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

Report of the Board of Directors

1. Introduction

This special report has been prepared by the Board of Directors of Nyrstar NV (the "**Company**") in accordance with Article 596 of the Belgian Companies Code and relates to the proposal of the Board of Directors to disapply, in the interest of the Company, the statutory preferential subscription right of the Company's existing shareholders, in connection with a proposed increase of the share capital of the Company in the framework of the authorised capital with a maximum amount of EUR 441,027 (consisting of capital and issue premium) through the issuance of a maximum of 84,969 new shares (the "**Transaction**").

The capital increase will be subscribed for by certain existing senior employees of the Company and its subsidiaries that elected to use all or part of their cash award under Grant 7 of the Company's Long Term Incentive Plan (the "**LTIP**") to subscribe for new shares in the Company (the "**Selected LTIP Participants**").

In this report, the Board of Directors explains and clarifies the proposed disapplication of the preferential subscription right in connection with the proposed increase of the share capital in the framework of the Transaction and, more particularly, the issue price of the new shares and the financial consequences of the Transaction for the shareholders (including with respect to their participation in the results and the share capital of the Company).

This special report must be read together with the report prepared in accordance with Article 596 of the Belgian Companies Code by the Company's Statutory Auditor, Deloitte Bedrijfsrevisoren BV ovve CVBA, a civil company having the form of a cooperative company with limited liability organised and existing under the laws of Belgium, with registered office at Gateway building, Luchthaven Nationaal 1J, 1930 Zaventem, represented by Mr. Gert Vanhees, auditor.

2. Authorised capital

By virtue of the resolution of the extraordinary general shareholders' meeting of the Company held on 18 May 2017, as published by excerpt in the Annexes to the Belgian Official Gazette of 6 June 2017, the Board of Directors of the Company has been granted certain powers to increase the Company's share capital in the framework of the authorised capital. The powers under the authorised capital have been set out in Article 9 of the Company's Articles of Association.

Pursuant to the authorisation granted by the extraordinary general shareholders' meeting, the Board of Directors is authorised to increase the share capital of the Company in one or more transactions with a maximum amount of EUR 29,157,878.75. This represented 30% of the Company's share capital at the time the powers under the authorised capital were granted to the Board of Directors. The authorisation is valid for a period of three years as from 6 June 2017.

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 of the Company's Articles of Association.

When exercising its powers under the authorised capital, the Board of Directors is authorised to effect the transaction with application of the statutory preferential subscription rights of the shareholders (within the meaning of Article 592 and following of the Belgian Companies Code). Subject to applicable company, financial and securities law rules, the Board of Directors is authorised to restrict or cancel the statutory preferential subscription rights of the company's shareholders in accordance with the provisions of Article 596 of the Belgian Companies Code for the purpose of (a) a transaction with non-statutory preferential subscription rights for the existing shareholders, (b) a transaction in which the statutory preferential subscription rights are restricted or cancelled for the benefit of one or more categories or classes of investors and/or shareholders, including (but not limited to) (i) professional, institutional or qualified investors, (ii) directors, employees, personnel and/or service providers of the Company and its subsidiaries, and/or (iii) shareholders and/or investors located in one or more geographical areas, and (c) (public or non-public) offerings of securities in certain selected jurisdictions only, to be determined by the Board of Directors. When restricting or cancelling the statutory preferential subscription right of the Company's shareholders, the Board of Directors has the ability (but not the obligation) to provide for a priority allocation to the existing shareholders with respect to all or a portion of the transaction. Unless expressly permitted as aforementioned, the Board of Directors is not authorised to restrict or cancel the statutory preferential subscription right for the benefit of a specifically named investor or shareholder in accordance with the provisions of Article 598 of the Belgian Companies Code.

So far, the Board of Directors has not yet used its powers under the authorised capital. The Board of Directors therefore still has the authority under the authorised capital to increase the Company's share capital with an aggregate amount of EUR 29,157,878.75 (excluding issue premium, as the case may be).

3. Proposed Transaction

(a) *Structure of the Transaction*

In accordance with Article 9 of the Company's Articles of Association, the Board of Directors envisages to increase the share capital of the Company in the framework of the authorised capital through a contribution in cash of a maximum amount of EUR 441,027 (consisting of capital and issue premium) by issuing a maximum number of 84,969 new shares.

The share capital of the Company will be increased to the extent new shares are subscribed for by the Selected LTIP Participants. Each of the Selected LTIP Participants is an employee of the Company or one of its subsidiaries, and has indicated that he or she will reinvest all or part of his or her award in cash under Grant 7 of the LTIP by subscribing for new shares of the Company.

(b) ***Disapplication of the preferential subscription right of the existing shareholders***

In the framework of the contemplated capital increase, the Board of Directors proposes to disapply the preferential subscription right of the Company's existing shareholders in accordance with Article 596 of the Belgian Companies Code, in order to allow the Selected LTIP Participants to subscribe to the new shares.

(c) ***Issue price of the new shares***

The issue price of all of the new shares to be issued shall be equal to EUR 5.19, being the closing price of the Company's shares on the regulated market of Euronext Brussels on the trading day preceding the date of this report, rounded up to two decimals.

The issue price will be accounted for as follows. An amount equal to the fractional value (*fractiewaarde*) of the existing shares, *i.e.* 1.04 (rounded) shall be booked as share capital. The amount by which the issue price of the new shares shall exceed the fractional value of the existing shares of the Company (*i.e.*, EUR 1.04 (rounded)) shall be booked as issue premium. The issue premiums booked will be accounted for on the liabilities side of the Company's balance sheet under its 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.

(d) ***Admission to trading of the new shares***

The Company shall make the necessary filings and applications, all as required by applicable regulations, in order to permit an admission to trading on the regulated market of Euronext Brussels immediately following the issuance of the new shares.

(e) ***The rights attached to the new shares***

The new shares to be issued will have the same rights and benefits as, and rank *pari passu* in all respects, including as to entitlement to dividends, 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 issuance of the new shares.

4. Justification of the Proposed Transaction

The Board of Directors has designed the Transaction to allow the Selected LTIP Participants to reinvest, on a voluntary basis, all or part of their cash award under Grant 7 of the LTIP by subscribing for new shares of the Company.

The LTIP is one of the share based plans that the Company has put in place with a view to attracting, retaining and motivating the employees and executive management of the Company and its wholly-owned subsidiaries. For further information, reference can be made to the Remuneration Report and the financial statements that were prepared by the Board of Directors in relation to the financial year ended on 31 December 2016, and of which a copy can be found on the Company's website.

Under the LTIP, senior executives of the Nyrstar group selected by the Board of Directors (the "**Participating Executives**") may be granted conditional awards to receive ordinary shares in the Company at a future date ("**Executive Share Awards**") or their equivalent in cash ("**Executive Phantom Awards**") (Executive Share Awards and Executive Phantom Awards, together referred to as "**Executive Awards**").

LTIP Grant 7 vested on 31 December 2016. As the Company did not have the ability to settle the Executive Awards timely in shares (as Executive Share Awards) pursuant to the terms of the LTIP, the Company was obliged to settle the Executive Awards in cash (as Executive Phantom Awards). However, the Board of Directors has offered certain selected senior Participating Executives that are currently still employed at the Company and/or its subsidiaries and that have received Executive Phantom Awards under LTIP Grant 7, the ability to nevertheless subscribe, on a voluntary basis, for new shares of the Company using all or part of their cash award under LTIP Grant 7. The selected senior Participating Executives having elected to subscribe for new shares of the Company are referred to as the Selected LTIP Participants.

The Transaction permits the Company to tighten the relationship with the Selected LTIP Participants, and to align the interests of the Selected LTIP Participants to the interests of the Company. It allows the Board of Directors to encourage and foster a share ownership culture within the Company's executive management. Furthermore, the reinvestment allows the Board of Directors to reinforce the Company's net equity, albeit to a limited degree (as also illustrated below, see section 7(b) of this special report). The Board of Directors therefore believes the Transaction to be in the interest of the Company.

5. Justification of the issue price of the new shares

The issue price of the new shares will be equal to EUR 5.19, which is the closing price of the Company's shares on the regulated market of Euronext Brussels on the trading day preceding the date of this report, rounded up to two decimals. By setting the issue price as closely as possible to the actual trading price of the Company's shares, the Company is able to neutralise the financial dilution that would otherwise be created for the other shareholders of the Company when shares are issued at a discount to the prevailing market price.

6. Justification of the disapplication of the preferential subscription right

In order to allow the Selected LTIP Participants to make a reinvestment by subscribing for new shares, the statutory preferential subscription right of the existing shareholders will need to be disapplied. As explained in section 4 of this special report, the Board of Directors is of the opinion that offering the Selected LTIP Participants to subscribe for the new shares and, hence, the disapplication of the statutory preferential subscription right of the existing shareholders for such purpose, is in the interest of the Company.

7. Financial consequences of the Transaction for the shareholders

The effect for the shareholders of the Company of the issue of a maximum number of 84,969 new shares in the Transaction can be summarized and illustrated as follows.

(a) ***Consequences as to share capital and outstanding shares***

On the date of this special report, the share capital of the Company amounts to EUR 97,192,929.19, represented by 93,563,960 shares without nominal value, each representing one 93,563,960th part of the share capital of the Company. The current fractional value of the Company's shares amounts to (rounded) EUR 1.04 per share, which is the result of a fraction, the numerator of which is equal to the Company's share capital (i.e. EUR 97,192,929.19) and the denominator of which is equal to the Company's outstanding shares (i.e. 93,563,960 shares).

On 25 September 2013, Nyrstar issued 4.25% senior unsecured convertible bonds due 2018 for an aggregate principal amount of EUR 120,000,000 (each bond having a principal amount of EUR 100,000) (the "**2018 Convertible Bonds**"). The possibility to convert the 2018 Convertible Bonds into new shares was approved by the extraordinary general shareholders' meeting of the Company held on 23 December 2013. The 2018 Convertible Bonds can be converted into new or existing shares at any time. On 27 February 2017, Nyrstar Netherlands (Holdings) B.V., a subsidiary of the Company, launched a voluntary tender offer to purchase for cash any and all of the 1,200 2018 Convertible Bonds outstanding at that time. At the expiration of the tender offer on 8 March 2017, 295 2018 Convertible Bonds (for an aggregate principal amount of 29,500,000) were validly tendered. Taking into account the results of the tender offer, 905 out of the 1,200 issued 2018 Convertible Bonds (for an aggregate principal amount of EUR 90,500,000) remain outstanding at the date of this report. To date, none of the 2018 Convertible Bonds have been converted. The current conversion price of the 2018 Convertible Bonds is EUR 21.63 per share. The conversion price of the 2018 Convertible Bonds can be adjusted downwards in a number of circumstances, including in the event of an issue of new shares, whereby the new shares are issued at a price that is lower than the applicable market price of the shares at the time of the issue. Based on a conversion price of EUR 21.63 per share, if all 905 outstanding 2018 Convertible Bonds were converted into new shares in their entirety, 4,184,003 new shares would be issued. If the conversion price of the 2018 Convertible Bonds is adjusted downwards, this would lead to the issuance of more than 4,184,003 new shares if all of the 2018 Convertible Bonds were to be converted in their entirety.

On 11 July 2016, Nyrstar issued 5.00% senior guaranteed unsecured convertible bonds due 2022 for an aggregate principal amount of EUR 115,000,000 (each bond having a principal amount of EUR 100,000) (the "**2022 Convertible Bonds**"). The possibility to convert the 2022 Convertible Bonds into new shares was approved by the extraordinary general shareholders' meeting of the Company held on 17 November 2016. The 2022 Convertible Bonds can be converted into new or existing shares at any time. To date, none of the 2022 Convertible Bonds have been converted, and all of the 1,150 issued 2022 Convertible Bonds (for an aggregate principal amount of EUR 115,000,000) remain outstanding. The current conversion price of the 2022 Convertible Bonds is EUR 9.60 per share. The conversion price of the 2022 Convertible Bonds can be adjusted downwards in a number of circumstances, including in the event of an issue of new shares, whereby the new shares are issued at a price that is lower than the applicable market price of the shares at the time of the issue. Based on a conversion price of EUR 9.60 per share, if all 1,150 outstanding 2022 Convertible Bonds were converted into new shares in their entirety, 11,979,166 new shares would be issued. If the conversion price of the 2022 Convertible Bonds is adjusted downwards, this would lead to the issuance of more than

11,979,166 new shares if all of the 2022 Convertible Bonds were to be converted in their entirety.

The evolution of the share capital and the number of shares of the Company as a result of the proposed Transaction is simulated below. The table below reflects the evolution of the number of outstanding shares, assuming that 84,969 new shares are issued in the Transaction. The table below assumes a maximal dilution scenario. Accordingly, for the sake of the theoretical computation of the dilutive effect, the table below assumes that (a) existing shareholders would subscribe for none of the new shares, and (b) all outstanding 2018 Convertible Bonds and 2022 Convertible Bonds have been entirely converted into new shares at the conversion price of EUR 21.63 and EUR 9.60 per share, respectively.

	Before the Transaction	**After the Transaction**
Before dilution		
Share capital	EUR 97,192,929.19	EUR 97,281,194.98
Outstanding shares	93,563,960	93,648,929
Fractional value (rounded)	EUR 1.04	EUR 1.04
Dilution	/	0.09%
After dilution due to conversion of 2018 Convertible Bonds and conversion of 2022 Convertible Bonds (1)		
Share capital	EUR 113,983,229.15	EUR 114,071,494.94
Outstanding shares	109,727,129	109,812,098
Fractional value (rounded)	EUR 1.04	EUR 1.04
Dilution (2)	/	0.08% (2)

Notes: (1) Taking into account a conversion of the outstanding 2018 Convertible Bonds and 2022 Convertible Bonds in full at a conversion price of EUR 21.63 and EUR 9.60 per share, respectively, and the issue of an aggregate of 16,163,169 new shares as a result thereof. If all of the 2018 Convertible Bonds and 2022 Convertible Bonds are exercised in full as aforementioned, the dilutive effect of such conversion would be 14.73%.

(2) If all of the 2018 Convertible Bonds and 2022 Convertible Bonds are converted in full (leading to an issuance of an aggregate of 16,163,169 new shares, based on a conversion price of EUR 21.63 per share (for the 2018 Convertible Bonds), respectively EUR 9.60 per share (for the 2022 Convertible Bonds)) and 84,969 new shares are issued in the Transaction, the combined dilutive effect for the existing shareholders of the Company would be 14.80%.

(b) ***Consequences as to net equity***

Based on the audited consolidated annual financial statements of the Company for the financial year ended on 31 December 2016 (which have been prepared in accordance with the International Financial Reporting Standards or IFRS as adopted by the European Union), the consolidated accounting net equity of the Company amounted to EUR 543.9 million or EUR 5.81 (rounded) per share (based on 93,563,960 shares). Based on the audited non-consolidated annual financial statements of the Company for the financial year ended on 31 December 2016 (which have been prepared in accordance with the Belgian generally accepted accounting principles or Belgian GAAP), the non-consolidated accounting net equity of the Company amounted to EUR 1,257,203,198 or EUR 13.44 (rounded) per share (based on 93,563,960 shares). The aforementioned net equity positions do not take into account possible profits or losses nor any other possible changes in equity since 31 December 2016.

For further information on the Company's net equity position on the aforementioned dates, reference is made to the financial statements of the Company, which are available on the Company's website (www.nyrstar.com).

As a result of the proposed Transaction, the Company's accounting net equity on a consolidated and non-consolidated basis would be increased as indicated in the table below. The table below assumes that 84,969 new shares are issued in the Transaction.

	Before the Transaction[3]	**After the Transaction**[3]
Consolidated net equity (FY 2016)		
Net equity [1] (in million EUR) ..	EUR 543.9	EUR 544.3
Outstanding shares	93,563,960	93,648,929
Net equity per share (rounded)	EUR 5.81	EUR 5.81
Non-consolidated net equity (FY 2016)		
Net equity [2]	EUR 1,257,203,198	EUR 1,257,644,187
Outstanding shares	93,563,960	93,648,929
Net equity per share (rounded)	EUR 13.44	EUR 13.43

Notes: (1) The consolidated accounting net equity as at 31 December 2016 (IFRS).

(2) The non-consolidated accounting net equity as at 31 December 2016 (Belgian GAAP).

(3) It is assumed that none of the outstanding 2018 Convertible Bonds and 2022 Convertible Bonds are exercised into shares of the Company and that all outstanding 2018 Convertible Bonds and 2022 Convertible Bonds remain outstanding.

As indicated above, the issue price of the new shares to be issued in the Transaction is higher than the accounting net equity per-share based on the consolidated financial statements of the Company for the financial year ended on 31 December 2016. It is lower than the accounting net equity per-share based on the non-consolidated financial statements of the Company for the financial year ended on 31 December 2016.

Accordingly, the issue of the maximum amount of 84,969 new shares would entail, from an accounting perspective, an accretion and a dilution, respectively, of the accounting net equity per share, based on the aforementioned financial statements.

(c) ***Consequences as to market capitalisation (financial dilution)***

The impact of the proposed Transaction on the market capitalisation and the resulting financial dilution, assuming a maximum number of 84,969 new shares issued and a maximum aggregate amount of gross proceeds of the capital increase of EUR 440,989.11 (consisting of capital and issue premium), is indicated in the table below.

After close of trading of the Company's shares on the regulated market of Euronext Brussels on the trading day preceding the date of this report, the Company's market capitalisation was EUR 484,942,004.68, on the basis of a closing price of EUR 5.183 per share. Assuming that, following the Transaction, the market capitalisation increases exclusively with the funds raised on the basis of an issue price of EUR 5.19, then the new market capitalisation would be EUR 5.183 per share, which would represent a (theoretical) financial relution of 0.09% per share.

	Transaction
	Issue price of EUR 5.19
Before the Transaction [1]	
Market capitalisation	EUR 484,942,004.68
Outstanding shares	93,563,960
Market capitalisation per share	EUR 5.183
Transaction	
Funds raised	EUR 440,989.11
Number of new shares issued	84,969
After the Transaction [1]	
Market capitalisation	EUR 485,382,993.79
Outstanding shares	93,648,929
Market capitalisation per share	EUR 5.183
Dilution	-0.09%

Note:

(1) It is assumed that none of the outstanding 2018 Convertible Bonds and 2022 Convertible Bonds are exercised into shares of the Company and that all outstanding 2018 Convertible Bonds and 2022 Convertible Bonds remain outstanding.

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Done on 29 June 2017.

On behalf of the Board of Directors,

By: /signed/

Hilmar Rode

Director and special proxy-holder