



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 27 October 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 27 October 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. Special reports

*Explanation:* This agenda item relates to the submission and acknowledgement of the special reports of the Board of Directors and the Statutory Auditor in connection with the proposed resolutions set out in agenda item 2 regarding the proposal to approve the physically settled conversion right attached to the Bonds (as defined in section 2 of the agenda), the disapplication of the preferential subscription right of the Company's shareholders in connection with such conversion right, and the potential issuance of new shares at a price below the fractional value of the Company's shares at the time of conversion of the Bonds. Copies of these documents are available on the Company's website and at the Company's registered office, as indicated in the notice convening the extraordinary general shareholders' meeting.

In the aforementioned reports, further information is provided on the issue of the Bonds, the reasons for the issue of the Bonds, the conversion price of the Bonds, the disapplication of the preferential subscription right of the shareholders and the financial consequences of the transaction for the shareholders.

Submission and acknowledgment of:

- (a) the special report of the Board of Directors of the Company in accordance with, as far as needed and applicable, Articles 582, 583 and 596 of the Belgian Companies Code in relation to the proposal to approve the physically settled conversion right attached to the Bonds (as defined in section 2 of the agenda), the disapplication of the preferential subscription right of the Company's shareholders in connection with such

conversion right, and the potential issuance of new shares at a price below the fractional value of the Company's shares at the time of conversion of the Bonds;

- (b) the special report of the Statutory Auditor of the Company in accordance with Articles 582 and 596 of the Belgian Companies Code in relation to the proposal to approve the disapplication of the preferential subscription right of the Company's shareholders in connection with the proposal to approve the physically settled conversion right attached to the Bonds and the potential issuance of new shares at a price below the fractional value of the Company's shares at the time of conversion of the Bonds.

## 2. Approval of the physically settled conversion right attached to Bonds

*Proposed resolution:* The general shareholders' meeting decides to approve the physically settled conversion right attached to the senior guaranteed unsecured convertible bonds due 2022 (the "**Bonds**"), which have been issued by the Company on 11 July 2016 for an aggregate principal amount of EUR 115 million and have been placed with institutional and qualified investors in Belgium and elsewhere, but outside of the United States, following an accelerated book-building procedure. In view hereof, the general shareholders' meeting decides as follows:

- (a) Terms and conditions of the Bonds: As far as needed and applicable, the general shareholders' meeting takes note of the terms and conditions of the Bonds as described and specified in Annex A to the special report of the Board of Directors mentioned in section 1(a) of the agenda (the "**Conditions**") and of which, for the sake of completeness, a copy will remain attached to the present minutes.

The main terms of the Conditions can, for information purposes, be summarised as follows:

- **Issuer of the Bonds:** the Company (Nyrstar NV).
- **Aggregate principal amount of the Bonds:** EUR 115 million in total. Each Bond has a principal amount of EUR 100,000.00.
- **Final maturity date:** The Bonds have a term of 6 years as of their issuance on 11 July 2016 until 11 July 2022.
- **Interest:** 5.00% per year, payable semi-annually in arrear.
- **Status of the Bonds:** The Bonds constitute senior, guaranteed and unsecured obligations of the Company. Certain of the Company's subsidiaries provided a guarantee on a senior unsecured basis at terms substantially similar to, and ranking *pari passu* with, the guarantees provided under the indenture for the outstanding 8 1/2 % Senior Notes due 2019 issued by Nyrstar Netherlands (Holdings) B.V., subject to material statutory, legal and existing contractual limitations.
- **Physically settled conversion right:** If the physically settled conversion right attached to the Bonds is approved by the extraordinary general shareholders' meeting of the Company, each Bond (unless previously redeemed, purchased or cancelled) can be convertible into shares at the option of the holders of the Bonds on any day during the Conversion Period as defined in the Conditions.
- **Call option for the Company:** If the physically settled conversion right attached to the Bonds is not approved by an extraordinary general shareholders' meeting on or before 31 January 2017 (the "**Long-stop Date**"), the Company may, by giving a notice to the holders of the Bonds, elect to redeem all but not only some of the Bonds, at the greater of (i) 102% of the

principal amount of the Bonds, together with accrued interest and (ii) 102% of the fair value of the Bonds (as further determined in the Conditions), together with accrued interest.

- **Cash settled conversion right:** If the physically settled conversion right attached to the Bonds is not approved by an extraordinary general shareholders' meeting on or before the Long-stop Date and the Company does not elect to redeem the Bonds, each Bond shall entitle the holder to require the Company to redeem such Bond in cash at an amount equal to the Cash Alternative Amount as defined in the Conditions.
- **Redemption at the option of the Company:** The Company has in certain other circumstances (including after 1 August 2020) the right to redeem the outstanding Bonds. Further reference is made to the Conditions of the Bonds.
- **Redemption at the option of the holders of the Bonds:** The holders of the Bonds have the right, at their option, to require the Company to redeem their outstanding Bonds on the fourth anniversary of the issue of the Bonds (i.e. 11 July 2020) or upon the occurrence of a change of control over the Company (assuming that the Company's general shareholders' meeting has approved the terms of the Bonds that are triggered by a change of control over the Company in accordance with Article 556 of the Belgian Companies Code). Further reference is made to the Conditions of the Bonds.
- **Early redemption:** If the Company's general shareholders' meeting has not approved the terms of the Bonds that are triggered by a change of control over the Company in accordance with Article 556 of the Belgian Companies Code or the resolutions have not been filed with the clerk of the Commercial Court of Antwerp, division Turnhout, on or before the Long-stop Date, the Company shall redeem all (but not some only) of the Bonds, at the greater of (i) 102% of the principal amount of the Bonds, together with accrued interest and (ii) 102% of the fair value of the Bonds (as further determined in the Conditions), together with accrued interest.
- **Conversion price:** Each Bond can be converted into new and/or existing shares of the Company on the basis of a conversion price of EUR 9.60 per share. The conversion price is subject to customary adjustments, including in respect of dividend or other distributions made by the Company in relation to the Company's shares. The maximum number of new shares of the Company to be issued upon conversion of one Bond will be calculated as the fraction, (i) the numerator of which is the principal amount of the Bond (i.e. EUR 100,000.00), and (ii) the denominator of which shall be the applicable conversion price.
- **Underlying shares:** The shares to be issued upon conversion of the Bonds (as the case may be) will have the same rights and benefits as, and rank *pari passu* in all respects with, the existing and outstanding shares of the Company at the moment of their issuance and will be entitled to distributions in respect of which the relevant record date or due date falls on or after the date of issue of the shares.
- **Listing of the underlying shares:** The Company undertakes to obtain the listing of the underlying shares on the regulated market of Euronext Brussels as soon as reasonably practicable and no later than on the conversion of the Bonds.
- **Transferability of the Bonds:** The Bonds are freely transferable.

- **Listing of the Bonds:** The Bonds are trading on the Open Market segment (*Freiverkehr*) of the Frankfurt Stock Exchange. This is not a regulated market in the meaning of Article 2, 3° of the Belgian Act of 2 August 2002 regarding the supervision of the financial sector and the financial services.
  - **Increase of the share capital of the Company:** If the physically settled conversion right attached to the Bonds is approved by the extraordinary general shareholders' meeting, then, upon conversion of the Bonds into new shares, the Company's share capital will be increased, as further specified in the Conditions.
- (b) Approval of the physically settled conversion right attached to the Bonds: The general shareholders' meeting decides to approve the Conversion Rights attached to the Bonds, as defined and further specified in the Conditions. As a result, the Bonds can be converted into a number of new and/or existing shares of the Company on the basis of the applicable conversion price of the Bonds, which is subject to customary adjustments, all as further set out in the Conditions of the Bonds.
- (c) Underlying shares: Subject to the terms of the Conditions, the shares to be issued upon conversion of the Bonds (as the case may be) will have the same rights and benefits as, and rank *pari passu* in all respects with, the existing and outstanding shares of the Company at the moment of their issuance and will be entitled to distributions in respect of which the relevant record date or due date falls on or after the date of issue of the shares.
- (d) Disapplication of the statutory preferential subscription right: The general shareholders' meeting decides to approve, as far as necessary and applicable, the disapplication of the preferential subscription right of the Company's existing shareholders in connection with the approval of the physically settled conversion right attached to the Bonds.
- (e) Conditional capital increase and issue of new shares: In view of the approval of the physically settled conversion right attached to the Bonds, the general shareholders' meeting decides subject to, and to the extent of, the conversion of the Bonds into new shares, to increase the Company's share capital and to issue the relevant number of new shares issuable upon the conversion of the Bonds as provided for in the Conditions. Subject to, and in accordance with, the provisions of the Conditions, upon conversion of the Bonds and the issue of new shares, the aggregate conversion price of the Bonds so converted (as determined by the Conditions and taking into account the number of shares to be issued upon conversion of the Bonds) will be allocated to the share capital of the Company. To the extent that the amount of the applicable conversion price of the Bonds, per share to be issued, exceeds the fractional value of the shares of the Company immediately preceding the capital increase resulting from the conversion of the Bonds concerned, a part of the conversion price per share to be issued equal to such fractional value will be booked as share capital, and the balance of the aggregate conversion price will be booked as issue premium. As far as needed and applicable, the general shareholders' meeting approves the issuance of shares below the fractional value of the Company's existing shares at the time of conversion of the Bonds into new shares. Following the capital increase and the issue of new shares, each of the shares (existing and new) will represent the same fraction of the Company's share capital.
- (f) Issue premium: Pursuant to Article 7 of the Company's Articles of Association, any issue premiums that are booked in connection with the Bonds (including the issue premium, if any, booked at the occasion of the issuance or booking of the Bonds) will be accounted for on a non-distributable account on the liabilities side of the Company's balance sheet under its net equity and the account on which the issue premium will be booked will, 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.

- (g) Powers of attorney: The Board of Directors is authorised to implement and execute the resolutions passed by the general shareholders' meeting in connection with the Bonds, and to take all steps and carry out all formalities that shall be required by virtue of the Conditions of the Bonds, the Company's Articles of Association and applicable law in order to issue or transfer the shares upon exercise of the physically settled conversion right. Furthermore, each Director shall have the power, upon conversion of Bonds into new shares, to proceed with the recording of (i) the capital increase and issue of new shares resulting from such conversion, (ii) the allocation of the share capital and (as applicable) the issue premium, and (iii) the amendment of the Company's Articles of Association in order to reflect the new share capital and number of outstanding shares following the conversion of Bonds.

### 3. Approval in accordance with Article 556 of the Belgian Companies Code

*Proposed resolution*: The general shareholders' meeting takes note of, approves and ratifies in accordance with Article 556 of the Belgian Companies Code any clauses included in the Conditions (including, without being limited to, Condition 5(b)(x) and Condition 6(f)) which in accordance with Article 556 of the Belgian Companies Code entail rights to third parties that have an impact on the Company's equity or that give rise to a liability or obligation of the Company, whereby the exercise of such rights is dependent upon a public takeover bid on the Company's shares or a change of the control over the Company. The general shareholders' meeting further grants a special power of attorney to each Director of the Company and the Company Secretary, acting singly and with the power of substitution, to perform the formalities required by Article 556 of the Belgian Companies Code with respect to this resolution.

\* \* \*

Done on 26 September 2016.

On behalf of the Board of Directors.