

## Nyrstar NV – Q&A – Oral questions

AGM 25 June 2019

**Shareholder (to Chairman):** Since your nomination as a board member in 2015, did you receive any kind of compensation, directly or indirectly from Trafigura, its subsidiaries, its affiliates, T Wealth Management, directors, shareholders, in any form, cash, dividends, stock-options or any similar instruments?

**Chairman:** I am a consultant advisor for T Wealth. I receive an annual salary in that position and an annual bonus depending on the performance of the fund. I have no other relationship with Trafigura and T Wealth is completely independent from Trafigura.

**Shareholder:** I would like the revisor [*Note from draft: auditor*] to the company to receive tax declarations and review that this is correct.

**Chairman:** I will consider this.

**Shareholder (to CEO):** The CEO invested up to 4 million euros in shares of the Company (*CEO confirmed*) which was an important signal to the shareholders to invest in the Company before things turned out sour. It was also an important signal for me to invest. In the restructuring scheme, will you be able to, in whatever form, recover part of those losses? Secondly, could you provide to the revisor [*Note from draft: auditor*] of the Company the source of these funds, more specifically, whether these funds were your own savings or whether part of the funds to buy these shares came from Nyrstar (other than normal compensation) or directly or indirectly from Trafigura or affiliates.

**CEO:** I have acquired in intervals 750,000 shares, which amounts to an investment of approximately 4 million euro in total. I have not been able to trade these shares effectively since the trading update of 20 September 2018. I still hold 750,000 shares. I have suffered the same losses as other shareholders. The only income I receive is from Nyrstar and it is fully disclosed in the 2018 remuneration report. I can confirm that I am fully independent from Trafigura and affiliates, etc. The shares were bought with my own personal funds. In terms of the 750,000 shares, there is a small portion which I acquired through a company bonus paid in shares and they are clearly recorded in the Company platform (approximately 40,000 shares). I can confirm that I will not be able to recover the value of the shares other than through a sale at the current market price. My only remuneration is the disclosed remuneration plus the retention bonus which has been referred to in the 2018 remuneration report.

**Shareholder (to Chairman):** Congratulations for entering the small club of people who are difficult to replace, according to your own statement. In your statement to the shareholders you stated that insolvency would be destructive for all stakeholders. The saving of this has been destructive for all shareholders except for one: Trafigura. Trafigura has mentioned that the Nyrstar assets have upside potential. The treatment charges and zinc prices of 225 dollars per tonne, should be beneficial. If not, you should close shop now. Therefore, Nyrstar is now beneficial. What has the management done to make sure that this potential of growth for Nyrstar has not only been profitable for Trafigura but also for the other shareholders? You should have seen weeks ago that times are changing. What did you do to avoid that only Trafigura is benefitting from this change of situation and that shareholders are left with almost nothing?

**CEO:** I think there is a misunderstanding and I did point this out in the presentation earlier today. Trafigura's ownership of the 98% in Newco has nothing to do with their 24.4% shareholding in Nyrstar NV. On that shareholding, they have taken the same losses as all other shareholders. It relates

to the new funding in place in the BFFA and TFFA and subsequent negotiations with the bondholders. In terms of the second part of your question (what we as management are doing to improve the success of Nyrstar) you make a great observation that the cycle has started to turn for treatment charges. Treatment charges for zinc and lead have decreased in 2015, 2016, 2017 and 2018 but we now indeed see a better trend. These higher treatment charges are fully reflected in our presentation and business plan. The company has operated very close to insolvency for a number of months. It had to take severe working capital control measures to ensure ongoing availability of cash to continue to operate. As publicly disclosed and stated in the presentation, we see at the moment that the working capital control is having a significant cumulative impact on operations. This is also seen in the Q1 production figures, which we have disclosed. The constraints operated under are very difficult for the company and its personnel.

***Shareholder:** Brings up slide 8 of Noteholder presentation (comment: not available online) and discusses the evolution of treatment charges between 2009 and 2016.*

In 2016, 2017 and 2018, these treatment charges go down substantially. In parallel to that, I would like to remind you that the European Commission has prohibited Glencore to transact with Nyrstar for over 10 years which might have created a monopolistic situation for Trafigura. A few comments in relation thereto. First, in the Trafigura annual report 2018, Trafigura states that it sees an increasing divergence between the concentrate and the metal market with surplus in concentrates and deficit in refining. There is a shortage in the market for smelting capacity. They predict to continue that in the future. Could it be that Trafigura, profited from the situation to push treatment charges down? Second, if we compare the real treatment charges compared to the annual benchmark, could you give an overview of the average discount (in one of the documents more or less 30 dollars), could you split that up between volumes purchased from Trafigura and volumes purchased from the market and could it be that the discounts from Trafigura were slightly different than market practice?

***CEO:** Confirms he has understood the question correctly*

First, I cannot speak on behalf of Trafigura as to whether they pushed treatment charges down or not. The zinc market is a global market. The market for zinc concentrate is about 20-30 million tonnes of zinc concentrate. There are different components to it (a Western world and a China component) with many parties involved. No one party can push the treatment charges around, as you are suggesting. This is not my experience.

Second, Nyrstar, regularly, together with its financial results, publishes its annual results with respect to the benchmark, with regularly a discount of 30 to 40 dollars. This is higher from 2016 onwards relative to prior years and there is a simple reason for it. Nyrstar had life-of-mine contracts for the concentrate supply from the Century zinc mine in Australia which supplied to Budel in the Netherlands and Hobart in Australia. That was put in place in the time of Pasminco, when the Century mines and the 2 smelters were part thereof. These agreements were favorable towards the smelters and Nyrstar benefitted from them after the split up of Pasminco and eventual formation of the Nyrstar Group from Zinifex and Umicore zinc smelting assets. When the Century Mine reached the end of its life towards the end of 2015, Nyrstar had to replace a very large amount of concentrates with a new source of concentrate supply in the market. Effectively, there was a big change in terms of what mine was used as well as in the commercial terms.

In terms of the discount to the benchmark, we disclose an average benchmark as it gives the market something to model our finances. You see what the impact is. In terms of confidentiality with all the individual contracts, we cannot specify how that breaks down per counterpart. For Trafigura

documents we invite you to inspect the documents here today. I do not have all the individual numbers in my head. Please see the documents.

**Shareholder:** Is it possible to disclose all the documents in the coming days?

**Chairman:** We will discuss and revert.

**Lawyer of a shareholder:** I am here as an attorney from [shareholder] and I would really like to avoid further litigation. I insist on finding a proper solution to effectively implement the decision of the court. Thank you for having disclosed these documents. It would be better in order to avoid disturbance to have the opportunity in the coming days in the framework of the next general meeting to check them out. It is not possible to view them now.

**Chairman:** We fully complied. As mentioned, we will discuss and revert how to handle practically.

**Shareholder:** Est-ce bien Mme Moriarty qui est à l'origine de la structure de scission-fusion par absorption partielle? Est-ce que la société newco sera une société de droit britannique? Pourquoi n'est-elle pas présente aujourd'hui? Lors d'une réunion des actionnaires précédente elle était nommée comme commissaire indépendante alors que maintenant elle est nommée comme administratrice exécutive. On sait que les membres du conseil d'administration peuvent être tenus personnellement responsables de leurs actions personnelles, dès lors je voudrais savoir si le projet de scission-fusion par absorption partielle est son projet personnel.

*[Free English translation: Was it Ms. Moriarty who was the initiator of the restructuring scheme? Will the newco be a UK company? Why is she not here? During a previous general meeting she was presented as 'commissaire indépendante' and now she is appointed as an executive director. The members of the board can be held personally liable for their actions so I want to know whether the scheme project is initiated by Ms. Moriarty.]*

**Chairman:** Ms. Moriarty joined the board as an expert in restructuring as former partner of KPMG. We felt that her skillset would be a great benefit to the Company in going through this process. The structure that we outlined today was not the 'idea of Jane Moriarty'. She has supported it as a non-executive director but it was not 'her idea' for the process and the restructuring that we are now embarking on. Unfortunately, she had a prior appointment today that she could not get out of. She sends her apologies. She is a non-executive director.

**Shareholder:** Are we looking at a British company or not for NewCo?

**Chairman:** Yes, NewCo is an English Company.

**Shareholder (to the whole board of directors):** De Voorzitter heeft gezegd dat niemand Nyrstar controleert en aangezien de Voorzitter een bekwaam man is, moeten we hem op zijn woord geloven. 98% in de exploitatiemaatschappij betekent dat Nyrstar min of meer is gered. Trafigura heeft in ieder geval haar macht gebruikt. Daaruit volgt dat Nyrstar gereduceerd is tot een monoholding van 2%. We kunnen dankzij de optie van Trafigura op deze 2% ook een waarde plakken, namelijk van 20 miljoen. Ik stel mij de vraag: een monoholding van 20 miljoen is beperkt. Heeft beursnotering dan nog zin? Wordt overwogen om de beursnotering van Nyrstar te schrappen? Een tweede mogelijkheid zou zijn dat Nyrstar naar het buitenland vertrekt omwille van fiscale voordelen ten nadele van Belgische

aandeelhouders. Ten derde, moet een kleine vennootschap zo een uitgebreide raad van bestuur hebben en zouden die bestuurders niet beter bij de werkmaatschappij zitten? Wat met het personeel? Ik kan moeilijk aannemen dat wij 4,100 personeelsleden in dienst gaan hebben voor een kapitaal van 20 miljoen.

*(Free English translation: The President has said that nobody controls Nyrstar and since the President is a competent man, we should believe him. 98% in the operating company means that Nyrstar is more or less saved. At least Trafigura has used its power. As a result, Nyrstar has been reduced to a mono holding of 2%. Thanks to Trafigura's option, we can also put a value of EUR 20 million on this 2%. I wonder, a monoholding (single asset holding) of EUR 20 million is very limited. Is there still any point in being listed on the stock exchange? Are we considering delisting Nyrstar? A second possibility would be for Nyrstar to go abroad because of fiscal advantages to the detriment of Belgian shareholders. Thirdly, should a small company have such an extensive board of directors and would those directors not be better placed with the operating company? What about staff? I find it difficult to believe that we will be employing 4,100 people for a capital of EUR 20 million.)*

**Chairman:** As far as Nyrstar NV is concerned, you mention that the board is too big for the company. The current board reflects the operations of Nyrstar as a group. When Nyrstar NV remains as the 2% shareholder, the board will of course shrink significantly.

**Shareholder:** Why is that not provided in the agenda?

**Chairman:** As far as Nyrstar NV is concerned, you mention that the board is too big for the company. The current board composition is aligned to the current operations and the ongoing activities of Nyrstar as a group. I believe that the Nyrstar NV board will change after the restructuring. Until completion of the restructuring, Nyrstar NV will continue as the holding company of the operating group, which has 4,100 employees. After completion of the restructuring, I expect that the board of directors of Nyrstar NV will shrink significantly. Nyrstar NV will then operate as the holding company of 2% of the equity of the operating group, and I do not think that this will require a board of directors of the current size.

**Shareholder:** Refers to the agenda items on remuneration of actual directors. The CEO should be the CEO of the smelting business, not of a 2% holding company.

**Chairman:** Confirms. I believe that the Company itself may not have a CEO post-restructuring, and that it is likely the CEO's job may fall away. Unfortunately, I think that there are a number of executive management members who are expected to lose their jobs due to the restructuring, such as the CEO. The 4,100 employees are one of the main reasons why the board of directors has worked so hard on this restructuring.

**Shareholder:** But the personnel will be working for a new company – that will be very different?

**Chairman:** Yes. Also, some people from the executive management team will lose their jobs but the 4,100 employees will be kept employed. The Nyrstar NV board will however be significantly less people.

**CEO:** I agree. The 4,100 employees of the group are employed by the different operating subsidiaries and will keep their existing employee relationship with these operating companies. The employees

will thus remain with the operating group going forward, as part of the new group, and for these employees nothing will change. Nyrstar NV itself will have very few employees after completion of the restructuring.

**Shareholder:** And will Nyrstar remain to be listed?

**Chairman:** For the moment, yes, it will remain on the stock exchange. But this depends on the future and the performance of the business, whether the put is exercised or indeed there could be other scenarios which could occur.

**Shareholder:** In Belgium, when you own 98%, you can squeeze out the other ones.

**Company Secretary:** Please note that this is a different level. Trafigura still has a 24% participation in Nyrstar NV and not 98%. At Nyrstar NV level, for being able to squeeze out shareholders, you need 95%. But in the top company, i.e. the Company, Trafigura only has 24%. Trafigura will not hold 98% at the Nyrstar NV level and therefore nothing changes. Post-restructuring, Nyrstar NV will own 2% in a new company and 98% is owned by Trafigura.

**Shareholder** points out that the room is very hot and it is very expensive to have the AGM here and asks whether the next AGM can be in Balen.

**Chairman** confirmed that the board will consider this.

**Shareholder (to the whole board):** Congratulations in playing poker with counterparts in their back for 6 years. I looked at the contract. There is a lot of embedded option in them and the value can be transferred through these embedded options to the counterparts. That is why I asked the question about the identity of counterparts in any option. I would ask the auditor to investigate the identity of the counterparty in every contract. What is the embedded option value of every contract and whether that has directly driven to the situation we have now? On the one side, we are playing poker with the adversaries in the back and on the other side there is the possibility that the one that goes to save and put out the burning buildings, has set them on fire themselves. There should be really precise reading of the Trafigura annual accounts and to really show where the value has been transferred in the chain of the commercialisation.

**CEO:** I am not sure if I fully understand your question. Could you phrase your question in a more concise way?

**Shareholder:** My question is to the auditor. It has a responsibility to answer and look deeply in what could be problems for the Company. There are a lot of embedded options in the various contracts. I would like to have those embedded options values to be analysed and detailed in the final annual accounts that we will have to be able to assess if there is a transfer of value from the shareholder / buyer / seller of the zinc concentrate, etc. from Nyrstar?

**CEO:** It is quite common in the mining smelting industry that there are embedded options, e.g. quotational periods. Those options are quite hard to value but there are ways to value them. Deloitte has a sophisticated understanding thereof and have done this with rigor. We have made the statement that these transactions are at arm's length in the 2015, 2016 and 2017 accounts and Deloitte's audit opinion having been granted means that it is in agreement with management's statement that the negotiations and contracts were at arm's length for those years. For 2018, once the accounts are

finalised and there is an opinion by Deloitte, you can imagine that they have done the same amount of rigor. The options you have as management are: (i) to make a statement that a contract is at arm's length; (ii) to disclose the terms. By disclosing the terms, the shareholders can really make up their own minds. Today, we are not presenting the actual statements for 2018. You will have to wait, but we can answer in rigorous way how it relates to prior years. I don't want to discuss 2018 until we have the audited accounts - it is not appropriate.

**Shareholder:** You have not fully responded to my question.

*Before the board can respond, another shareholder intervenes: Describes swings in value for Myra Falls and Langlois in the accounts. Ik begrijp deze schommelingen niet. Is dit gewoon om het verlies groter te maken, dus de aftrekbare verliezen (belastingvoordelen) voor EUR 250,4 miljoen af te schrijven omdat Trafigura toch nooit dat verlies denkt te kunnen recupereren? Waarom moet het dan nog op de rekening staan als je toch goede toekomstperspectieven hebt en je die belastingvoordelen later kan gebruiken? Dit trekt het eigen vermogen voor aandelen enorm naar beneden wat voor de pers een uiterst negatief verhaal is.*

*(Free English translation: I don't understand these fluctuations. Is this just to increase the loss, i.e. impair the losses carried forward (tax benefit) with EUR 250.4 million because Trafigura never expects to be able to recover that loss? So why should it still be on the accounts if you do have good prospects for the future and you can use those tax benefits later? This greatly reduces equity value of shares, which is an extremely negative story for the press.)*

**CEO:** We do not have the option to write down or to not write down an asset. There is every year a rigorous procedure of looking at the projected value of the assets, including operating in future years. If the projected future value is lower than the carrying value, we are forced to take a write off and that is the procedure audited by our auditor Deloitte. In terms of 2017, you are correct, there was a reversal of prior impairment of Myra Falls which was in care and maintenance. With the restart, we expected certain performance which allowed us to reverse the earlier impairment. Now that we are much further advanced with the restart, we have adjusted assumptions with the operating parameters and what we see is that some of the reversal of the impairment in 2017 is no longer justified and that there is a write off for now. It is the same in terms of Langlois - in terms of the current projection, the current value is higher than the projection of the future value.

**Shareholder:** Why put so much money in the mines?

**CEO:** We remain convinced that Myra Falls stays a good investment. It has high grades. It has performed much better in the past than in recent times. We want to harvest the potential of Myra Falls. Myra Falls was on care and maintenance in August 2017 when we took the decision to restart it. Care and maintenance was a temporary status, longer term we had two options: (i) restart the mine or (ii) incur full closure costs. Restart gives rise to the potential profits and it allows us to avoid very substantial closure costs.

**Shareholder:** Did you invest a lot for a minimal return of the mines?

**CEO:** The historical investment in mining has been very unsuccessful for Nyrstar. This strategy was not successful. Generally investments in mining and smelting have long pay backs. We should not expect the recent mining restarts at MTN and Myra Falls and the Port Pirie redevelopment to have instantaneous pay back times.

**Shareholder:** Waarom dan een terugname van 250 miljoen belastingverliezen?

*(Free English translation: Why then a reversal of 250 million tax losses?)*

**CEO:** As discussed earlier this morning, we have a new business plan as part of the restructuring process. The EBITDA and cash flow after debt service in the new business plan is lower. There are a number of historical tax losses that we will not be able to recover by the time that they expire. Therefore, the accounting standards force us to impair these.

**Shareholder:** Is it impossible to predict?

**CEO:** This is done with the best of judgment and audited by auditors.

**Interim CFO:** It is an annual exercise of assessing recoverability of assets and it is the same process that has been followed this year.

**Shareholder:** On page 73 of the 2017 report, a sensitivity analysis has been made in which it states that in all cases, you will have sufficient liquidity to cover activities for 2018. That is also a prediction which was not true? By the way, during last year's annual meeting, you had said that as from now, we were going to make money. That is also not true. The 2% which Trafigura gives is horrible. You should give us 24% for all the losses booked. Trafigura does not have a good name. In addition, Jesús Fernandez is head of the Talvivaara mine. This all fits together. How is it possible that everything falls down? One article of ABN Amro and Nyrstar falls down. Where is the help of Trafigura for its own shares? It is a conspiracy for me. The whole of Nyrstar for 650 million. It is horrible what they have realised.

**Shareholder proceeds:** You continued to confirm that Nyrstar would have a positive cash flow. We now see a cash flow of minus 236 million. This is not positive.

**CEO:** Refers to slide 14 of the presentation given earlier ("*background: capital structure*"). In terms of the development in total indebtedness, 2018 up to Q3 was a significantly better year than 2017 but we did suffer a liquidity run in Q4, which was caused by a number of factors. Second, with respect to your statement that Trafigura is paying EUR 650 million for the company. We try to make clear on slide 23 that the total consideration payable by Trafigura for taking a 98% stake in the Newco is the assumption of debt of in total 2.3 billion euros. If you buy a company the value of all its profits and future profits is what you call the enterprise value. That enterprise value is split between equity and debt. If you buy a company that's worth 10 euros, if it has no debt, you will pay 10 euros for the equity. If you buy that same 10 euro company, that will have 9.9 euros of debt, you will pay 0.1 euros for the equity. The more leveraged a company becomes, the higher the proportion of the enterprise value that is in debt versus equity. Nyrstar is an extreme example. Here, Trafigura will pay a very large consideration for all these debt instruments. The equity is worthless. There is no recovery. Ultimately there is 2% which was negotiated by the board to give the shareholders value. I hope this answers your question.

**Shareholder:** I am not happy. You all know each other. No one is independent. What happens with the transferred debt of Nyrstar?

**Chairman:** We are not all friends. We come to board meetings, we act independently of each other. The board, when it is making decisions, it makes them on an informed basis and the board normally gets all the information it can get and then makes the decision. As said before, all decisions have been made unanimously since 2018. This includes independent directors and Jane and myself and Hilmar and Chris Cox who is the Trafigura nominee. I think it is unfair to lay that upon us.

**Shareholder:** Nyrstar kocht 10m obligaties terug. Dan stopte dat. Waarom?

*(Free English translation: Nyrstar bought EUR 10 million bonds back. And after that, it stopped. Why?)*

**CEO:** You have to have liquid funds.

**Shareholder:** Maar waarom heeft Trafigura het geld niet voorgesloten en die obligaties niet zelf opgekocht aan een minimum van 35%? Dan was de schuld al gereduceerd met honderden miljoenen? Dit zou ook in het voordeel van Trafigura zelf zijn geweest. Waarom is dit nooit gebeurd?

*(Free English translation: Why did Trafigura not provide the funds and buy the bonds at a minimum of 35%? The debt would have been reduced by hundreds of millions? This would also have been in the interest of Trafigura? Why did this never happen?)*

**CEO:** I cannot speak for Trafigura. That is something that you have to ask Trafigura.

**Shareholder:** Ik vind het niet fair hoe Trafigura ons behandelt. De 20 miljoen in de Newco is een aalmoes. Het is geen cadeau.

*(Free English translation: I don't believe it's fair how Trafigura is treating us. Those 20 million in the newco is charity. It is not a gift.)*

**Shareholder:** I have the impression that you are hiding yourself behind the report of Grant Thornton. If I read the details of their letter on 2 page it says: 'given the current financial situation'. Indeed, given the situation at the end of 2018, the proposed transaction is a decent outcome. But I would expand on this. If you look in the Trafigura annual reports, on 2016 on page 2 it states: "We further extended strategic relationships to support our growth, for example with Nyrstar in Europe, in which Trafigura has a 24.6 percent shareholding [...]". In 2017, the annual report states that there was a 32% increase in gross profits in metals and minerals. This was first year in which the gross profits exceeded 1 billion dollars (an exceptionally strong profit by that division). In the same report, on page 23 it says "we grew our market share both in China and in the rest of the world, where Trafigura's investment in, and commercial zinc offtake agreements with, Nyrstar helped build our reputation as a steady, reliable market participant." I know at least one party which gained a lot from the link with Nyrstar. In 2018, out of their total gross profit, the largest component was with their metals & minerals division. In that same year, they take an impairment on their shares that they put in the annual statement by putting Nyrstar behind it. They did another impairment. Through the position that they have acquired, they have made 100s of millions. The name of the game of Trafigura is to secure profitable, sustainable, long-term supply and purchasing contracts. In the annual report of 2017, they state that "in both metals we expect the following year to be a particularly crucial one as new offtake agreements with Nyrstar for lead and zinc take effect on 1 January 2019." They repeat that in their annual report 2018, p. 25 *(comment: "A key development for Trafigura in the coming year in both refined zinc and lead will be a significant increase in offtake volumes from Nyrstar under new contracts that take effect in January 2019. This will enhance Trafigura's global ability to service end-users of both metals and further grow volume and market share.")*.

After the restructuring, there are only two parties who keep 100% of their outstanding money after the restructuring (for US dollar 650million TFFA and perpetuals): Trafigura and the Australian government. All the other ones will take losses. For the bondholders: you think you have a win-win-lose between Trafigura, bondholders and shareholders. You are mistaken, this is a win-lose-lose. We are all losing. My real question is: we need to look at the preceding period from 2015-2018. There are

countless examples which do not sound right, of how this period was problematic. The restructuring transaction itself is not necessarily problematic. If you look at the sensitivities: you stated in every annual report the parameters underlying the EBITDA, compared to 2015 annual report there is a shortfall in profits of 800 million (of course you can say it is incorrect) but 800 million is a smoking gun. This is not normal. If I look at the website, there is a section 'Investment case', 'sixth pillar: strong operational partner, Trafigura', making clear it is a really partner for the shareholder. What we see today is a total loss for the shareholders and 0% for Trafigura because the impairment is replaced by 98% today in the newco valued by Grant Thornton after restructuring at 750 million. Impairment? You can make a big profit of that as well.

I call on everyone here today to prove the wrongdoings of Trafigura within 5 weeks to ensure that the truth comes up.

**André de Barsy:** I have attended a number of meetings you held, but this is extraordinary. This is the first time that the full board is present. It is the first time since Mr. De Wilde left that I see the chairman of the company at the meeting. I have additional questions to my written questions: (1) You mention in certain documents, the negotiation of an ad hoc group of bondholders that came to an agreement on about 40-45% of the existing bonds. I would like that you identify who these bondholders were with whom you had a privileged contact? Maybe they squeezed you, because of their power of negotiation? When did you begin contacts of this group and who was there? (2) 10 million of 8.5% of the 2019 bonds that has been repurchased in September last year. You had no knowledge of the identity of the sellers. Maybe now you are facing court orders, various lawyers, it will be a good idea not to wait for having a compulsory enquiry by authorities to know who were the sellers of these 10 million.

**Chairman:** (1) Discussions with ad hoc bondholders began in January. The discussions were basically started by us but were held between Trafigura and the bondholders. We had no impact on the outcome of these discussion. In fact, initially, the bondholders were looking to take control of Nyrstar (not Trafigura). We introduced Trafigura to the bondholders and we had to bring the banks in also but the discussions were not instigated by us at Nyrstar. We were a side party. We just tried to facilitate the discussions and hopefully facilitate an agreement because at that point, we knew that we needed more money because that is what drove us to the restructuring. The bondholders were not appointed by us or addressed by us. It was Trafigura and the bondholders who came to the consensual agreement.

**André de Barsy:** In order to introduce somebody to somebody, you must know who you introduce. So you must know the bondholders on beforehand. You must also know on which date you introduce people. That would be interesting to know.

**Chairman:** The TFFA was negotiated with Trafigura to give us the liquidity to survive, that brought them to the table as a creditor. Trafigura then needed to discuss with the bondholders a consensual agreement in order for us to get to this next stage. We know who the ad hoc bondholders are. We know most of the other bondholders. The banks and the bondholders came to the table to discuss the situation with the company and amongst themselves, and they effectively agreed the consensual approach. It was not driven by us.

**André de Barsy:** I would like for you to identify the banks who came or in representation of certain bondholders at the table and at which date did this intervention from creditors occur. That could have some negotiation power at a certain time and if they regroup is interesting to know.

**CEO:** With regard to your second question in regard of the 10 million euro buyback of the 2019 bonds, this was discussed with the board and agreed at the time of the H1 2018 results and published and discussed in the results presentation. We gave a mandate to a first class large banking institution to buy back up to 10 million euros below par. There were no trades that happened, there was no buyback for a period of time because the bonds traded above par. As soon as the trading update happened, that mandate, which was open, got activated because the bond price had lowered and they bought the 10 million at 97,6 which was below par. This is an absolutely standard transaction with first class counterparties and is nothing out of the ordinary.

**André de Barys:** Was the new mandate limited to 10 million or did it eventually get larger?

**CEO:** We discussed a larger amount and got an initial mandate of 10 million. That entire mandate authorized by the board was triggered and activated as soon as the bonds dropped below par.

**André de Barys:** But there was no further tranche after the initial one?

**CEO:** No.

**André de Barys:** In 2015, the nomination of the two directors nominated by Trafigura occurred: one independent and one non-independent. These appointments were made in a really unseen scenario here in Belgium in the application of article 526ter of the Company Code. I have never seen somebody pretending to be independent against the will of the board of directors that was existing at that time but in fact Trafigura has enforced this nomination in this condition at this meeting of April 2015. The next step comes very shortly afterwards in November. There have been, in November 2015, probably discussions among the board on how to implement the rights offering, that came public in February 2016. If you read the prospectus of that issue, dated 4 February 2016, you see that there are various indications under the title 'Disclosure requirements': "*Trafigura has a significant stake in the company and its stake may further increase as a result of the Offering. Trafigura is also a party to material commercial agreements with Nyrstar. Trafigura's stake gives it significant influence in the Company. The interests of Trafigura may conflict with those of other shareholders.*" [...] "*In connection with Trafigura's commitment to support the Offering, the Company entered into a Relationship Agreement with Trafigura to govern Nyrstar's relationship with Trafigura.*"

When you read this, and considering that that support of Trafigura to the offering was limited to EUR 125 million, they received 6 million commissions for that which is quite a high rate, and besides this commission, they got 3 types of contracts: 1) the relationship contract; 2) the commercial agreements; 3) the financing linked to their activity.

So, when you had, as a board of directors, to sign these contracts with Trafigura and you say it was at arm's length – from that on, you were with arms tied because they had control over everything. You said in an answer to one of my written questions that it was not the responsibility of Mr. Eger but the responsibility of the board. I confess that you are right in saying that everything is the responsibility of the board. How can you explain that if Mr. Eger correctly explained to the board, that the board was correctly informed, that the situation in October 2018 is described by you as a surprise. You should have anticipated that a long time before, so it is a very heavy responsibility to have come to a situation where you are today, describing that it came out of nowhere. You bear the fundamental responsibility of the absence of an alternative. If outside parties see that Trafigura is in a position to impose its own solution, they will not come with a proposal as it would be a waste of time. That brings Nyrstar to have had no alternatives outside Trafigura or liquidation with, in both cases, large impairments. And I have a lot of consideration for the 4,000 people who are in the Nyrstar group but Nyrstar NV is a

holding company and Trafigura knows that very well. They took in guarantee some operating companies and you see in the relationship agreement from 2015 that from the starting point, Trafigura had the purpose of never be diluted under 20% and that is one of the reasons why Trafigura buys the bondholders, instead of Nyrstar asking their bondholders to convert into shares of Nyrstar. How did you agree to such a scheme in 2015 with Trafigura that got your arms really tied and how is the situation in October 2018 a surprise?

**Chairman:** I hear all your questions. We have answered many of the questions in our responses to your written questions. I think it is unfair for us to have go through all these responses again.

**André de Barsy:** How can you say that October 2018 was a surprise?

**CEO:** I hear two new specific questions. In terms of the first question, firstly, I see this in the context of the Century mine that was closing. Secondly, the European metal off-take, which was with Glencore at the time of the Glencore-Xstrata merger transaction, whereby Glencore was prohibited from buying from Nyrstar in Europe after the merger. Noble took over from Glencore, but Noble got into very severe financial trouble, which is well-known in the market. The third component is that Nyrstar had very important funding needs. The combination of supplying concentrate, providing the zinc metal offtake with prepayment terms and underwriting a rights issue of the order of 270 million euros, there were not a lot of players in the market who could do that. Maybe Glencore could, but they had the European Commission decision. I was not in the company at the time but in hindsight, but it seems to me the board did the best possible negotiation to achieve an arm's length result. Arm's length is however not a specific precise term. Arm's length in terms of a negotiation is something that also represents the relative strengths of the counterparties. Nyrstar was not in a strong position at the end of 2015. There are many informed people who have said to me that if Nyrstar did not get the February 2016 rights issue, it would have faced insolvency. There were very stark choices at that time. In terms of the second question, we showed you that year on year from 2017-2018 performance, Nyrstar improved its performance, keeping almost flat total indebtedness compared to a large increase in total indebtedness 2017. In Q3 2018, there was a large rapid drop in the zinc metal price at a time when TCs for zinc and lead were at historical lows, having reduced for 4 years in a row, at a time when the 2019 bond was 1 year from reaching maturity. That combination, together with other factors, lead to a rapid liquidity run in Q4 2018. We were surprised how fast the liquidity run happened and how big it was. We explained that in the presentation this morning. All of a sudden long-time counterparts said that they would not want to do business with you anymore. You lost all of this unsecured credit outstanding and there were things you did not even realise you had which also unwound. In hindsight, it looks very easy that we should have predicted this, but it is not like that. A highly leveraged company has a high risk profile. If there a loss of confidence, the loss of liquidity starts as a trickle but then everyone wants to be the first to leave and it becomes like a tsunami.

**André de Barsy :** Were you not protected by your agreements with Trafigura? Or was Trafigura running away itself?

**CEO:** It was happening so quickly. At the end of September we had more than 600 million in liquidity and it turned very rapidly.

**Chairman:** It was a huge surprise. You are correct. It absolutely was a big surprise the way that the market moved in terms of the zinc price and we cannot hedge the TCs. There were a number of factors that came together. This completely took us by surprise.

**Shareholder:** If Trafigura would have given the facility of 650 million, it could have been used by the Company as such and the problem would have been solved. What happened is that Trafigura took the most important assets as a pledge? That is what happened.

**Chairman:** The board, upon due consideration and extensive external advice, considered that there was nobody at that time who would have lent us 650 million dollars unsecured.

**Shareholder:** At the same time, Trafigura was building a way to refinance their loan under production and found a tool to finance at a very low cost the same amounts that they take from you and secure it under their production.

**Chairman:** We had no alternative, no one to lend us 650 million without taking some security.

**Shareholder:** It is an arbitrage. You are the owner of the company.

**Shareholder:** Question pour le commissaire au compte qui a une obligation de réponse légale. Personne dans la salle ne comprend les raisons pour lesquelles le commissaire n'a pas transmis son rapport et pourquoi le commissaire n'estime pas avoir tous les documents? (*Shareholder continues in English after Chairman asks him to repeat his question*). The auditor has a legal obligation to answer. As a shareholder I would like to ask why the auditor does not have enough information to assess the accounts of Nyrstar. I would like to stress the legal obligation to answer.

**Statutory Auditor:** We verwijzen naar verslag van 26 mei 2019. Informatie van materieel belang om onze controlewerkzaamheden uit te voeren werd ons niet tijdig verstrekt waardoor wij niet in de mogelijkheid waren om deze informatie te evalueren en meer bepaald de impact ervan op onze conclusies na te gaan. Bijgevolg zijn wij niet in staat om onze commissarisverslagen te finaliseren voor de AGM. Op de vraag omtrent welke specifieke informatie het gaat, verwijzen wij naar de beslissing van de voorzitter van de ondernemingsrechtbank die stelt dat het aan de raad van bestuur toekomt om hierop te antwoorden.

*(Free English translation: We refer to the report of 26 May 2019. Information that we believe to be material to conduct our audit activities has not been delivered to us in time and for this reason we have not been able to consider it as part of our audit procedures. We have therefore not had the opportunity to fully evaluate this information and more importantly the impact it may have on our audit conclusion. In view hereof we are not able to establish our statutory auditor's opinion on the annual accounts prior to the shareholders' meeting. In respect of the question which information this is specifically, we refer to the decision of the president of the enterprise court who states that it is for the board of directors to respond hereto.)*

**Lawyer to shareholder:** I would like to say something about declaration of Deloitte. It is not correct to say that a court would allow you to not answer a question which you are required to answer by law. The courts have to abide by the law. It is of tremendous importance to the shareholders whether the accounting was done in a proper and sound way. Your response implies that there is no sound management of the accounting and this is very disturbing. If you insist in not responding to even very simple questions, which do not involve any professional secrecy, you may find yourself in court for that. This is really not acceptable. I also have another question for the board on behalf of my client. I went to the agreements which were provided today. I already see that we put the board on notice on June 3 to provide information on the lock-up agreement. You took 10 days to respond us that you would not respond and then we had to go to the FSMA. It was the 14<sup>th</sup> of June. On the 19<sup>th</sup> of June, the

FSMA also considered that you were not giving the shareholders or the markets the proper responses. What I see in these documents, is that on the 19<sup>th</sup> of June, the very same day where the FSMA required the company to be transparent, the deeds were executed according to which newco received the assets of Nyrstar. Why such an urgency on 19 June – in order to put the shareholders in the position that they could not react anymore?

**Company Secretary:** The Company announced what has occurred on the 19<sup>th</sup> of June. Everything has been announced.

**Lawyer to shareholder:** It is the FSMA that is saying that there is no transparency. You do these announcements in a way and on a certain date where it is not possible anymore to suspend some of these deeds or contracts.

**Company Secretary:** Everything was announced very clearly so we do not understand your questions or comments.

**Shareholder:** On 31 December 2018 we still had 100% in operational company. Only later this year, the transfer will be legal. So the valuation would be 750 million, which is half of the value which it was in 2017 which was 1.4 billion in the financial fixed asset. My second question considers the PSL. Will NN1 be an empty shell? If it is an empty company, will you dissolve it after the operations? Please explain the actual company structure.

**Lawyer to Company:** Correct. NN1, who is the owner of NN2, is a shell and that will be dissolved fairly quickly after the restructuring. At the back of the PSL, which is on the website, structure charts are included. The restructuring will result in NNH being owned by NN2 and then NN2 issuing 98% to Trafigura and 2% directly to Nyrstar NV. NN1 will be left with one nominal share, which will be worth nothing and will effectively be cancelled and then NN1 is dissolved 4 or 5 months after that. It does not have a future purpose post restructuring.

**Interim CFO:** You are correct that at 31/12 Nyrstar NV still owns the operating group. But the valuation is done on basis of “fair value less cost to sell” valuation. Assessment is made based on the likelihood of restructuring and outcome of restructuring, and then it is taken into consideration. Legally, you are right. At the end of December 2018, Nyrstar NV still owned the operating group. The valuation of the investments have been done and we have taken into consideration the probable or likely outcome of the restructuring and we have looked at the outcome of the restructuring and the value of the investment. That has been taken into consideration. Legally, Nyrstar NV still owns the operating group of Nyrstar.

**Shareholder:** Normally, you have the obligation to give fair value and 2019 you should explain the downgrade.

**Interim CFO:** At 31 December 2018, outcome of transaction should be considered in the valuation.

**Shareholder:** Where does the output of mining activities go to?

**CEO:** We operate the Tennessee mining and smelting assets as an integrated asset because of synergies. If there is excess concentrate, we aim to sell it on the market to various bidders such as trading houses, including Trafigura or ship this to our European smelters (esp. Budel). Most of the Langlois concentrate goes to Canada in terms of logistical synergies to an unrelated party and regarding the Myra Falls output, the mine has not actually made any shipments to date. We can provide quantitative data on what amount of mining output goes to Trafigura, but it is not material.

**Shareholder:** I can understand that in the current context there are a lot of urgencies on your side and with all the appreciation for the work done, it would lead to a situation where one does not see the forest through the trees. Therefore, my suggestion is to give a mandate to a company like McKinsey to do a strategic audit of the current transaction without the statement that it only looks at the current financial situation. A mandate to look at any strategic effects since 2015 that were overlooked or other long-term effects that might not have been obvious by just looking at the contracts.

**Chairman:** We will consider it.

**André de Barsy:** I have heard that in your time table, there was a question on 4 July events in the Court in England. What steps do you take even if you want to have Chinese Walls with Nyrstar Netherlands (Holdings) B.V., so that your bondholders are informed of the steps that they could take themselves in their interest?

**Lawyer to Company:** This is about bondholders, not shareholders. The English proposed process is explained to the court at a first hearing booked for the 4<sup>th</sup> of July. The court considers this and whether to call a meeting of bondholders. The court reviews the papers which explain the background and history. If the court approves that, the papers will be sent out to the bondholders (not the shareholders). That bondholders meeting is currently planned to be held on 19<sup>th</sup> July, although that may still change and be delayed a little. The bondholders get all the information and attend the meeting and vote. Assuming that they vote in favour (75% by value being a majority in number of those voting in each class), it comes back to the judge for the sanction hearing and that is when the judge in England considers the fairness to the bondholders. It's called the sanction hearing because the court can decide to sanction it or not to sanction it. The court generally follows the decision of the supermajority. It would be keen to make sure all the bondholders are treated equally. As the same deal is being offered to all the bondholders, we hope that it would be approved by the court.

**André de Barsy:** It means that there is a not in any case a meeting of the bondholders that will be invited to assist the meeting?

**Lawyer to Company:** Not on the 4<sup>th</sup>, which is a court hearing but bondholders can attend, and then there is the meeting of the bondholders. Currently, that meeting is to be set up for the 19<sup>th</sup>. Assuming the court says 'yes' to holding the meeting, then the information is published to bondholders and put through the bondholders' clearing systems and provided to the bondholders through the various normal channels.

**André de Barsy:** At this hearing at the 4<sup>th</sup> of July, the court may eventually decide that there will be no meeting of the bondholders?

**Lawyer to Company:** Theoretically it could but that would be unusual. This is mostly just a document hearing, to make sure documents were prepared properly. It is a public hearing so if you hold bonds you are entitled to turn up.

**André de Barsy:** I still want to receive the prospectus of the issuance of the bonds which explains how a bondholder can defend itself in such court hearing. I have not received it yet to date.

*[Lawyer to Company notes the request and offers to talk the shareholder after the general meeting if he wants]*

**Lawyer to shareholder:** I have several points. First, you said earlier to provide us with an answer to our request to access the documents in a normal way. Secondly, depending on Deloitte, we would like

to receive an approximate date for the new general assembly. Thirdly, I have to disagree with your statement and Deloitte's statement when you read the court's decision, which states very clearly that Deloitte should make a detailed report about the information missing to issue the annual accounts. You have made a reference about privileged e-mails but we cannot imagine that privileged e-mails with lawyers could impede an advisor to issue annual accounts. The court order has not been respected today and not by your board. This should be included in the minutes.

**Lawyer to Statutory Auditor:** Als raadsman van Deloitte wens ik dat de notulen vermelden dat de beschikking niet gericht is aan Deloitte maar aan de raad van bestuur van Nyrstar dus dit is geen correcte stelling.

*(Free English translation: I want it to be noted that Deloitte cannot be bound to comply with order that is not addressed to Deloitte.)*

**Chairman:** We will get back to the information stated.

**Shareholder:** Is there ongoing litigation that has material importance to the company?

**Company Secretary and Chairman:** To the best of our knowledge, no.