



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

1. Introduction

This special report has been prepared by the board of directors of Nyrstar NV in accordance with Article 604 of the Belgian Company Code with respect to the proposal to renew the powers of the board of directors to increase the company's share capital within the framework of the authorised capital. The proposal will be submitted to an extraordinary general shareholders' meeting of the company to be held before a notary public. The board of directors has set out in this report the circumstances in which the board of directors will be able to use its powers under the authorised capital, and the purposes that it shall pursue.

2. Current authorised capital

The extraordinary general shareholders' meeting held on 24 May 2011 authorised the board of directors to increase the company's share capital in one or several transactions with a maximum amount of 40% of the share capital. The board of directors was expressly authorised to dis-apply or limit the preferential subscription right of the existing shareholders, even for the benefit of one or more specified persons other than personnel of the company or its subsidiaries.

The powers of the board of directors within the framework of the authorised capital are currently set out in Article 9 of the company's articles of association. The powers are valid for a term of one year as of the publication of the authorisation in the annexes to the Belgian Official Gazette on 7 June 2011. The board of directors has not yet exercised its powers under the authorised capital.

3. Proposal to renew the authorised capital

At the date of this special report, the subscribed share capital of the company amounts to 425,056,360 EUR. The share capital is fully paid up and is represented by 170,022,544 shares, each representing the same fraction of the company's share capital. The fractional value of the shares of the company amounts to (rounded) 2.50 EUR. The fractional value of a share is calculated as a fraction the numerator of which is the amount of the company's subscribed share capital, and the denominator of which is the total number of issued and outstanding shares.

The technique of the authorised capital offers the board of directors a degree of flexibility and expedience that may be necessary to ensure an optimal management of the company. The prior disclosures, formalities and time windows to convene a shareholders' meeting and obtain

a shareholders' meeting approval to effect a capital increase are elaborate, and often cannot be reconciled with the speed with which market opportunities arise and disappear again. For example, the time to convene a general shareholders' meeting (including a second meeting if the required attendance quorum of 50% of the outstanding shares is not reached at the first meeting) can take around two months. During this period, market circumstances can change significantly. If the board of directors is not able to seize potential market opportunities that would arise, this could be to the disadvantage of the company.

The board of directors proposes to the general shareholders' meeting to renew the powers of the board of directors under the authorised capital and to set the amount of the authorised capital at 40% of the share capital. If the shareholders approve the proposal of the board of directors, Article 9 of the company's articles of association will be amended and be restated to read as follows (whereby the reference "[date]" shall be the date of the general shareholders' meeting granting the authorisation under the authorised capital):

The board of directors may increase the capital of the company on one or several occasions by a maximum amount of [40% of the amount of the share capital as at the time of the approval of the resolution, taking into account the approval of the capital reduction referred to in item 2 of the agenda]."

The board of directors may increase the capital by contributions in cash or in kind, by capitalisation of reserves, whether available or unavailable for distribution, with or without the issuance of new shares. The board of directors may use this authorisation for the issuance of the securities mentioned in article 11 below.

This authorisation is valid for a period of one year as from the date of publication in the annexes to the Belgian State Gazette of an extract of the minutes of the extraordinary shareholders' meeting of the company held on [the date of the approval of the proposed resolution]. "In the event of a capital increase decided by the board of directors pursuant to the authorised capital, all issue premiums booked, if any, will be accounted for on the liabilities side of the company's balance sheet under the net equity. The account on which the issue premiums are booked shall, like the share capital, serve as the guarantee for third parties and can only be reduced on the basis of a lawful resolution of the general shareholders' meeting passed in the manner required for an amendment to the company's articles of association.

In accordance with article 10 below, the board of directors may, in the interest of the company, restrict or cancel the preferential subscription right, including in favour of one or more specific persons other than employees of the company or of its subsidiaries.

The proposal is to grant the board of directors sufficient flexibility in order to carry out potential capital raisings in the future, as and when deemed appropriate or necessary, as further described below.

4. Circumstances and purposes for the use of the authorised capital

The board of directors intends to use its powers under the authorised capital in circumstances where, in the interests of the company, the convening of a general shareholders' meeting would be undesirable or not appropriate. Such circumstances could for instance arise when:

- it appears to be necessary to be able to respond quickly to certain market opportunities;

- there is a financing need, whereby the relevant market circumstances are not appropriate for an offering or issuance to all shareholders;
- a prior convening of a shareholders' meeting would lead to an untimely announcement of the transaction, which could be in the disadvantage of the company;
- the costs related to the convening of a shareholders' meeting are not in balance with the amount of the proposed capital increase; or
- due to the urgency of the situation it appears that a capital increase within the framework of the authorised capital is necessary in the interests of the company.


The board of directors would be able to use its powers under the authorised capital (amongst other things):

- to strengthen the capital or net equity of the company, or to finance its business activities or new business initiatives;
- to finance (in whole or in part) takeovers or acquisitions of companies, businesses or assets, or other types of mergers, partnerships or strategic alliances;
- to attract new partners or important shareholders to the capital structure of the company, or to broaden the international dimension of the shareholders' structure; or
- to issue shares, stock options, warrants and other securities to the personnel, directors and consultants of the company and its subsidiaries, and to structure stock based incentive or remuneration plans for such personnel, directors and consultants.


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Done on 22 February 2012,

On behalf of the Board of Directors,



Roland Junck
Director



Ray Stewart
Director