



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

## EXPLANATORY NOTE

### EXTRAORDINARY GENERAL MEETING

to be held on Thursday 19 May 2016 at 11:30 a.m.

## Introduction

This explanatory note has been prepared on behalf of the Board of Directors of Nyrstar NV (the "Company") in connection with the various items on the agenda of the extraordinary general shareholders' meeting of the Company, to be held on Thursday 19 May 2016. Pursuant to Article 533bis, §2, d) of the Belgian Companies Code, this note contains for each of the items on the agenda of the aforementioned extraordinary general shareholders' meeting a proposed resolution or, if the item does not require a resolution, a commentary on behalf of the Board of Directors.

For further information on date, hour and venue of the extraordinary general shareholders' meeting, the manner in which the holders of securities issued by the Company can participate to the meeting and background documentation regarding the meeting, reference can be made to the notice convening the extraordinary general shareholders' meeting.

## AGENDA

**Agenda and proposed resolutions:** The agenda and proposed resolutions of the extraordinary general shareholders' meeting of the Company, which, as the case may be, can be amended at the meeting on behalf of the Board of Directors, are as follows:

### 1. Cancellation of VVPR strips

(This agenda item was already addressed during the extraordinary general shareholders' meeting of 27 April 2016. There was no quorum requirement for this agenda item. The extraordinary general shareholders' meeting of 27 April 2016 resolved to cancel and annul all of the VVPR strips that were issued by the Company.)

### 2. Reverse stock split

*Explanation:* This agenda item relates to the proposed share consolidation with respect to all outstanding shares of the Company by means of a 1-for-10 reverse stock split. The Company believes that this is appropriate given the current stock price and the number of shares that is currently outstanding.

*Proposed resolution:* In accordance with Article 478, §3 of the Belgian Companies Code, the general shareholders' meeting decides to effect a share consolidation with respect to all outstanding shares of the Company by means of a 1-for-10 reverse stock split (the "Reverse Stock Split"), and to delegate to the Board of Directors of the Company the powers to further implement the Reverse Stock Split, subject to the following terms and conditions:

- (a) Share consolidation: All of the outstanding shares of the Company shall be consolidated into a new and reduced number of shares at the ratio of one (1) new share for 10 existing shares (the "Ratio"). Subject to the terms and conditions set out below, the Reverse Stock Split will be carried out simultaneously for all outstanding shares of the Company in accordance with the Ratio, so that after the completion of

the Reverse Stock Split each new share shall represent the same fraction of the Company's share capital. The Reverse Stock Split will not result in a reduction or increase of the Company's share capital.

- (b) Form and nature of the new shares: The Reverse Stock Split will not affect the form of the outstanding shares (dematerialised or registered) and the outstanding registered and dematerialized shares will be processed separately within the framework of the Reverse Stock Split. All new shares after the completion of the Reverse Stock Split shall have the same rights and benefits and rank *pari passu* in all respects, including as to entitlements to dividends.
- (c) No fractions of new shares: Within the framework of the Reverse Stock Split, the existing shares can only be consolidated, in accordance with the Ratio, into a whole number of new shares. No fractions of new shares can be issued. Subject to applicable company, financial and securities law rules, and subject to the provisions of the foregoing paragraphs, the Board of Directors shall be authorised to determine the manner and process to effect the Reverse Stock Split with respect to holders of existing shares of the Company who at the time of the Reverse Stock Split do not have a sufficient number of existing shares in order to receive a whole number of new shares in accordance with the Ratio. Within this context, the Board of Directors shall have the power to determine that (i) the positions of old shares that cannot be consolidated into a whole number of new shares in accordance with the Ratio can be aggregated for consolidation into new shares, (ii) such new shares be sold or placed via an exempt private placement or bookbuilding (accelerated or not) to institutional, qualified or professional investors or individuals in and outside of Belgium, and (iii) the net proceeds of such sale or placement, after deduction of relevant transaction costs and expenses (including commissions, fees and expenses of agents and advisors) and applicable taxes, all as applicable, be distributed on a pro rata basis to the holders of existing shares that did not have a sufficient number of existing shares to be converted into whole new shares in accordance with the Ratio, provided that the net proceeds shall not be less than one euro cent (EUR 0.01) per old share. If net proceeds are less or cannot be distributed on a pro rata basis as aforementioned, these shall accrue to the Company. Subject to applicable company, financial and securities law rules, the Board of Directors shall also have the power to determine that the positions of existing shares that cannot be consolidated into a whole number of new shares in accordance with the Ratio can be acquired by the Company or one of its subsidiaries and that the net proceeds of such sale be distributed on a pro rata basis as aforementioned.
- (d) Cancellation of existing shares: Following the completion of the Reverse Stock Split, the existing shares of the Company shall be cancelled and no longer remain outstanding.
- (e) Timing of the Reverse Stock Split: The Board of Directors shall be authorised to determine the effective date of the Reverse Stock Split, provided, however, that the Reverse Stock Split is to be implemented by 31 December 2016 at the latest. The Board of Directors shall have the power not to proceed with the implementation of the Reverse Stock Split, or, in case the implementation of the Reverse Stock Split has already started, to suspend or cancel the completion of the Reverse Stock Split if the Board of Directors determines that the market circumstances do not allow for the completion of the Reverse Stock Split in circumstances satisfactory to it.
- (f) Adjustment of the conversion price of the 2018 Convertible Bonds: Upon completion of the Reverse Stock Split, the applicable conversion price of the senior non-guaranteed convertible bonds due 2018 which were issued by the Company on 25 September 2013 (the "2018 Convertible Bonds") shall be adjusted subject to and in accordance with the terms and conditions of the 2018 Convertible Bonds.
- (g) Agents: One or more banks or financial institutions shall or may be appointed by the Company for the purpose of the further organisation and implementation of the

Reverse Stock Split, including (but not limited to) the consolidation of positions of existing shares that cannot be consolidated into a whole number of new shares in accordance with the Ratio, and the sale of new shares as permitted by paragraph (c).

- (h) Amendment of the Articles of Association: Upon completion of the Reverse Stock Split, Article 5 of the Company's Articles of Association shall be amended and restated to take into account the resulting number of outstanding and existing shares.
- (i) Further implementation of the Reverse Stock Split: Subject to applicable company, financial and securities law rules, and subject to the provisions of the foregoing paragraphs, the Board of Directors shall have the power to further implement and effect the Reverse Stock Split, including (without being limited to) the power to (i) determine the practical implementation of the Reverse Stock Split, (ii) determine the timing and the effective date of the Reverse Stock Split as contemplated by paragraph (e), (iii) determine the manner and process to deal with positions of existing shares that cannot be consolidated into a whole number of new shares in accordance with the Ratio as contemplated by paragraph (c), (iv) appoint one or more banks or financial institutions for the further organisation and implementation of the Reverse Stock Split as contemplated by paragraph (g), (v) proceed with the recording of the amendment and the restatement of the Articles of Association as contemplated by paragraph (h) before a notary public, (vi) take all useful or necessary steps with Euronext, Euroclear and all other competent regulatory or listing authorities in connection with the implementation of the Reverse Stock Split, (vii) make all changes in the share register book of the Company reflecting the Reverse Stock Split, and (viii) do such other things as shall be useful, appropriate or necessary in connection with the foregoing. The Board of Directors shall have the authority to delegate the further implementation and execution of the Reverse Stock Split (including the powers referred to in sub-sections (i) to (viii)), in whole or in part, to one or more members of the Company's executive management. The recording of the amendment and the restatement of the Articles of Association as contemplated by paragraph (h) before a notary public can also be effected by any one or more of the Directors.

### 3. Submission of special report

*Explanation:* This agenda item relates to the submission of the special report of the Board of Directors in accordance with Article 604 of the Belgian Companies Code in relation 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 Board of Directors has set out in this document 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. A copy of this document is available on the Company's website and at the Company's registered office, as indicated in the notice convening the extraordinary general shareholders' meeting.

Submission of the special report of the Board of Directors in accordance with Article 604 of the Belgian Company Code in relation to the proposal to grant powers to the Board of Directors under the authorised capital of the Company, as set out below in item 4 of the agenda of the extraordinary general shareholders' meeting.

### 4. Grant of powers to the Board of Directors under the authorised capital

*Explanation:* This agenda item relates to the proposal to grant powers to the Board of Directors under the authorised capital of the Company. For further information on the proposal, please see the report referred to in item 3 of the agenda of the extraordinary general shareholders' meeting.

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 limited powers under the authorised capital to increase the

Company's share capital by a maximum amount of 30% during a term of 12 months, all as further set out below. For further information on the circumstances in which the Board of Directors could make use of the authorised capital and the objectives that the Board of Directors would pursue with the authorised capital, see also the special report referred to in item 3 of the agenda of the extraordinary general shareholders' meeting.

*Proposed resolution:* The general shareholders' meeting resolves that the Board of Directors shall be authorised to increase the share capital of the Company on one or several occasions by a maximum aggregate amount of 30% of the amount of the share capital as at the time of the approval of the resolution. This authorisation shall be valid for a period of 12 months as 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 shall be able to restrict or cancel the preferential subscription rights of the shareholders, subject, however, to the limitations set out in the Belgian Companies Code. Accordingly, Article 9 of the Company's Articles of Association shall be amended and restated 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 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."

## 5. Amendment of Article 23 of the Company's Articles of Association

*Explanation:* This agenda item relates to the proposal to change the day on which the Company's annual general shareholders' meeting is to be held. The current Article 23 of the Company's Articles of Association provides that the annual general shareholders' meeting is held on the last Wednesday of April at 10:30 a.m. in Belgium in the place indicated in the convening notice. The proposal aims at moving the annual general shareholders' meeting to the third Thursday of April. If this proposal is approved, it would apply for the first time to the annual general shareholders' meeting to be held in 2017.

*Proposed resolution:* The general shareholders' meeting decides to amend and restate the third sentence of Article 23 of the Company's Articles of Association as follows: "Each year, the annual shareholders' meeting is held on the third Thursday of April at 10.30 a.m. in Belgium in the place indicated in the convening notice."

\* \* \*

Done on 28 April 2016

On behalf of the Board of Directors