide. Understanding the value chains involved in delivering these materials and ensuring that environmental, social and governance (ESG) related risks are managed are becoming increasingly important for Nyrstar.

Consistent with the societal interest, several responsible sourcing initiatives have been launched by regulators, industry associations, non-governmental organisations and other parties. While varying in scope and approach, these initiatives generally require companies to implement supply chain due diligence processes and to report on identified risks related to specific ESG topics. Of most relevance to Nyrstar, the London Metal Exchange (LME) is in the process of introducing responsible sourcing requirements for brands listed with the exchange. Under these requirements, Nyrstar would be required to complete annual risk assessments of its supply chain and file these with the LME.

As a first step towards integrating environmental and social considerations in our raw material sourcing activities, a mapping of existing supply chain participants and operations has been initiated. This will serve as input to an assessment of supply chain risks and the development of processes for engaging with raw material suppliers around social and environmental impacts. We expect this work to be advanced in 2019 and to be well aligned with the requirements of the LME and other external interest groups.

No incidents concerning environmental, social and governance impacts in Nyrstar's supply chain were reported in 2018.

Environmental Stewardship

Compliance with Environmental Laws and Regulations

Compliance with laws and regulations is a core priority for Nyrstar's operations and a necessity for maintaining our licence to operate. Regulatory compliance is managed under the ISO 14001-certified environmental management systems implemented at most of our sites. Basic compliance processes such as legal registers

and compliance calendars are also mandated by Nyrstar standards and environmental permits are managed through our online risk and compliance system.

Environmental performance and regulatory compliance are monitored through various processes implemented at corporate and site level. This includes the reporting of environmental non-compliances through our online incident management system. The key measure for regulatory compliance is referred to as 'Notifiable Non-Compliance' and is defined as a regulatory non-compliance event which must be notified to the regulatory authorities. In 2018, a total of 43 Notifiable Non-Compliance incidents occurred across our operations which compare to the 50 events recorded in 2017. 29 of these non-compliance incidents took place at the Myra Falls mine and at the Balen/Overpelt smelter, most of them involving exceedance of effluent discharge limits. All incidents have been investigated and corrective action taken to prevent reoccurrence, as required under Nyrstar standards.

One environmental fine at an amount of US\$2,000 was paid in 2018, relating to a 2017 release of contaminated stormwater at the Langlois mine.

Energy and Greenhouse Gas Emissions

Energy and greenhouse gas (GHG) emissions represent one of Nyrstar's most material sustainability risks. This is especially the case for our smelters which consume large quantities of electricity and that are therefore sensitive to energy prices and carbon regulations. To mitigate these risks, we work to continuously improve our energy efficiency and to reduce the carbon footprint of the power that we use.

Purchased electricity is our leading source of energy, accounting for three quarters of the total energy consumption. At this time, the power purchase strategies applied by Nyrstar do not specifically target the sourcing of low-carbon electricity. Instead, we are actively partnering with third parties to explore opportunities for installation of low-carbon energy technologies such as wind and solar at our operations. In 2018, these efforts resulted in the construction of a 44MW solar park on reclaimed landfills at our Budel smelter in the Netherlands.

With respect to GHG emissions and carbon trading, four Nyrstar operations are currently subject to carbon pricing mechanisms. This includes our three European smelters (Auby, Balen and Budel), which operate under the EU Emissions Trading System (ETS), and the Myra Falls mine in British Columbia, Canada, which is subject to a carbon tax on fossil fuels. The direct (scope 1) emissions produced by these operations account for approximately 20% of Nyrstar's total footprint of direct GHG emissions. In 2018, the free emission allowances allocated to our European smelters exceeded the plants' GHG emissions; hence no purchase of allowances was necessary. For Myra Falls, the carbon tax on fuels has a relatively limited financial impact on Nyrstar given that most of the power consumed by the operations is generated from Nyrstar-owned hydro power facilities. Going forward, we expect carbon pricing mechanisms to be introduced in most, if not all, of our other operating jurisdictions as countries take action to meet the commitments made in the 2015 Paris Agreement of the United Nations. The timelines and formats of such mechanisms, and therefore their impacts on Nyrstar, are, however, difficult to predict. We engage actively with governments to help inform public policy and legislation on energy pricing and carbon emissions.

In addition to risks posed by increasing regulation and carbon pricing, extreme weather events, availability of water and other physical impacts resulting from climate change could also affect our operations. Working together with technical experts and external stakeholders we strive to understand how these changes may affect us and to devise appropriate response and adaptation strategies. For example, climate change modelling is incorporated in the planning for mine closure and in emergency response planning. While site-specific studies of this kind have been completed at several of our operations, we are yet to model the potential impacts on our complete network of sites, suppliers and transport routes that may be caused from rising sea levels, extreme weather events, drought, flooding and other physical risks of climate change.

Further disclosure on energy and climate change matters is provided in Nyrstar's sustainability report and in our annual submission to the CDP (www.cdp.net).

Water Use and Discharges

For the past decade, water scarcity has consistently ranked as one of the most impactful risks globally with potentially devastating effects on human health and economic activity. For Nyrstar, a decline in the available quality and quantity of freshwater could affect our business through supply restrictions, increased water withdrawal costs, investment in water treatment technologies and/or reduced production volumes. Given the importance of water to local communities and other stakeholders, responsible management of scarce water resources is also key to our social licence to operate.

At the current time the Nyrstar operation facing the most significant water supply risks is the Port Pirie smelter in South Australia. Obtaining its freshwater from public water utilities, these risks impact the operations through high water use fees making effective water stewardship a key priority for the site. In the longer term, we expect water-related risks to grow in importance in step with increased competition for scarce water resources and as regulation forces the internalisation of costs for water withdrawal and use.

We seek to minimise our use of water, avoid impacting the quality of freshwater resources and ensure a fair, equitable and sustainable use of these resources in cooperation with other users and stakeholders. Mitigation measures implemented to achieve these objectives focus on the diversion of clean water from areas and activities that may impact its quality, improvement of water use efficiency, maximisation of water recycling opportunities, and treatment of impacted water before returning it to nature. At sites facing more complex or significant water risks, such as Port Pirie, the water management strategies and activities are guided by integrated water management plans. The plans provide a holistic and comprehensive approach to the management of water resources across the sites and establish a process by which water withdrawals, uses and discharges are regularly reviewed and evaluated for improvement opportunities.

In regards to water quality, key aspects relevant to our operations include acid rock drainage generated at several of our mines and discharge of metals in effluent from our smelters. The effluent discharges from our sites are strictly regulated and enforced through permits and other legislation. Compliance with regulatory requirements is monitored through comprehensive water monitoring plans which specify regular sampling and analysis of the water returned to the environment. Additionally, the majority of our sites have water treatment plants for treatment of effluent prior to release. Other water quality controls include the separation of clean water, e.g. using diversion structures, to minimize effluent quantities, reuse and recycling of impacted water within our production processes, implementation of operational and maintenance routines to ensure the integrity of water treatment plants and other key control equipment, and regular auditing to verify that established controls are being implemented and working as intended.

In 2018, 26 effluent-related incidents involving breach of regulatory requirements were documented at our operations. Whilst inconsistent with the performance that we expect from our operations, most of the breaches were of a minor nature and none of the incidents are expected to significantly impact the environment or Nyrstar's operating results.

Emissions to Air

Our mining and smelting operations produce air emissions which have the potential to affect human health and the environment. For Nyrstar, emission related risks are largely associated with increasingly stringent regulations demanding investment in treatment technologies (financial risk) and community impacts affecting corporate reputation and our social licence to operate.

Our approach to managing emissions to air is focused on: investing in air emission control equipment; maintaining process control and the integrity of key emission controls; and engaging with key stakeholders to understand how they may be affected by emissions from our operations. In addition, we actively monitor

regulatory developments, public opinion and research to make sure we are aware of any potentially emerging issues with implications for our operations.

From a Group perspective, emissions to air are dominated by emissions from the smelting operations with the mines only contributing a small portion of our emission footprint. At our smelters, key emission constituents of concern are sulphur dioxide (SO₂) and particulate containing zinc, lead, cadmium and other metals. The emissions are strictly regulated through permit requirements and other laws and regulations. The strict legal enforcement in combination with the high visibility and public awareness of air quality issues demand that we operate with a high level of control and use best available emission treatment technologies.

From a materiality perspective, the emission of lead-bearing particulate from our lead smelter in Port Pirie is particularly important. This is both in terms of our license to operate and the health and wellbeing of the local community. While compliant with regulatory limits, 2018 emissions from the Port Pirie smelter did not meet our expectations and were marked by several emission events contributing lead-bearing dust to the local community. Focused actions during the latter part of the year, including temporary idling of key production units, were successful in reducing emissions and we expect these actions to deliver further improvements in 2019. The emission performance will also benefit from the continued ramp-up of the new and less polluting technology installed as part of the Redevelopment project and the phase out of old plant and equipment.

Seven Notifiable Non-Compliance incidents (refer to Compliance with Environmental Laws and Regulations above) related to air emissions were recorded in 2018. One of the incidents, involving non-compliant emissions of sulphur dioxide from the Clarksville smelter, resulted in a civil penalty of \$181,000 which is currently under appeal.

Tailings Dam Safety

Our operations generate significant amounts of waste. At our mines, the most important waste stream is tailings consisting of finely crushed rock minerals, water and small amounts of process chemicals from the concentrating of mined ore. The majority of the tailings waste is placed in engineered storage facilities which typically comprise one or several dams or embankments. Nyrstar is responsible for eight tailing storage facilities (TSFs) of which four are operational, three are non-operational and in the process of being reclaimed, and one facility for which reclamation has been completed.

Failure of a tailings dam could have catastrophic impacts on the environment, surrounding communities and on Nyrstar's financial position; hence, maintaining the safety and integrity of our tailing dams is of utmost importance to our licence to operate, shareholder value and to the communities and ecosystems around our sites. Responsible tailing facility management is therefore a top priority for the company and we go to great lengths to ensure the safety of our tailing facilities.

Systems and procedures for the safe management of the TSFs are in place at all locations. Central to this are Operating, Maintenance and Surveillance (OMS) manuals which describe the day-to-day operational and monitoring processes implemented by site personnel to achieve compliance with regulatory requirements and facility design parameters. Additionally, each operation is supported by a qualified external engineer (Engineer of Record) who is responsible for the design of the tailing facilities. The Engineers of Record (EoR) also provide ongoing support on facility operation, maintenance and construction and completes annual dam safety inspections and performance reviews.

In order to further assure and advance the safety of Nyrstar's tailing storage facilities, an Independent Tailings Review Board (ITRB) was established in 2018. The purpose of the Board is to provide independent expert input and advice to Nyrstar on the design, construction, operational management and ultimate closure of the company's TSFs. The ITRB is composed of three independent experts and it reports to our corporate office. In 2018, ITRB meetings were completed at Langlois, Myra Falls, East Tennessee Mines and Mid Tennessee Mines. Findings and recommendations identified in the ITRB meetings are addressed through formal response

plans which are subject to regular review by site and corporate management. The ITRB will convene annually at each mine.

No dam safety related incidents involving Nyrstar's tailings storage facilities occurred in 2018.

Land Use and Biodiversity

Mining and metals processing operations require large areas of land and have the potential to impact biodiversity, ecosystems and the provision of ecosystem services. Impacts may result from the clearing and disturbance of land, discharge of effluent into waterbodies and emission of pollutants to the atmosphere as well as from increased transport activities and other indirect causes. Managing regulatory requirements and meeting community expectations regarding land use and the protection of ecosystems is critical to Nyrstar's license to operate.

Contextually, all except one of Nyrstar's operating sites are located adjacent to or near (within 10 kilometers) protected areas or areas of high biodiversity value. For example, our European smelters are located in the vicinity of areas protected under the European Union Natura 2000 system and the Myra Falls mine is located within the Strathcona Provincial Park in British Columbia, Canada. Further, eight of our operations are situated within or near habitats for endangered species.

We work proactively to minimise the environmental footprint of our activities, protect sensitive habitats and to conserve biodiversity values and landscape functions in the locations where we operate. By and large, the work is guided by legal requirements and the outcomes of environmental impact assessments completed as part of permit applications for new activities or land developments. The biodiversity obligations, risks and opportunities identified under these processes are incorporated in decisions concerning the use of land, water and other natural resources, operational controls and environmental monitoring programmes. As a general rule, these decisions and management controls are developed with a view to avoiding losses of biodiversity values, whenever possible, or else reducing and rehabilitating the impacts that cannot reasonably be avoided.

We are committed to progressively rehabilitating land that is no longer needed for production purposes and to fully reclaim areas after operations have been concluded. To support this commitment, all Nyrstar mines maintain closure plans that outline intended post-closure land uses, key closure concepts and estimated closure costs. The closure plans help to ensure that rehabilitation aspects are considered in operational planning and that sufficient funds are allocated for closure and post-closure monitoring. Considered a 'going concern' with an infinite operating life, our smelters do not have documented closure and reclamation plans.

At the end of 2018, Nyrstar's total footprint of disturbed land was 1.475 hectares (ha). No reclamation activities leading to significant reductions in the amount of disturbed land were completed in 2018.

Social Responsibility

Labour Relations

We are committed to respecting our employees' rights in line with the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. In support of this commitment, we recognise and respect the principles of freedom of association and collective bargaining. At the end of 2018, 57% of our global workforce was covered by collective bargaining agreements.

No strikes, lockouts or industrial actions involving work stoppages occurred at our operations in 2018.

Diversity

Consistent with the diversity requirements specified by the Belgian Companies Code, one third of the members of the Nyrstar Board of Directors is of the opposite gender.

We believe in retaining a diverse workforce with staff of different genders, ages, cultures and professional backgrounds. However, as of yet this belief has not been formalized into a diversity policy applicable below Board level. At the end of 2018, women made up 7% of Nyrstar's total workforce. This is similar to 2016 and 2017.

Workforce Health and Safety

Safety and health are core values of Nyrstar. Our Towards Zero vision is for every employee to return home safe and healthy every day. We believe that every work-related illness and injury is preventable and we empower our employees to turn the vision into reality. The Towards Zero vision is supported by a comprehensive health and safety strategy built around four pillars: Fatality Prevention; Behavioural Safety; Health and Safety Management Systems; and Occupational Health. Everything we do to improve the safety and health of our people fit into one of these focus areas.

In 2018, we placed particular emphasis on the prevention of hand injuries which account for a large portion of our total injuries. A dedicated hand injury prevention program entitled *Because some tools cannot be replaced* was introduced at all operations with the purpose of eliminating unsafe conditions contributing to hand injuries, improving tools and personal protective equipment, and changing at-risk behaviours relevant to hand injuries. We also continued the implementation of the Process Safety Management System launched in 2017 and strengthened controls related to hydrogen explosion risks at our smelters.

Nyrstar's 2018 safety performance represented another step towards our vision of zero harm. No fatalities were reported and the lost time injury rate improved by 27% to a new record low of 1.4. The total number of days away from work, under restricted duties or with alternative duties (DARTs) as a result of workplace injuries decreased by 19% compared to 2017 and the frequency rate associated with these types of events also improved (by 5%). The recordable injury frequency rate deteriorated slightly from 6.4 in 2017 to 6.8 in 2018. With respect to occupational health, the reported number of new cases of occupational illnesses remained similar to 2017 at 27 cases.

Community Relations

Maintaining the trust and ongoing support of the local communities where we operate is critical to the viability and success of our business. Without this support we run the risk of operational disruptions, delays to permitting and approval processes and of being prevented access to the land and geological resources that we need to operate. Our social license to operate is intrinsically linked to the way we engage with our communities and to our ability to control environmental and social impacts that may be generated from our operations.

We actively engage with the local communities that have an interest in or that may be impacted by our operations. The understanding of community expectations gained from these engagement activities are incorporated in everyday decision making and operational activities. Additionally, all Nyrstar operations have established processes for recording community feedback, whether positive or negative. In 2018, a total of 76 community complaints were received which compares to the 71 complaints recorded in 2017. A significant portion of the complaints related to ground-level emissions of sulphur dioxide from an again acid plant at Port Pirie. The operation of this plant was phased out during the year in favour of a new acid plant installed as part of the Redevelopment Project. While the new acid plant is still being fine tuned following commissioning we expect community impacts from sulphur emissions to significantly improve in 2019.

One operational delay as a result of non-technical factors occurred in 2018 related to permitting for the re-start of the Myra Falls mine in British Columbia, Canada. While also suffering from technical delays, in particular concerning the repair of the shaft and hoist system for the main underground mine, permitting of the restart activities required approximately three months longer than originally planned which had a direct impact on the restart project schedule. The permitting delays were primarily associated with extensive government reviews and engagement with local indigenous communities and other stakeholders.

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No community disputes were experienced in 2018 and there was no resettlement of communities at Nyrstar sites in 2018.

Security and Human Rights

Nyrstar's operations are strategically focused on stable jurisdictions with low risk for armed conflicts and security-related human rights abuses. Notwithstanding the operating contexts of our operations and the low political risk that they imply, protection of human rights is a core consideration for Nyrstar and we are committed to respecting fundamental human rights wherever we operate.

Our approach to human rights is founded in The Nyrstar Values and our Code of Business Conduct. The Framework for Ethical Decision Making included in the Code of Business Conduct helps to ensure that human rights are considered in key business processes such as risk assessments, procurement and contractor management and in our dealings with employees, communities and other stakeholders. Respecting human rights also requires us to work with contractors and suppliers to ensure that they hold themselves to the same human rights standards that we hold ourselves accountable to. We recognise that further efforts are necessary in order to more systematically assess and manage human rights conditions in our supply chain and plan to start tackling this in 2019 (refer to the Responsible Sourcing section above).

Nyrstar's Canadian mines, Myra Falls and Langlois, are located within areas claimed by indigenous peoples as traditional territories. Whilst these claims have not been defined in treaties, we recognize and respect the rights, cultures and interests of indigenous peoples and seek opportunities to engage with them in regards to our use of the land. Our engagement with indigenous peoples is led by the General Manager at each of the operations.

No breaches of human rights were reported in 2018.

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Sustainability Scorecard

Table 1. Summary of Non-financial Key Performance Indicators (KPIs)

Topic	Metric	2016	2017	2018	
Environmental Compliance	Regulatory	Notifiable non-compliance incidents	35	50	43
		Number of environmental fines	10	2	1
		Value of environmental fines (US\$)	\$896,092	\$23,088	\$2,000
Air Quality	Incidents of non-compliance related to air emission permits or legislation	8	13	7	
	Compliance with licence limit for lead in air at Port Pirie	✓	✓	✓	
Water Quality	Incidents of non-compliance related to water quality permits or legislation	22	30	26	
Land Use and Biodiversity	Footprint of disturbed land (ha)	1,476	1,475	1,475	
Labour Relations	Portion of workforce covered under collective bargaining agreements (%)	60%	57%	57%	
	Number of strikes and lockouts	0	2	0	
	Duration of strikes and lockouts (days)	0	2	0	
Workforce Health and Safety	Work-related fatalities	1	0	0	
	Lost time injury frequency rate (LTIFR)	1.8	2.0	1.4	
	Recordable injury frequency rate (RIFR)	7.2	6.4	6.8	
	Number of days lost, under restricted duty and with job transfer (DARTs)	265	259	209	
	Days away, restricted duty and job transfer frequency rate (DARTFR)	5.2	3.9	3.7	
	Number of cases of occupational illness	N/A	24	27	
	Value of safety fines (US\$)	\$134,000	\$71,934	\$92,000	
Community Relations	Number of non-technical delays	0	0	1	
	Duration of non-technical delays (days)	0	0	90	
	Community complaints	55	71	76	

8. Audit Committee

The Audit Committee consists of three non-executive members of the Board, of which two are independent members of the Board of Directors and one is non-independent. The members of the Audit Committee have sufficient expertise in financial matters to discharge their functions. The Chairman of the Audit Committee is competent in accounting and auditing as evidenced by her previous role as Chief Financial Officer of BP's Aviation Fuels.

9. Information that have an Impact in the Event of Public Takeovers Bids

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

- (i) At the date of this report, the share capital of the Company amounts to EUR 114,134,760.97 and is fully paid-up. It is represented by 109,873,001 shares, each representing a fractional value of EUR 1.04 or one 109,873,001th of the share capital. The Company's shares do not have a nominal value.
- (ii) Other than the applicable Belgian legislation on the disclosure of significant shareholdings and the Company's articles of association, there are no restrictions on the transfer of shares.
- (iii) There are no holders of any shares with special control rights.
- (iv) The awards granted to employees under the Nyrstar Long Term Incentive Plan (LTIP) will vest upon determination by the nomination and remuneration committee.
- (v) Each shareholder of Nyrstar is entitled to one vote per share. Voting rights may be suspended as provided in the Company's articles of association and the applicable laws and articles.
- (vi) There are no agreements between shareholders which are known by the Company and may result in restrictions on the transfer of securities and/or the exercise of voting rights.
- (vii) The rules governing appointment and replacement of Board members and amendment to articles of association are set out in the Company's articles of association and the Company's corporate governance charter.
- (viii) The powers of the Board of Directors, more specifically with regard to the power to issue or redeem shares are set out in the Company's articles of association. The Board of Directors was not granted the authorization to purchase its own shares "to avoid imminent and serious danger to the Company" (i.e., to defend against public takeover bids). The Company's articles of association do not provide for any other specific protective mechanisms against public takeover bids.
- (ix) At the date of the report, the Company is a party to the following significant agreements which, upon a change of control of the Company or following a takeover bid can enter into force or, subject to certain conditions, as the case may be, can be amended, be terminated by the other parties thereto or give the other parties thereto (or beneficial holders with respect to bonds) a right to an accelerated repayment of outstanding debt obligations of the Company under such agreements:
 - 5.00% senior unsecured convertible bonds due 2022;
 - Indenture in relation to the 6.875% High Yield Bonds due 2024;
 - Indenture in relation to the 8.500% High Yield Bonds due 2019;
 - Nyrstar's Revolving Structured Commodity Trade Finance Credit Facility;
 - The zinc prepayment agreement arranged by Deutsche Bank AG originally dated 24 April 2018;
 - Nyrstar's committed EUR 130 million bilateral credit facility with KBC Bank;
 - Nyrstar's silver prepay with JPMorgan Chase Bank, National Association;
 - Nyrstar's silver prepay with Goldman Sachs;
 - Silver forward purchase agreement (Hydra);
 - Common terms deed with the Treasurer of South Australia;
 - Nyrstar's EUR 28 million guarantee facilities with BNP Paribas Fortis;
 - Various ISDA Master Agreements and related confirmations; and
 - Nyrstar's committed EUR 16 million bilateral credit facility with KBC Bank.
- (x) The agreement with the chief executive officer provides that upon a change of control, his agreement with Nyrstar will be terminated. In that event, the chief executive officer is entitled to a severance payment

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equivalent to twelve months of Annual Base Salary (inclusive of any contractual notice period) In addition, the Company's share based plans also contain take-over protection provisions.


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

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Done at Brussels on ~~26 May~~ 27 September 2019.

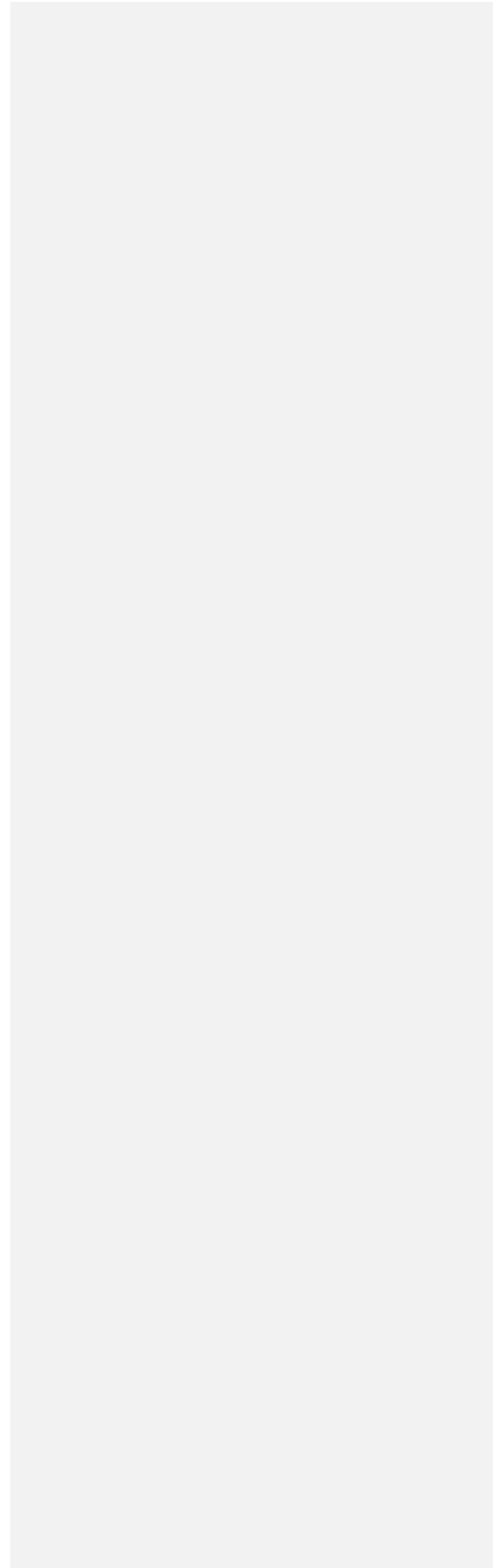
On behalf of the Board of Directors,



Martyn Konig
Director



Hilmar Rode
Director



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