



LIMITED LIABILITY COMPANY ("NAAMLOZE VENNOOTSCHAP")  
Registered Office: Zinkstraat 1, 2490 Balen, Belgium  
Company Number VAT BE 0888.728.945 RPR/RPM Antwerp, division Turnhout

---

**Report of the Board of Directors  
in accordance with Article 604 of the Belgian Companies Code**

---

**1. Introduction**

This special report has been prepared by the Board of Directors of Nyrstar NV (the "**Company**") in accordance with article 604 of the Belgian Companies Code with respect to the proposal to grant powers to 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. Authorised capital**

At the date of this special report, the subscribed share capital of the Company amounts to EUR 97,192,929.19. The share capital is fully paid up and is represented by 935,639,603 shares, each representing the same fraction of the Company's share capital. The fractional value of the shares of the Company amounts (rounded) to EUR 0.10. 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.

In principle, changes to the share capital are decided by the Company's general shareholders' meeting. Such resolution by the general shareholders' meeting must satisfy the quorum and majority requirements that apply to an amendment of the articles of association. This means that a shareholders' resolution to increase the Company's share capital is only passed provided that at least 50% of the share capital of the Company is present or represented at the general shareholders' meeting, and provided that the resolution is approved by 75% of the votes cast at the meeting. In the event the required attendance quorum of 50% is not present or represented at the first meeting, a second meeting can be convened through a new notice, and the second shareholders' meeting may validly deliberate and decide regardless of the number of shares present or represented.

Subject to the same quorum and majority requirements for an increase of the share capital, the Company's general shareholders' meeting may also authorise the Board of Directors, within certain limits, to increase the Company's share capital without further approval of the shareholders. This is the so-called authorised capital.

Currently, the Company's Board of Directors has no powers under the authorised capital.

**3. Proposal to grant powers to the Board of Directors under the authorised capital**

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 and the financing of its operations. The prior disclosures, formalities and time windows to convene a

general 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 shares is not reached at the first meeting) can take approximately two months. During this period, market circumstances can change significantly. If the Board of Directors is not able to seize potential market opportunities that arise, this could be to the disadvantage of the Company. On the other hand, if market circumstances no longer allow for a capital raising at favourable conditions after a general shareholders' meeting has been convened, this could also be to the disadvantage of the Company.

In view of the continuing challenging environment in the commodities markets and in order to allow the Board of Directors the flexibility to raise additional equity based financing as and when the need may arise or an opportunity would present itself, the Board of Directors proposes that it be granted powers under the authorised capital to increase the Company's share capital, but **limited** to a maximum amount of 30% of the outstanding share capital, and **limited** during a term of 12 months from the date of publication in the annexes to the Belgian Official Gazette of an extract of the minutes of the extraordinary general shareholders' meeting granting the authorisation. The Board of Directors would be able to restrict or cancel the preferential subscription rights of the shareholders, subject, however, to the **limitations and restrictions** set out in the Belgian Companies Code.

If the general shareholders' meeting approves 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 amount and date referred to in the sub-sections between square brackets shall be determined at the time of the approval of the proposed resolution in accordance with the proposal set out in such sub-sections):

The board of directors may increase the share capital of the company on one or several occasions by a maximum amount of *[30% of the amount of the share capital as at the time of the approval of the proposed resolution]*. This authorisation is valid for a period of 12 months as from the date of publication in the annexes to the Belgian State Gazette of an extract of the minutes of the extraordinary general shareholders' meeting of the company held on *[the date of the approval of the proposed resolution]*.

Within the framework of the authorised capital, the board of directors may increase the share 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.

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.

When exercising its powers under the authorised capital, the board of directors may, in the interest of the company and in accordance with article 10 below, restrict or cancel the statutory preferential subscription rights of the shareholders (within the meaning of Article 592 and following of the Belgian Companies Code), including in favour of one or more specific persons other than employees of the company or of its subsidiaries, subject, however, to the terms and restrictions set out in the Belgian Companies Code.

**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;
- 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; 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.

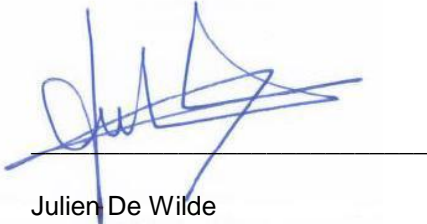
The Board of Directors would be able to use its powers under the authorised capital to raise capital to strengthen the Company's balance sheet, and inter alia:

- to improve the Company's ability to access debt markets, address near-term refinancing needs and extend its debt maturity profile;
- to recapitalise the Company's business and increase financial flexibility and liquidity in a challenging near-term commodity price environment;
- to support the funding of the Company's value accretive Metals Processing projects;
- as and when the case may be, to finance other business activities, business initiatives, and/or strategic transactions of the Company that might present itself; and
- for general working capital purposes of the Company.

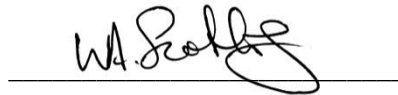
\* \* \*

Done on 24 March 2016,

On behalf of the Board of Directors,

A handwritten signature in blue ink, consisting of several overlapping loops and lines, positioned above a horizontal line.

Julien De Wilde  
Chairman

A handwritten signature in black ink, appearing as 'W.A. Scotting' with a stylized flourish at the end, positioned above a horizontal line.

William A. Scotting  
Director