nyrstar

Strategy into Action

2012 | Annual Report

Key figures

KEY FIGURES	(in EUR millions unless otherwise stated)		
MINING PRODUCTION	**2012**	**2011**	**2010**
Zinc in concentrate ('000 tonnes)	312	207	84
Gold ('000 troy ounces)	94.6	49.9	4.7
Silver ('000 troy ounces) [1]	5,517	3,673	271
Copper in concentrate ('000 tonnes)	13	7.7	0.2
SMELTING PRODUCTION [2]			
Zinc metal ('000 tonnes)	1,084	1,125	1,076
Lead metal ('000 tonnes)	158	195	198
MARKET			
Average LME zinc price (USD/t)	1,946	2,191	2,159
Average exchange rate (EUR/USD)	1.28	1.39	1.33
KEY FINANCIAL DATA			
Revenue	3,070	3,348	2,696
Mining EBITDA [3]	129	72	24
Smelting EBITDA [3]	135	235	198
Other & Eliminations EBITDA [3]	(44)	(42)	(12)
EBITDA [3]	**220**	**265**	**210**
Results from operating activities before exceptional items	(6)	122	112
PROFIT/(LOSS) FOR THE PERIOD	**(95)**	**36**	**72**
Mining EBITDA/t [3]	413	348	286
Smelting EBITDA/t [3]	125	209	184
Group EBITDA/t [3]	158	199	181
Underlying EPS (EUR)	(0.55)	0.38	0.85
Basic EPS (EUR)	(0.57)	0.24	0.62
Capital Expenditure	248	229	147
CASH FLOW AND NET DEBT			
Net operating cash flow	362	121	232
Net debt/(cash), end of period	681	718	296
Gearing [4]	37%	35%	26%

[1] 75% of the silver produced by Campo Morado is subject to a streaming agreement with Silver Wheaton Corporation whereby only USD 3.90/oz is payable. In H1 2012, Campo Morado produced approximately 1,728,000 troy ounces of silver.
[2] Includes production from mines and primary and secondary smelters only. Zinc production at Föhl, Galva 45 and Genesis and lead production at Simstar Metals are not included.
[3] All references to EBITDA in the table above are Underlying EBITDA. Underlying measures exclude exceptional items related to restructuring measures, M&A related transaction expenses, impairment of assets, material income or expenses arising from embedded derivatives recognised under IAS 39 and other items arising from events or transactions clearly distinct from the ordinary activities of Nyrstar. Underlying EPS does not consider tax effect on underlying adjustments.
[4] Gearing: net debt to net debt plus equity at end of period

Key share facts

KEY SHARE FACTS

FOR THE YEAR ENDED 31 DECEMBER	**2012**	**2011**	**2010**
Number of issued ordinary shares	170,022,544	170,022,544	100,000,000
Number of treasury shares	7,345,826	9,413,138	3,631,558
Market capitalisation (as at 31/12)	EUR 764,081,313	EUR 1,037,137,518	EUR 936,259,200
Underlying Earnings per Share (12 months to 31/12)	EUR (0.55)	EUR 0.38	EUR 0.85
Gross Capital Distribution (proposed)	EUR 0.16	EUR 0.16	EUR 0.15
Share price (closing price as at 31/12)	EUR 4.49	EUR 6.10	EUR 9.36
Year high (intra-day)	EUR 7.74 (08/02/12)	EUR 10.62 (13/01/11)	EUR 9.89 (14/04/10)
Year low (intra-day)	EUR 3.17 (26/07/12)	EUR 5.51 (23/11/11 and 25/11/11)	EUR 5.76 (21/05/10)
Average volume traded shares per day (12 months to 31/12)	1,036,883	993,666	880,000
Free float (as at 31/12)	85%	85%	90%
Free float Velocity (full year)	185%	168%	222%

FINANCIAL CALENDAR

24 April 2013	Annual General Meeting
24 April 2013	2013 First Interim Management Statement
25 July 2013	2013 Half Year Results
24 October 2013	2013 Second Interim Management Statement
07 February 2014	2013 Full Year Results
23 April 2014	Annual General Meeting
23 April 2014	2014 First Interim Management Statement

Dates are subject to change. Please check the Nyrstar website for financial calendar updates.

Port Pirie Smelter, Australia

nyrstar

Resources for a changing world

Nyrstar is an integrated mining and metals business, with market leading positions in zinc and lead, and growing positions in other base and precious metals; essential resources that are fuelling the rapid urbanisation and industrialisation of our changing world. Nyrstar has mining, smelting, and other operations located in Europe, the Americas, China and Australia and employs approximately 7,000 people.

2012 Highlights

zinc in concentrate **UP 51%** compared to 2011

Growth in production of all metals and full year guidance delivered.

79%

MINING EUR 129 MILLION, UP 79%, IN LINE WITH STRONG PRODUCTION GROWTH

Contribution from mining segment continues to grow in line with strategy.

Zinc price average **USD 1,946/t** (USD 2,191/t) down 11% on 2011

Challenging trading environment with downward movements in commodity prices and treatment charges.

EUR 220 million EBITDA -17% on 2011

Group underlying EBITDA and profit after tax adversely impacted by macro-economic conditions.

Identified to date **EUR 50 million** in incremental annualised sustainable savings through comprehensive group wide review of operating costs

Improving the Nyrstar cost base and maintaining capital discipline.

20% IMPROVEMENT IN C1 CASH COST IN H2 2012 AT TENNESSEE MINES

Continued roll-out of our optimisation programme (Mining for Value) across mining segment.

Delivering on Strategy into Action

GEARING MAINTAINED[4] **@ 37%** AT THE END OF 2012

Strong financial position with a high quality portfolio of long-term debt.

[4] Gearing: net debt to net debt plus equity at end of period

Nyrstar in 2012

During 2012 we completed a major step in the long term strategic repositioning of Nyrstar from a pure smelting business to an integrated mining and metals company. Through the execution and implementation of our strategy we have transformed the composition of our result, with mining EBITDA surpassing smelting EBITDA in H2 2012; a result achieved with zinc mining volumes approximately three times lower than zinc smelting volumes. This structural shift is further evident in the EBITDA contribution per tonne from the Mining segment which, despite a decline in commodity prices, was up 23% in H2 2012 to EUR 456 compared to H1 2012, while EBITDA per tonne in the Smelting segment continued to come under pressure with a decline of 29% to EUR 104 over the same period. This reinforces our backward integration strategy as mining is proven to be structurally more profitable per tonne than smelting.

The improvement in mining profitability was driven by considerable growth in the production of all metals. Zinc in concentrate production of 312kt in 2012, was 51% higher than in 2011, with own mine production up 64%. Lead, copper, silver and gold production was also significantly up on 2011, by 108%, 69%, 50%, and 90% respectively. Production guidance was achieved for all metals, except for gold which was slightly below due to temporary operational interruptions experienced in H1 2012 at El Toqui and Coricancha.

These improvements were delivered in a challenging trading environment, with zinc, lead, copper and silver prices all down in 2012 and all remained volatile throughout the year. The zinc price averaged USD 1,946/t, down 11% on 2011, while there were 14%, 10% and 11% declines in the average lead, copper and silver prices respectively. This negatively impacted mining C1 cash costs, through the reduction in by-product credits. That said, due to improving the quality of our mining portfolio we still delivered an improvement in the average zinc mining C1 cash cost, down 5% in 2012 compared to 2011.

This included a significant improvement in the C1 cash cost at Tennessee Mines to USD 1,705/t in H2 2012, down 20% compared to H1 2012, due to increased volumes and a unit cost reduction following an optimisation programme. The lower price environment also impacted smelting gross profit, which was additionally affected by lower 2012 zinc benchmark treatment charge (TC) terms, with realised TCs down 15% on 2011. Nyrstar did partly benefit from a weaker Euro although this did not offset the decline in commodity prices. The other currency impacting our results in 2012 was the Australian dollar, which continued its strong performance averaging 0.81 against the Euro, up 8% compared to 2011. While the zinc smelters maintained their cost in local currency, given approximately 40% of our smelting costs are denominated in Australian dollars, the average smelting operating cost per tonne in Euro terms increased to EUR 577.

Due to this unfavourable trading environment, in absolute terms our results declined in 2012 compared to 2011. Group underlying EBITDA of EUR 220 million, declined by 17% on 2011, with smelting underlying EBITDA, down 43%, also impacted by the reduced contribution from silver bearing material at Port Pirie (EUR 24 million in 2012 compared to EUR 78 million in 2011). Loss after tax of EUR (95) million was also impacted by increased depreciation and depletion charges in our Mining segment, the latter a non-cash item related to the accounting treatment of the Breakwater Resources and Farallon Mining acquisitions, higher finance expenses, and one-off charges for impairment of EUR 17 million against non-core assets and restructuring expenses of EUR 17 million mainly in relation to our announced cost savings programme, Project Lean.

At our 2012 Half Year results, we announced that we had commenced a group wide review of our corporate offices, mining operations and smelting operations to identify opportunities to sustainably reduce our operating costs, and that we were taking measures to reduce sustaining capital expenditure in H2 2012, whilst retaining our ability to invest in organic growth opportunities. Both initiatives are core elements of our strategy to achieve excellence in everything we do and we are pleased to announce we have made significant progress in both areas. We have identified to date EUR 50 million in incremental annualised sustainable operating cost savings, and have developed a detailed plan to implement this programme, known internally as Project Lean, by the end of 2014. We have already executed a first phase of this project through the optimization of Peruvian mining operations, reducing employee and contractor headcount by approximately 1,000. With a significant portion of savings expected to be delivered within the Mining segment, we expect Project Lean to enable us to deliver on our medium term average mining C1 cash cost target of less than USD1,000/t.

With regards to capital expenditure, we contained spend in H2 2012 and so total spend in 2012 was EUR 248 million, in line with our 2012 guidance and for 2013 we are guiding to a reduced level of full year spend of EUR 200-230 million.

Maintaining the strength of our balance sheet was of critical importance during 2012, as commodity price conditions remained volatile and we continued to invest in organic growth opportunities. A key cornerstone in achieving this aim was our ability to successfully refinance our EUR 400 million structured commodity trade finance facility. In addition, we took a number of measures to improve our management of working capital that enabled us to deliver a year-on-year reduction in our net debt position, and we took the step of writing down a number of non-core businesses.

The progress we made in our long term strategic repositioning is supported by a strong, dedicated workforce that numbers 7,000. Our performance is the result of their passion, commitment and professional skills which is underpinned by our unique culture, the Nyrstar Way. On behalf of the Board of Directors we would like to sincerely thank all our employees worldwide.

Our unrelenting commitment to the health and safety of our employees, contractors and communities is core to our culture. We are pleased to report that our safety performance continued to improve in 2012. The Nyrstar smelters remain at record low levels and there have been substantial improvements in the Mining segment as a result of a strong safety focus at the mines acquired in previous years. There were no environmental incidents with significant off-site impact recorded during 2012.

We would also like to thank our shareholders for their continued support and trust in the Company. Our Company's performance is reflected in the proposed distribution of EUR 0.16 per share via a share capital reduction.

Entering 2013, Nyrstar is a stronger company, with a larger and more diversified mining and metals footprint. Coupled with our focus on improving the Nyrstar cost base, through the implementation of Project Lean, our targeted reduction in capital expenditure and the development and execution of organic growth opportunities, we will be in a more robust position to deal with the possibility of continued short term volatility in our markets. We continue to plan on a prudent basis to ensure our operations and commercial department maintain a sharp focus on maximising profitability and free cash performance even at constant prices. That said, we remain confident in the medium and long term fundamentals of the zinc and other related commodity markets. We continue to explore value accretive M&A opportunities, and will ensure our balance sheet continues to support our growth strategy.

Julien De Wilde
Chairman of the Board of Directors

Roland Junck
Chief Executive Officer

April 2013

Nyrstar
Board of Directors

Peter Mansell, Ray Stewart, Roland Junck, Julien De Wilde, Karel Vinck, Oyvind Hushovd

Nyrstar
Management Committee

Michael Morley, Russell Murphy, Greg McMillan, Roland Junck, Heinz Eigner

CONTENTS

Nyrstar in 2012


Port Pirie Smelter, Australia

Strategy into Action


Langlois Mine, Quebec, Canada

Unlocking untapped value

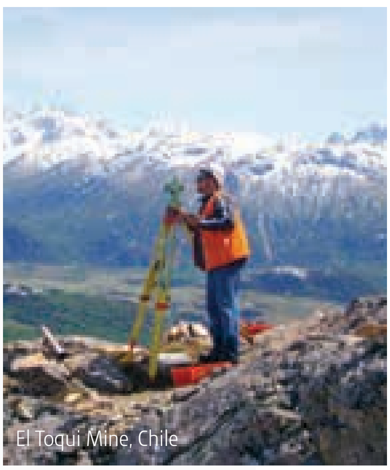

Auby Smelter, France

Achieve excellence in everything we do


Tennessee Mines, USA

Deliver sustainable growth


Port Pirie, Australia


El Toqui Mine, Chile

Living The Nyrstar Way


Langlois community, Quebec, Canada


Solar Kiosks for Togo

Facts and Figures 2012

Strategy
into action

The **Nyrstar2020 vision** is to be the leading integrated mining and metals business.

The **Nyrstar mission** is to capture the maximum value inherent in mineral resources through deep market insight and unique processing capabilities, generating superior returns for our shareholders.

Our vision and mission define our strategic direction and our success is driven by focused priorities and goals in line with our strategy.

Nyrstar2020 is a strategic initiative aimed at positioning Nyrstar for a long term sustainable future as the leading integrated mining and metals business.

Supported by Strategy into Action, a disciplined and effective approach to embed the strategy into every part of the business, and engaging the entire workforce to achieve Nyrstar's vision of being the leading integrated mining and metals business .

Strategy into Action is a critical tool that helps us to sharpen our focus on our four strategic priorities.

Living The Nyrstar Way


Coricancha Mine, Peru

Our unique culture that is the way we work throughout Nyrstar.

Unlocking untapped value


Budel Smelter, The Netherlands

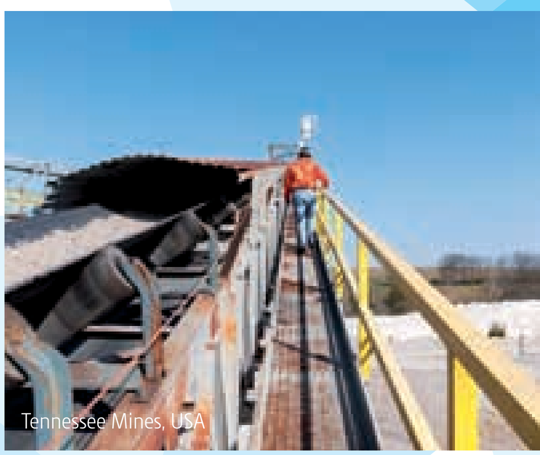
Continually challenging the way we think about and work on our assets, products and processes in order to release hidden value.

Achieve excellence in everything we do


Port Pirie Smelter, Australia

Market-driven business with an unrelenting focus on continuous improvement across all our operations and functions.

Deliver sustainable growth


Tennessee Mines, USA

Growth by leveraging our existing mining and smelting footprint and through further acquisitions.

Strategy into action

During 2012 Nyrstar continued to execute on Nyrstar2020, a strategic initiative aimed at positioning Nyrstar for a long term sustainable future as the leading integrated mining and metals business.

Supported by Strategy into Action, a disciplined approach to taking the strategy into every part of the business, embedding annual plans and giving ownership of the group strategy to each operation and their management teams, several initiatives have either been commenced or in some cases already delivered.

Unlocking untapped value


Auby Smelter, France

Nyrstar successfully c**ommissioned an indium metal plant** at the Auby smelter during Q2 2012.

At the Port Pirie smelter **production of an intermediate tellurium concentrate** commenced in H1 2012. The Clarksville smelter began to **produce germanium leach** during Q3 2012.

The production and sale of indium metal, tellurium concentrate and germanium leach are expected to generate significant margins.

Further **identification of 1.2 million troy ounces of historical silver** refining losses from under the precious metals refinery loor at the Port Pirie smelter in 2012.

Living The Nyrstar Way


Port Pirie Smelter, Australia

The main strategic goals of living the Nyrstar Way are to **build on the Nyrstar brand; manage critical risks** throughout the business and to ensure **world class safety and environmental performance** across all of Nyrstar's operations.

Building **community relations** was an important part of the ramp-up process in 2012 of the Langlois mine.

Nyrstar's recordable injury rate **continued to improve** during 2012, with a significant **decline of 37%**

Heinz Eigner
Chief Financial Officer

2012

"The decision to initiate a group wide review to standardise and align our organisation structures for our operations and support functions and the set-up of a central team working together with site implementation managers, strong commitment and support from senior management and dedicated internal and external resources supporting the business to ensure that Nyrstar is in a strong and profitable position in all market conditions."

Langlois Mine, Quebec, Canada

Deliver sustainable growth

Nyrstar reached in-principle agreement to **transform the Port Pirie smelter into an advanced poly-metallic processing and recovery facility**, through an innovative financing and support package, providing an opportunity to strengthen and further diversify group earnings and preserving capacity to continue execution of mining strategy.

The Langlois mine successfully completed its ramp-up by the end of H1 2012, in-line with previously stated guidance.

Nyrstar continued to develop its **pipeline of organic and external projects**, executing on internal growth initiatives and continuing to explore value accretive M&A opportunities.

Tennessee Mines, USA

Achieve excellence in everything we do

Optimisation programme (Mining for Value) at **Tennessee Mines, delivering significant improvements** in zinc in concentrate production and C1 cash costs.

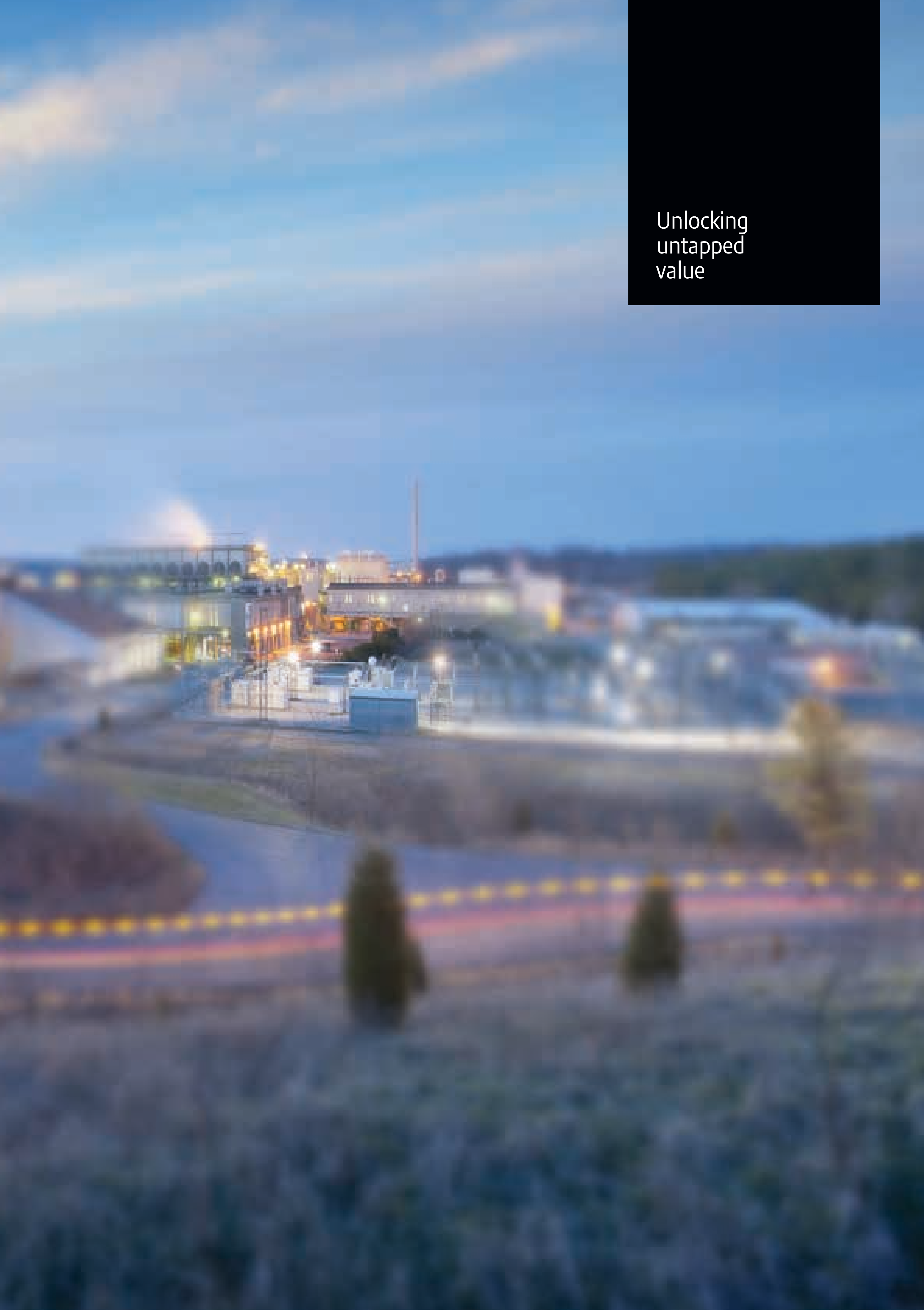
Nyrstar commenced a **detailed and comprehensive group wide review** of its corporate offices, mining operations and smelting operations to identify opportunities to sustainably reduce operating costs. At the end of 2012, Nyrstar had identified to date EUR 50 million in incremental annualised sustainable operating cost savings to be achieved by the end of 2014.

2013

Entering 2013, Nyrstar is a stronger company, with a larger and more diversified mining and metals footprint, with focus on:

- Continued production growth in Mining segment
- Improving Nyrstar cost base, through group-wide implementation of Project Lean
- Targeted reduction in capital expenditure
- Developing and executing organic growth opportunities
- Maintain sharp focus on maximising profitability and free cash performance
- Continue Smelting Strategic Review aimed at identifying opportunities to sustainably improve profitability of zinc smelting business
- Continue to explore value accretive M&A opportunities
- Ensure balance sheet continues to support growth strategy

CLARKSVILLE SMELTER, USA



Unlocking
untapped
value

Indium metal
Added value at Auby

In the second quarter of 2012 Nyrstar commissioned a new indium metal plant at Auby, which started to produce refined bars of indium metal in June.

Indium is a growing market and its industrial application as indium tin oxide is used in flat panel displays.

It is a distinct example of unlocking untapped value inherent in the raw materials entering the smelters. The production of indium metal confirms Auby as a poly-metallic Nyrstar site.

Indium is a shiny grey metal with a low melting point of 156°C. It is found in very small quantities in the zinc mines of South America.

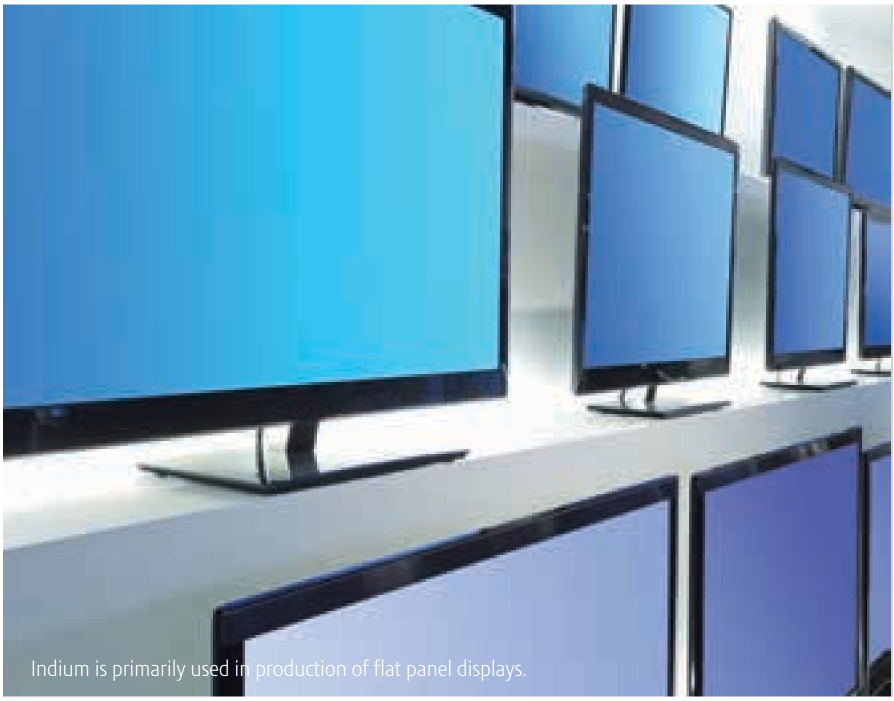
Indium is used for its electro-optical properties in semi-conductors, developing advanced photovoltaic cells but today it is primarily used in the production of flat panel displays where it is a transparent electrode.

It is used as indium tin oxide in a thin layer with a thickness of 150 nm.

The Auby smelter started the production of indium cement (25% of indium) back in 2007. In January 2010 the first ingots of indium metal were produced following a test experiment. The pilot project conducted prior to the request for investment had validated the quality of the indium at 99.998% purity and confirmed the economic viability of the process.

Following the feasibility study in 2010 Nyrstar committed to a EUR 7.4 million investment which resulted in the commissioning of the indium metal plant in the second quarter of 2012.

In 2012 Nyrstar Auby produced approximately 13 tonnes of indium metal.



Indium is primarily used in production of flat panel displays.

Casting of indium ingots

"It's a great team. Living the Nyrstar Way, and especially the element 'Be driven' took on its full meaning for me throughout the entire process! This is a great achievement for the site."

Jean-Michel Villette, team leader indium plant

Technology Managers Xavier Constant and Sophie Vanpoperynghe.

"The production process implements different steps of leaching, smelting and electro refining. Many of the steps are performed in batches and are closely related to the pyro-metallurgy process", says Technology Manager Xavier Constant (pictured, Top Left).

Building a team

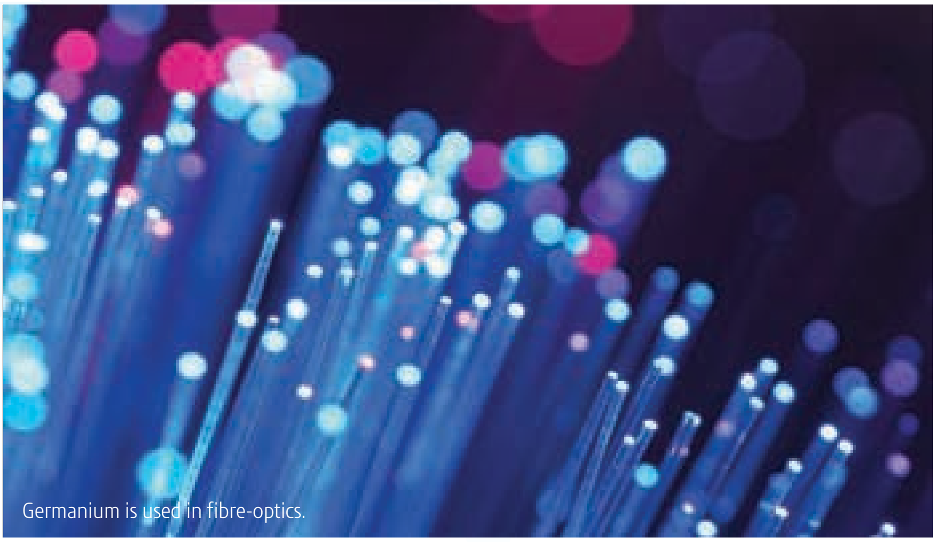
During the construction and installation of the indium metal plant site management built a dedicated indium team around team leader Jean-Michel Villette.

Jean-Michel Villette: "We followed formal training in December 2011 about each step of the process including safety instructions. The training was developed and taught in-house by our colleagues of the technology and safety departments. We started with four operators and a chemist all coming from different backgrounds. The same values brought us closer: strong motivation and enthusiasm to turn this in to success! Thus, we are contributing to the development of our site and Nyrstar. We create added value while respecting quality, safety and the environment."

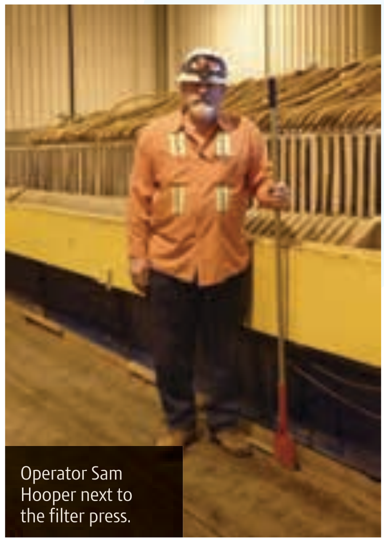
The indium metal team Auby

Smelting
for Value

Through our strategic initiative called Smelting for Value, Nyrstar smelters are driven to maximise EBITDA and free cash flow margins rather than maximise zinc production volumes.



Germanium is used in fibre-optics.



Operator Sam Hooper next to the filter press.

Smelting for Value represents a change in the historical mindset of maximizing zinc production.

Through this programme the Clarksville smelter (in quarter 3 of 2012) began to produce germanium leach (an intermediate product), by processing germanium contained in Middle Tennessee Mine zinc concentrate. The strong global demand of Germanium, which is primarily used in in fibre-optics and semi-conductors, generates high margins for the production of germanium leach product.

Clarksville's Smelting for Value initiative brought to the forefront the ability to further refine the raw material feed to higher value-added products, like copper sulphate, battery grade zinc, sulphuric acid, germanium/gallium, cadmium and zinc sulfate. While the smelter continues to optimise the processes to manufacture these products, the work on the Germanium leach has proven to be a successful long-term business.

Clarksville had three germanium campaigns in 2012 with concentrate from the Middle Tennessee Mines, which is very rich in germanium and gallium. It was important to thoughtfully adjust operating practices so that germanium recovery does not decrease the quality of zinc, whilst meeting customer requirements for the quality of the germanium product.

Smelting for Value represents a change in the historical mindset of maximizing zinc production. Employees now focus on creating value, not just production in tons of zinc. Indeed, in the case of germanium, maximizing its recovery into a sellable product results in the loss of some zinc production but improves overall financial performance.


Clarksville Smelter, USA

Germanium represents such important value for Clarksville that two Operational Excellence teams function to capture maximum value.

The Germanium Recovery team set an objective of converting the germanium received in Middle Tennessee concentrates into a product that brings as much revenue as possible to Nyrstar. This team focuses on quality of the product as well as the quantity of germanium produced, as team leader Steve Whittle notes, "The team has worked hard to understand the relationship between the float plant operation and the quality of the Germanium product coming from our filter press. In doing so, we have also improved on our flotation process. On the second front, we have spent much time and effort in getting the most from the equipment and procedures we have to a point that we are confident at producing a good product for sale from our filter press."

A second Operational Excellence team, Operation Synergy looks at how the Clarksville smelter can work with the Tennessee Mines to increase value capture in terms of germanium and zinc. Team leader Kelly Tinker explains, "by reducing the grind size of the Gordonsville concentrate and by improving moisture control in the Roaster feed, we can offset much of the zinc losses associated with campaigning Gordonsville concentrate for its germanium value." By installing regrinding equipment at the Gordonsville mill, grain sizing of the Middle Tennessee concentrates is reduced. This allows increased zinc Roaster throughput and further increases the profitability of the Tennessee region.

Through our Operational Excellence work and Smelting for Value programme at Clarkville, we are maximizing value capture. This is a key component of the Clarksville smelter objective to increase germanium recovery as well as improve the sustainability of the germanium production.

Operations

MINING PRODUCTION	2012	2011
Zinc in concentrate ('000 tonnes)	312	207
Gold ('000 troy ounces)	94.6	49.9
Silver ('000 troy ounces)[5]	5,517	3,673
Copper in concentrate ('000 tonnes)	13.0	7.7

SMELTING PRODUCTION[6]		
Zinc metal ('000 tonnes)	1,084	1,125
Lead metal ('000 tonnes)	158	195

MINING PRODUCTION of 312kt of zinc in concentrate, UP 105KT (51%)

Growth in production of all metals; full year guidance delivered.

- Mining production of 312kt of zinc in concentrate, up 105kt (51%) on 2011 (207kt)
    - Own mine production (excluding deliveries under Talvivaara zinc stream) of 282kt, up 172kt (64%)
    - Langlois ramp up completed in line with management expectations with production of 39kt
    - Tennessee Mines delivered significantly improved performance with production of 109kt, up 36%
    - Talvivaara deliveries of 30kt, down 5kt (14%)
- Mining production guidance achieved for lead (16.2kt actual), copper (13.0kt) and silver (5,517ktoz) and all significantly up on 2011, by 108%, 69% and 50% respectively; gold production slightly below guidance (94.6ktoz actual) but again significantly up on 2011 (90%)
- Zinc metal production of 1,084kt at smelters, in line with guidance

LEAD 108% **GOLD 90%**
SILVER 50% **COPPER 69%**
up significantly from 2011

Zinc 1,084kt Metal Production

[5] 75% of the silver produced by Campo Morado is subject to a streaming agreement with Silver Wheaton Corporation whereby only USD 3.90/oz is payable. In 2012, Campo Morado produced approximately 1,728,000 troy ounces of silver.
[6] Includes production from Mining and Smelting segments only. Zinc production at Föhl, Galva 45 and Genesis and lead production at Simstar Metals are not included.

Coricancha Mine, Peru

Auby Smelter, France

Improving the Nyrstar cost base and maintaining capital discipline.

- Average zinc mining C1 cash cost[7] of USD 1,154/t of payable zinc in H2 2012 (USD 1,255/t in H1 2012)
- Tennessee Mines C1 cash cost significantly improved 20% in H2 2012 to USD 1,705/t (USD 2,143/t in H1 2012) due to increased volumes and unit cost reduction following optimisation programme
- Smelting operating cost per tonne of EUR 577 in 2012 impacted by strength of Australian dollar and production issues in H2 2012 at Port Pirie
- Implemented comprehensive group wide review of operating costs, Project Lean, identifying to date EUR 50 million in incremental annualised sustainable savings and a reduction in employee and contractor headcount of 15-20% across smelting, mining and corporate; expect full benefit to be realised by end of 2014
    - First phase implemented in Q4 2012 through optimisation of Peruvian operations, with reduction in employee and contractor headcount by approximately 1,000
- Planned reduction in capital expenditure to EUR 200–230 million in 2013 (including growth spend of EUR 35-55 million), compared to EUR 248 million spent in 2012 which was in line with guidance

Tennessee Mines delivered significantly improved performance with production of 109kt up 36%

Continued roll-out of optimisation programme (Mining for Value) across Mining segment.

- A back-to-basics, systematic analysis of processes and capabilities to develop an optimal, sustainable operating model for each mine, incorporating standardised operating systems, life of mine planning and optimised capital allocation
- Successful implementation at Tennessee Mines in H1 2012 resulting in increased zinc in concentrate production and significant (20%) improvement in C1 cash cost in H2 2012
- Implemented at Campo Morado in H2 2012, with tangible benefits expected to start materialising in H1 2013, and to be rolled out at other mines during course of 2013

20% Tennessee Mines C1 Cash Cost Significantly Improved

EUR 50million in incremental annualised sustainable savings

Clarksville Smelter, USA

[7] C1 cash costs are defined by Brook Hunt as: the costs of mining, milling and concentrating, on-site administration and general expenses, property and production royalties not related to revenues or profits, metal concentrate treatment charges, and freight and marketing costs less the net value of by-product credits.

Achieve excellence in everything we do

Roland Junck
Chief Executive Officer

2012
"We had so many notable achievements as a business in 2012. Seeing the significant performance improvement at our Tennessee Mines through the roll out of our optimisation programme 'Mining for Value' was a key highlight. The dedication and drive of all the cross functional teams led to tangible results and, for me, is a great example of the execution of Strategy into Action."

Tennessee Mines, USA

Achieving results

In 2012 Nyrstar continued the roll-out of the optimisation programme (Mining for Value) across the mining segment. **The successful implementation at Tennessee Mines in the first half of 2012 resulted in increased zinc in concentrate production and significant (20%) improvement in C1 cash cost in the second half of 2012.** This followed a six week programme which commenced at the end of the first quarter, combining internal and external resources working with Tennessee mine management, to analyse processes at the mines and build an optimised operating programme. The focus areas identified were mine planning, operations and asset management with projects emphasizing throughput, mine development and value awareness.

Three main improvement plans were drawn for each focus area: 'Project 130' for throughput, 'Making the Grade' for grade control and 'Developing the Future' for development.

Mining for value

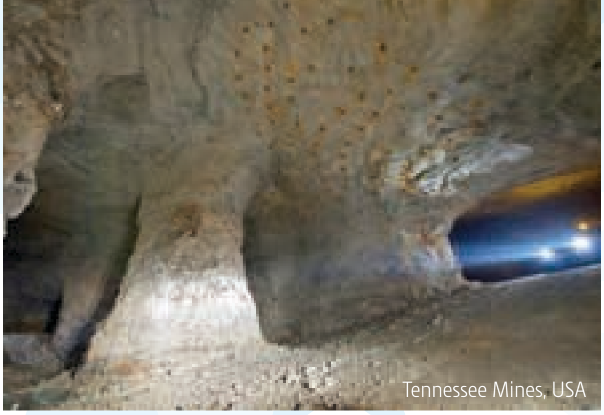
is a back-to-basics, systematic analysis of processes and capabilities to develop an optimal, sustainable operating model for each mine, incorporating standardised operating systems, life of mine planning and optimised capital allocation.

Project 130 focuses mainly on de-bottlenecking the mines, supported by implementing a dispatch system at Gordonsville/Elmwood, increasing coverage at asset stores at all times, and a review of mining methods, such as open stoping potential for selected areas within Elmwood.

Making the Grade includes focus on higher grade areas at Gordonsville/Elmwood by sharing personnel and equipment; grade control through increased geological presence underground, tracking of dilution and compliance to face map plans; developing cut-off targets for 2013 using economic break-even by mine and an emphasis of head-grade targets; alternative blasting and drilling techniques for reduced dilution; dedicated delineation drilling crews to increase planned certainty; and pillar recovery at Immel mine.

Developing the Future outlines development targets including establishing capital development crews, determining development targets to key high-grade areas, and revised planning and development targets.

Value awareness across the business is targeting enhanced financial reporting, including monthly reporting by mine, standard KPIs, and tracking deviations against set targets. Focusing on opportunities in contractor management, and warehouse management will also help to bring value awareness and understanding of our overall financial performance.


Tennessee Mines, USA

Tennessee Mines delivered significantly improved performance with production of 109kt up 36%


Tennessee Mines, USA


Tennessee Mines, USA

The programme already delivered some benefits in the first half of 2012, however the real step change in performance occurred in the second half of 2012. Zinc in concentrate production in the second half of 2012 increased by 31% and 18% at East and Middle Tennessee Mines, respectively, compared to the first half of 2012. For the full year 2012 combined zinc in concentrate production was approximately 109,000 tonnes, 36% higher than in 2011. Middle Tennessee's performance in 2012 was particularly impressive with zinc in concentrate production increasing 50%, ore milled up 27% and a 19% increase in the average zinc mill head grade compared to 2011.

Nyrstar Tennessee Mines has been able to improve its grades, increase throughput, fine tune its processes and improve its planning and production, while reducing unit costs. All the while, the mines have kept safety in the forefront of everything they do.

Using the 'Mining for Value' methodology, cross functional teams from throughout the operation continue working hard to improve its performance. Tennessee Mines is looking at equipment reliability, cycling times for equipment, traveling times underground, hoisting times, changes of shift, improvement in capacity of equipment, and incremental growth in mining capacity. The mines are also looking closely at mine plans and mining methods, and changing mining plans significantly to make underground mining more efficient than it has been in the past.

Historically the Tennessee mines practice of opening and closing under previous owners had some employees anxious about their future. The steady improvements and successes achieved in 2012 at the mines have re-assured many miners and their communities that in Tennessee, Nyrstar is serious about the long term.

Under Nyrstar ownership the Tennessee Mines have shifted from a ramp up with a handful of employees to a hard charging business of almost nearly 1,000 employees and contractors in 2012.

Greg McMillan
Chief Operating Officer

2012

"On July 18 my colleagues and I from the Management Committee had the privilege of presenting the 'Nyrstar Excellence Awards 2011' winners with their trophies at the annual ceremony in Zurich. It was fantastic to witness the passion, dedication and creativity of these teams from across our sites. The projects they completed all contribute to the sustainability of our business, be it smelting, mining or corporate."

Nyrstar Excellence Awards

The Nyrstar Excellence Awards were launched in 2010 to promote and reward a culture of excellence within our business. Each year, Nyrstar presents awards to acknowledge exceptional performance and achievement of individuals or teams from each of our operating sites. The Excellence Awards are an important component of the Nyrstar2020 strategy which has a strong focus on delivering excellence. The framework and recognition criterion from the Excellence Awards are based on the elements of the Nyrstar way.

In July 2012 Nyrstar presented and awarded five teams in the following categories:

Nyrstar Global Excellence Award for 'Prevent harm'

Manganese Suction Pump - Hobart

Hobart GM Jeremy Kouw joined the Award winners Ross Thorne, Richard Brough and John Morrison who accepted the award from Russell Murphy, Chief Human Resources, Safety and Environment Officer.

Nyrstar Global Excellence Award for 'Create value'

Delivering the Nyrstar Strategy to Grow Our Mining Business – Corporate Functions and Site Integration Teams

Chris James (left) and Phil Palmer (right) celebrate the award presented by Heinz Eigner, Chief Financial Officer.

Nyrstar Global Excellence Award for 'Innovative and Creative thinking'

Diamond Drilling Programme - El Mochito

The Award was presented by Greg McMillan, Chief Operating Officer (right) to Bill Van der Wall (second from right) and Helber Figueroa (second from left). El Mochito GM Gordon Babcock is the witness.

Nyrstar Global Special Recognition Award

Trommel Screen - Nyrstar Tennessee Mines

Graham Buttenshaw, Group General Manager Mining Latin America (right) presented the award to James Armstrong (second from the left) and Eric Steidl (second from the right) accompanied by Craig Jetson, NTM GM (left).

Nyrstar Global Outstanding Achievement Award

Identification and Recovery of Silver Sand - Port Pirie

Award winners Allen Mills and Stephen Finn are joined by Port Pirie GM Glenn Poynter (left) and CEO Roland Junck who presented the Award.

Key Financial data

KEY FINANCIAL DATA	(in EUR millions unless otherwise indicated)	
	2012	2011
Revenue	3,070	3,348
Mining EBITDA [8]	129	72
Smelting EBITDA [8]	135	235
Other & Eliminations EBITDA [8]	(44)	(42)
EBITDA [8]	**220**	**265**
Results from operating activities before exceptional items	(6)	122
PROFIT/(LOSS) FOR THE PERIOD	**(95)**	**36**
Mining EBITDA/t [8]	413	348
Smelting EBITDA/t [8]	125	209
GROUP EBITDA/T [8]	**158**	**199**
Underlying EPS (EUR)	(0.55)	0.38
Basic EPS (EUR)	(0.57)	0.24
Capital Expenditure	248	229
CASH FLOW AND NET DEBT		
Net operating cash flow	362	121
Net debt/(cash), end of period	681	718
Gearing [9]	37%	35%


Langlois Mine, Quebec, Canada

Finance

Contribution from Mining segment continues to grow in line with strategy; group underlying EBITDA and PAT adversely impacted by macro-economic conditions

- Group underlying EBITDA of EUR 220 million, down (17)% on 2011 (EUR 265 million)
  - Mining EUR 129 million, up 79%, in line with strong production growth
  - Smelting EUR 135 million, down (43)%, impacted by lower treatment charges and reduced contribution from silver bearing material at Port Pirie of EUR 24 million compared to EUR 78 million in 2011
- Mining underlying EBITDA per tonne[10] EUR 413, up 19% on 2011 (EUR 348)
- Smelting underlying EBITDA per tonne[11] EUR 125, down 40% on 2011 (EUR 209)
- EPS of EUR(0.57) (PAT EUR (95) million) impacted by one-off impairments of non-core assets and restructuring expenses
- Proposed distribution of EUR0.16 per share via a share capital reduction

EBITDA OF EUR 220 million

Mining EUR 129 million up 79% in line with strong production growth

Strong financial position with a high quality portfolio of long-term debt

- Successfully refinanced EUR 400 million structured commodity trade finance facility
- Significant cash inflow from operating activities due to working capital initiatives
- Net debt of EUR 681 million at the end of 2012, compared to EUR 718 million at the end of 2011
- Gearing[9] maintained at 37.0% at the end of 2012, compared to 35.0% at the end of 2011

refinanced EUR 400 million

Net debt of EUR 681 million at the end of 2012

[8] All references to EBITDA in the table above are Underlying EBITDA. Underlying measures exclude exceptional items related to restructuring measures, M&A related transaction expenses, impairment of assets, material income or expenses arising from embedded derivatives recognised under IAS 39 and other items arising from events or transactions clearly distinct from the ordinary activities of Nyrstar. Underlying EPS does not consider tax effect on underlying adjustments.

[9] Gearing: net debt to net debt plus equity at end of period

[10] Mining segment underlying EBITDA per tonne of zinc in concentrate produced

[11] Smelting segment underlying EBITDA per tonne of zinc metal produced

PORT PIRIE SMELTER, AUSTRALIA

Deliver sustainable growth

Michael Morley
Chief Corporate & Development Officer

2012
"The announcement of the Port Pirie transformation on 4 December was the first milestone of a tremendous business opportunity for our company. It is ground breaking in its establishment and outlines our vision to deliver a positive sustainable solution for the Port Pirie operation. For me it has been extremely gratifying to have been part of a process that when complete, will represent a new development phase for Nyrstar's business while also delivering enormous environmental and health benefits for the wider Port Pirie community."

Port Pirie Smelter, Australia

Transforming the future

A key strategic growth and development initiative for the business in 2012 was the land mark in-principle agreement with the Australian Federal Government and the South Australian Government with respect to the funding of a transformation of the Port Pirie smelter. The transformation, subject to the completion of a final investment case, will include investment in new technology to upgrade the Port Pirie facility to an advanced poly-metallic processing and recovery facility, delivering returns that are expected to meet or exceed Nyrstar's stated investment criteria for mining acquisitions and comparable to margins generated in the advanced materials processing sector.

It will be the start of a fundamentally different business model for Port Pirie and will transform the operation from a primary lead smelter into an advanced poly-metallic processing and recovery centre capable of processing a wider range of high margin metal bearing feed materials whilst also significantly reducing emissions, providing a long term sustainable future for the Port Pirie operation and local community.

The transformation of the Port Pirie smelter represents another step in pursuing Nyrstar's stated mission to capture the maximum value inherent in feed materials through deep market insight and unique processing capabilities, providing a step-change opportunity to further diversify earnings and potentially create a new business segment integrated with Nyrstar's existing business.

Through the innovative funding and support package agreed with the Australian Federal and South Australian State Governments, we have ensured that an investment in the transformation will not limit Nyrstar's ability to continue to pursue its mining integration ambitions in parallel.

The new business model presents an exciting opportunity for Nyrstar to strengthen and further diversify earnings, providing the opportunity to create a new, highly profitable business segment.

Leveraging a unique opportunity using state of the art and proven technology

The Port Pirie operation has been in continuous operation since 1889, with many of the core production assets having been in service for up to sixty years. While considered best practise at the time, these assets are no longer capable of meeting the operational standards expected of a modern base metals facility.

Nyrstar's strategic solution involves transforming the Port Pirie operation away from that of a primary lead smelter with out-dated process plant permanently decommissioned in favour of state-of-the-art best available technology. Specifically the transformation will replace the out-dated sinter plant with a state-of-the-art oxygen enriched bath smelting furnace coupled to an electricity cogeneration facility and a new sulphuric acid plant. High temperature, oxygen enriched bath smelting is acknowledged globally as best available technology for integrated base metals production and has a range of features and benefits.

Proven technology

Port Pirie employees, Australia

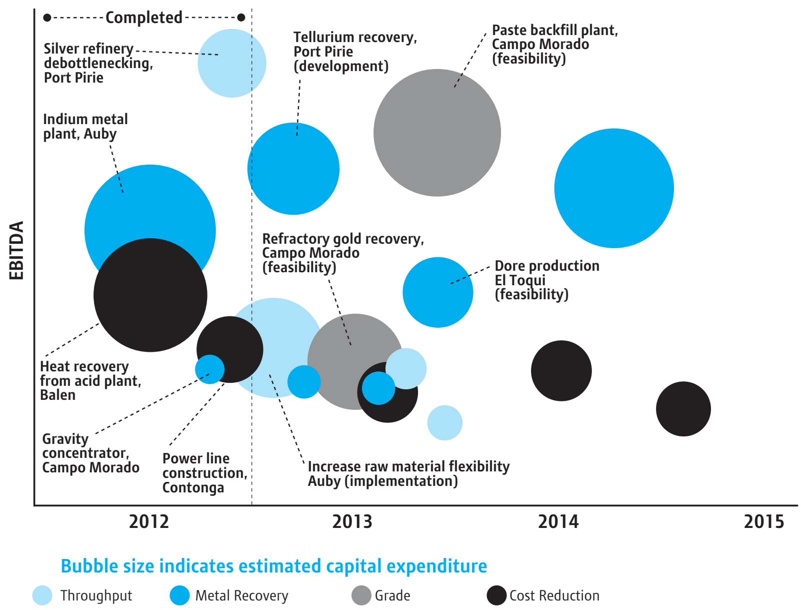
The transformed facility will continue to produce the current range of metals including zinc, gold, silver copper and lead. However the application of high temperature bath smelting also allows a wider range of raw materials to be processed moving toward recycling solutions such as end of life consumer electronics.

The transformed operation will also have the flexibility to process all internally generated residues, meaning a significant portion of the metal bearing feed material requirements will be controlled by Nyrstar.

The transformation project will deliver an innovative and sustainable solution to the current environmental and technical challenges facing Port Pirie with the fully enclosed bath smelting technology having the capability to deliver a step change reduction in emissions from the site resulting in a significantly improved environmental footprint through a reduced airborne metal and dust emissions profile.

Port Pirie's transformation expands Nyrstar's capacity to unlock the value of mineral resources and other feed materials through the treatment of significant volumes of Nyrstar's internal residue materials, whilst providing significant process flexibility to treat other complex third party raw materials.

The transformation will deliver a commercially viable long-term future for the Port Pirie operation and the local community.



Building and executing an **internal growth pipeline**

Nyrstar maintains an active pipeline of internal growth projects, targeting enhanced earnings from all mining and smelting operations. Growth Projects are progressed through a number of phases (concept, feasibility, development and implementation), and are reviewed quarterly by management to ensure Nyrstar's strict profitability hurdles for investment are being achieved and capital is allocated to the most valuable projects.

In 2012 Nyrstar completed the following internal growth projects:

Port Pirie Smelter, Australia - Silver refinery debottlenecking

Through the installation of additional furnaces in the silver refinery, the Port Pirie operation achieves higher silver recoveries and is capable of treating additional high-silver bearing materials, in addition to reducing work in progress inventories.

Auby Smelter, France - Indium metal production

By installing equipment to extract indium from an intermediate by-product on-site, the Auby operation is now able to produce Indium metal and achieve increased by-product revenues.

Contonga Mine, Peru - Power Line

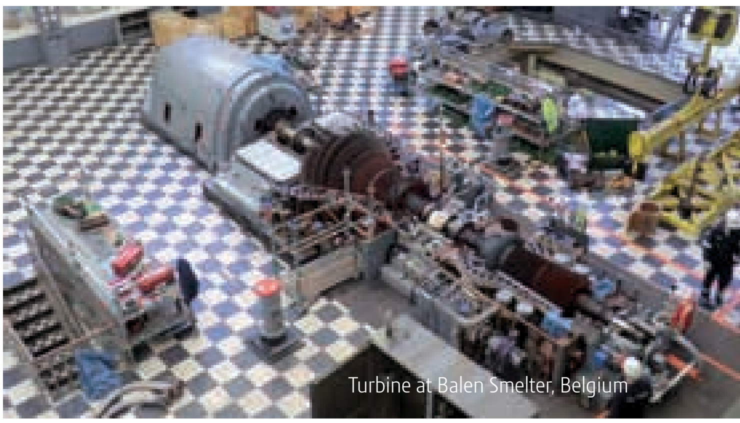
By building a 28km electric power line from Contonga to the local substation, the site is now able to replace diesel generators and significantly reduce energy costs whilst reducing carbon emissions as well.

Campo Morado Mine, Mexico - Gravity gold concentrator

Through the installation of a gravity gold concentrator, the site is now able to increase its gold recovery from tailings, increasing by-product revenues.

Balen Smelter, Belgium - Heat recovery from the acid plant

By recovering waste heat from the acid plant, the Balen operation is now able to recover energy for generating electrical power and heat for other processes on-site, significantly reducing the site's electricity and gas consumption costs.


Turbine at Balen Smelter, Belgium


El Toqui Mine, Chile


Geology team El Toqui, Chile

Drilling 21.5km

During 2012 the Nyrstar El Toqui mine delivered a successful diamond drilling programme, which added to the reserves and mineral resources as reported in Nyrstar's 2012 Mineral Resource and Mineral Reserve statement.

The El Toqui mine is located 1,350 kilometres south of Santiago, Chile and 120 kilometres northeast of Coyhaique in a region with a well-known history of poly-metallic mineralisation. The El Toqui mine has been in operation since 1983 and has a history of reserve replacement and promising exploration potential.

The current mineral reserves provide an estimated mine life of approximately eight years if production remains at the current plant capacity. Sufficient additional tonnages are contained in the measured, indicated and inferred resource categories to add significantly to the current mine life. However, exploration and delineation drilling must be conducted each year to replace ore mined and upgrade resources to reserves and add new resources to the mineral inventory in areas of high potential.

The successful drilling campaign in 2012 amounted to 21,500 meters. 4000 meters of exploration drilling and 17,500 meters of delineation drilling. The delineation drilling replaced the 533,000 tonnes processed and added approximately an additional 670,000 tonnes to the reserve base. The exploration drilling in turn replaced these reserves with new resources rich in zinc and gold.

In 2012 drilling at El Toqui concentrated on delineation drilling which brings resources from the indicated category to the reserve (proven and probable) category. Delineation drilling is carried out to gain a better understanding of the structure and provide accurate measurement of the geologic character; the size, shape, depth, and mineral content of the resource in order to decide whether to mine it or not. It is used in tandem with exploration drilling. Exploration drilling refers to the drilling of boreholes to seek and locate mineral deposits and to establish geological characteristics. Once the presence of the deposit is established and the nature, shape, and grade supports exploitation criteria the mineral body then becomes a resource.


Dore casting, El Toqui Mine, Chile

GOLD

The El Toqui mine produced approximately 51,600 troy ounces of gold in 2012, a 54% increase on total production in 2011. This was due to the successful execution of gold campaigns in the second and fourth quarter of 2012 in which underground mining activity targeted higher grade gold ore bodies rather than zinc ore bodies. The campaign demonstrates Nyrstar's strategy to focus on maximising value rather than production, with the El Toqui mine able to change the production mix of metals, from zinc to gold, based on prevailing commodity market conditions.

Market

Challenging trading environment with downward movements in commodity prices and treatment charges

- Commodity prices remained volatile throughout 2012, with zinc, lead, copper and silver prices all down in 2012
- Zinc price averaged USD 1,946/t, down 11% on 2011 (USD 2,191/t), and 14%, 10% and 11% declines in the average lead, copper and silver prices respectively
- 2012 zinc benchmark treatment charge (TC) significantly below 2011 terms, with realised TC declining 15%
- Partly benefited from weaker Euro, however smelting cost base challenged due to strength of the Australian Dollar, averaging 0.81 against the Euro (up 8% compared to 2011)


Zinc concentrate supply


Zinc ingots

AVERAGE PRICES	2012	2011
Exchange rate (EUR/USD)	1.28	1.39
Zinc price (USD/tonne, cash settlement)	1,946	2,191
Lead price (USD/tonne, cash settlement)	2,061	2,398
Copper price (USD/tonne, cash settlement)	7,950	8,811
Silver price (USD/t.oz, LBMA AM fix)	31.15	35.12
Gold price (USD/t.oz, LBMA AM fix)	1,662	1,572

Key Share Facts

KEY SHARE FACTS (in EUR millions unless otherwise indicated)

FOR THE YEAR ENDED 31 DECEMBER	2012	2011
Number of issued ordinary shares	170,022,544	170,022,544
Number of treasury shares	7,345,826	9,413,138
Market capitalisation (as at 31/12)	EUR 764,081,313	EUR 1,037,137,518
Underlying Earnings per Share (12 months to 31/12)	EUR (0.55)	EUR 0.38
Gross Capital Distribution (proposed)	EUR 0.16	EUR 0.16
Share price (closing price as at 31/12)	EUR 4.49	EUR 6.10
Year high (intra-day)	EUR 7.74 (08/02/12)	EUR 10.62 (13/01/11)
Year low (intra-day)	EUR 3.17 (26/07/12)	EUR 5.51 (23/11/11 and 25/11/11)
Average volume traded shares per day (12 months to 31/12)	1,036,883	993,666
Free float (as at 31/12)	85%	85%
Free float Velocity (full year)	185%	168%

Zinc price averaged USD 1,946/t (USD 2,191/t) down 11% on 2011

TC DECLINING 15%

LANGLOIS COMMUNITY, QUEBEC, CANADA

Living The Nyrstar Way

Solar kiosks in Togo

Michael Morley, Chief Corporate & Development Officer (left) and Jan Hughebaert, Chairman Nyrstar Foundation (right) present the grant to Katrien Van Rompay and Bert Berkolet from Solar without Borders.

nyrstarfoundation

Contributing to a better world

In April 2012 the Nyrstar Foundation proudly presented its first winner: Solar without Borders - The inaugural Nyrstar Foundation Grant winner.

The Nyrstar Foundation is a charitable organisation that supports and rewards creative, innovative and breakthrough initiatives, that will help make the world a better place. Ideas and projects that could make a real difference to either health, the environment, education or social welfare in developing countries.

The Nyrstar Foundation provides opportunities to contribute in a meaningful way to significant broader sustainability issues facing humanity. It is an essential part of the Nyrstar's Corporate Social Responsibility program which is driven by a desire to support causes, charitable or otherwise, that improve the environments and communities in which the company operates. By supporting initiatives aimed at improving conditions relating to health, the environment, education or social welfare, the Nyrstar Foundation hopes to make the world a better place and to improve the quality of life in the developing countries. The grant is aimed primarily at individuals, starting companies or organisations that lack the finance to develop their own ideas, or have difficulty in winning support from other, perhaps more traditional sources. Every year a grant of €25,000 is awarded to an individual, company or organisation in Belgium. The Foundation will provide further support in the form of coaching from industry leaders and partners of the Nyrstar Foundation.

We are proud to say that Solar without Borders is a great organisation to support and work with and that their winning project 'Solar Kiosks for Togo' represents everything we envisioned when we launched the Nyrstar Foundation and went

Bert Bernolet helps installing the solar panels

Local manager Yaovi Adih in the pilot kiosk

for more please visit
nyrstar foundation .org

out looking for great ideas. As Bert Bernolet of Solar Without Borders said, "This is excellent! Through this financial and coaching support from the Nyrstar Foundation we can now turn our idea into a sustainable project. Together we can realise the idea that we and the local population in Togo strongly believe in and build up a beautiful project in a thoughtful and sustainable way!"

Solar without Borders is a Belgian NGO that realises projects based on solar energy. "Providing basic electricity in local communities can drastically improve the lives of a large number of people in developing countries. By using renewable energy sources this can be done in a sustainable way."

The 'Solar Kiosks for Togo' project is dedicated to providing affordable solar powered electricity for local communities in Togo by setting up central solar powered kiosks that provide electricity and lighting. The kiosks are located in small villages that have no access to the electricity grid. With these kiosks we offer the poorest people in the community access to clean electricity. Villagers come to the kiosk and can rent and recharge a solar charged LED lamp at an affordable price.

It's a great idea! But there is more to the project. The solar panels needed for the kiosks are produced locally in Togo. The third element of the project is that the solar kiosks are set up as independent businesses. A micro franchising business model will allow rapid spreading of Solar Kiosks.

With the help of the Nyrstar Foundation, five additional villages receive a solar powered kiosk and have access to electricity and lighting, critical for health, education and general quality of life.

Our 2012 theme:
Education

Access to education is essential to improve quality of life in developing countries. For socially disadvantaged groups, access to education is especially difficult. Four out of five children in developing countries who do not go to school live in rural regions. In 2012, we were looking for great ideas and initiatives that facilitate learning possibilities for students of all ages, from pre-school to graduate school and including education for adults. Projects that in an innovative and creative way provide advancement of education that has an impact on the improvement of social and community welfare. We were also targeting initiatives that provide educational services, opportunities and tools that help make local education more effective and more accessible to students of all backgrounds and ages.

The applications we received in 2012 fit within a broad criteria ranging from innovative education programs and locations, to access to education (mobility, transport), to supporting services that facilitate education (computer, radio). The winner of the 2012 Nyrstar Foundation Grant will be announced on 24 April 2013.

Russell Murphy
Chief Human Resources & Safety, Health & Environment Officer

2012

"My moment came right at the end of the year. It was great to see that our unrelenting commitment to the health and safety of our employees, contractors and communities is leading to results. There have been substantial improvements in the mining segment as a result of a strong safety focus at the mines. Also our smelters remain at record low levels with exceptional safety performances. Our 'Prevent Harm' culture and mind-set is now fully embedded across all our operations."

Safest workers at Myra Falls


Myra Falls Valley

434 days... and counting

Myra Falls crosses the threshold of one year without a Lost Time Incident

On 23 October 2012, the Nyrstar Myra Falls mine on Vancouver Island passed 365 days without a lost time incident. In the last three years Myra Falls has set three Lost Time Incidents (LTI)[12] records. The best previous record was 150 days. In 2010 they reached 190 days, and in 2011 they achieved 319. At 31 December 2012 they were at 434 and counting ...

This was achieved by the entire workforce contributing to working safely from the top down and the bottom up. The challenge was to change an old culture of "production first" to a culture of "safety first" aligned to the Prevent Harm value of The Nyrstar Way.

In the past the mine tracked how well they did with production, but failed to track the necessary requirements to ensure they did not lose their focus on safety. With the changeover to more supervisors taking on the role of safety leaders for their respective departments, and expecting safe production by focusing on safety, Myra Falls have achieved what only a few years ago seemed like an unattainable goal. Not only did they improve the Lost Time Incident over time, also the Medically Treated Incident and First Aid have seen significant improvements as well.

With this achievement came an important savings in Worker Compensation premiums. Where a surcharge was previously in effect over premiums, there is now a negative surcharge. This compared to fewer production losses, less replacement or training costs associated with injuries and an increasingly favourable business image tells the story right there. Needless to say that safety pays. In more ways than one.

[12] Lost Time Injury Rate (LTIR) and Recordable Injury Rate (RIR) are 12 month rolling averages of the number of lost time injuries and recordable injuries (respectively) per million hours worked, and include all employees and contractors at all operations. Prior period data can change to account for the reclassification of incidents following the period end date.


Clarksville Smelter, USA


Tennessee Mines, USA

Living The Nyrstar Way poster

Safety and Health at Nyrstar

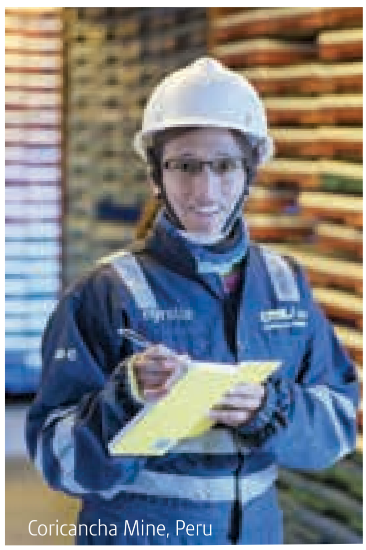
Nyrstar's recordable injury rate (RIR)[12] continued to improve during 2012, with a significant decline of 37% to 8.2 in 2012 compared with 13.0 in 2011.

The lost time injury rate (LTIR)[12] also significantly decreased, by 40% to 2.5 in 2012, compared to 4.2 in 2011.

The RIR and LTI rate at Nyrstar's smelters remain at record low levels and there have been substantial improvements in the Mining segment as a result of a strong safety focus at the mines acquired in previous years.


Myra Falls Mine, Canada


Myra Falls Safety team, Canada


Coricancha Mine, Peru

Build it and **they will come**

Building community relations at Langlois

Nyrstar recognizes the importance of having healthy and sustainable communities around its operating sites. Establishing and strengthening relations with local communities is key. Building these relations with the community of Lebel-sur-Quévillon in Québec, Canada was an important part of the ramp-up process in 2012 of the Langlois mine.

When Nyrstar acquired the Langlois mine from Breakwater Resources in August 2011, not only did we face a challenge of ramping-up the mine to restart commercial production, but we also faced a distinct challenge of doing this while establishing ties with the local community of Lebel-sur-Quévillon and building trust in the mine, as well as Nyrstar, with local and regional stakeholders and potential workers.

After previous repetitive closures of the mine, the town had been destabilized economically and socially, its people remained skeptical and hostile to large corporations entering Lebel-sur-Quévillon.

Being in a very competitive market for skilled labour, building trust and getting the community on board was very important for Nyrstar to attract the required workforce to the Langlois mine and Lebel-sur-Quévillon and successfully complete its ramp-up in the expected time frame. With the Nyrstar Way guiding our approach, we engaged with the community and our employees in an open and honest way. By engaging with our external and internal stakeholders, investing and participating in community events, promoting hiring of local and regional workforce, investing in community infrastructures and services, as well as partnering with different organizations to support promotion of the mining industry and mining professions, Nyrstar Langlois is keeping its word to be an active stakeholder of the Lebel-sur-Quévillon community. It's creating value and showing that it can be trusted as a committed employer and partner for a sustainable future of the community.

Kicking off with a public launch event in November 2011 to introduce the Company and the Langlois management team to the population of Lebel-sur-Quévillon, **Nyrstar Langlois is committed to building goodwill and quality long term relationships with its employees and the community.** Whether it's through financial and in-kind support for local activities, through direct implication of our employees in the community or through consultations and partnerships with different stakeholders, Nyrstar Langlois continues initiatives to strengthen ties with Lebel-sur-Quévillon and surrounding communities. It is building the town's trust, demonstrating


Nyrstar sponsored event in Lebel-sur-Quévillon


The Nyrstar Langlois workforce

the significant social and economic benefits linked to this project and positioning Nyrstar Langlois as an attractive place to work.

In 2012 some of these initiatives included the sponsorships of many popular community and sporting events in Lebel-sur-Quévillon that contribute to the quality of community life, such as the Family Week, the Nautical Festival, the Fire Prevention Week, the Winter Festival and the Regional Young Hockey Players tournament.

Nyrstar Langlois supported improvement of health, education and social welfare services as well as promoting safety. This included a major donation to the Hospital Foundation for renovation of the Hospital's trauma room to be completed in 2013, a donation to the local high school for construction of a rest area with park benches, tables and trees, as well as scholarships to encourage school perseverance and promote studies in mining training programs. We engaged in a partnership with the James Bay Professional Training Center so their students can complete their technical ore extraction training directly at the Langlois mine. This provides the students hands on experience but also contributes to attracting new residents to the local community while providing new talents for the mine.

Fire Prevention Week


Family Week


Lebel-sur-Quévillon

EL TOQUI MINE, CHILE

The year in review

The year in review

Featuring many highlights across Nyrstar's business in 2012. Below is a chronological selection of events, awards, and projects that illustrate the diversity of our business:

Divestment 02

Successful completion of the sale of Australian Refined Alloys

On 29 February Nyrstar and Sims Metal Management Limited successfully completed the sale of Australian Refined Alloys' secondary lead producing facility in Sydney, Australia to companies associated with Renewed Metal Technologies for a total sale price of approximately EUR 60 million

Nyrstar Foundation 04

2011 inaugural Grant winner

In April the Nyrstar Foundation proudly announced the winner of the inaugural grant: 'Solar Kiosks for Togo', a project of the Belgian non-profit organisation Solar Without Borders. The 'Solar Kiosks for Togo' project provides affordable solar powered electricity and lighting to local communities in Togo, Western Africa. As the Foundation grant winner, the project receives coaching support for one year and a grant of EUR 25,000.

Production 06

Indium metal production at Auby

Nyrstar successful commissioned a new indium metal facility in the second quarter which started to produce refined bars of indium metal in June. It is an example of unlocking untapped value inherent in the raw materials entering the smelters.

Health 04

Opening of Nyrstar Campo Morado Health Centre.

It was with great joy that the residents of Campo Morado got together on 18 April to witness the opening of their Health Centre. With the construction of this Social Health Project Nyrstar reinforced its firm social commitment to neighbouring communities. On average 230 people will be seen at the clinic every month, with these people living in at least 15 surrounding communities.

Visit 06

American Zinc Processors

Between 18th-19th June the Clarksville smelter hosted the 2012 American Zinc Processors meeting. Representatives of other smelters and anode suppliers throughout the Americas were brought together to discuss Cell House operations.

07 Recognition

Nyrstar Excellence Awards

Happy faces at the second Nyrstar Excellence Awards Ceremony in Zurich on July 18 where the members of the Nyrstar Management Committee presented the Awards to the proud 2011 Nyrstar Excellence Award winners. The Nyrstar Excellence Awards were launched in 2010 to promote and reward a culture of excellence and to further reinforce The Nyrstar Way. They are designed to acknowledge exceptional performance and achievements of individuals or teams from across the business.

08 Environment

Stormwater Harvesting Project

Nyrstar Hobart has been successful in securing a AUD 2.64 million grant from the Australian Government's Stormwater Harvesting and Reuse program. This grant funding will help fund the construction of an additional stormwater storage pond on site, additional water treatment facilities and water distribution infrastructure. On completion, the project will provide a constant supply of treated stormwater and replace up to 32% of drinking water currently used in production processes.

10 CSR programme

Nyrstar El Mochito receives Award.

For 4th consecutive year, Nyrstar El Mochito (Honduras) has obtained the FUNDAHRSE Award, as national recognition to its ongoing commitment to Corporate Social Responsibility, and the sustainability of its operations and nearby communities. FUNDAHRSE (Honduran Foundation for Corporate Social Responsibility) is a non-profit NGO dedicated to promoting CSR best practices in the Honduran private sector.

11 Finance

Nyrstar successfully completes re-financing of Structured Commodity Trade Finance Facility

In November Nyrstar completed the refinancing of its multi-currency Structured Commodity Trade Finance Facility. The new EUR 400 million facility includes an accordion to increase its size to EUR 750 million on a pre-approved but uncommitted basis.

11 Education

Earth Sciences Building at the University of British Columbia

With the support of Nyrstar and other sponsoring corporations and institutions, the University of British Columbia officially opened its new Earth Sciences Building, a state-of-the-art facility that will provide updated learning spaces to more than 7,000 students and state-of-the art lab space to hundreds of researchers. Nyrstar's contribution has resulted in the Nyrstar Classroom, a very modern computer lab with large screen Macintosh terminals and that is located on the main floor of the building.

12 Transformation

In-principle agreement to transform Port Pirie smelter into an advanced poly-metallic processing and recovery facility

Nyrstar announced on December 3 that it has reached an in-principle agreement with the Australian Federal Government and the South Australian Government with respect to the funding of a transformation of the Port Pirie smelter. The Transformation, subject to the completion of a feasibility study, would include investment in new technology to upgrade the facility to an advanced poly-metallic processing and recovery facility, delivering returns that are expected to meet or exceed Nyrstar's stated investment criteria for mining acquisitions and comparable to margins generated in the advanced materials processing sector.

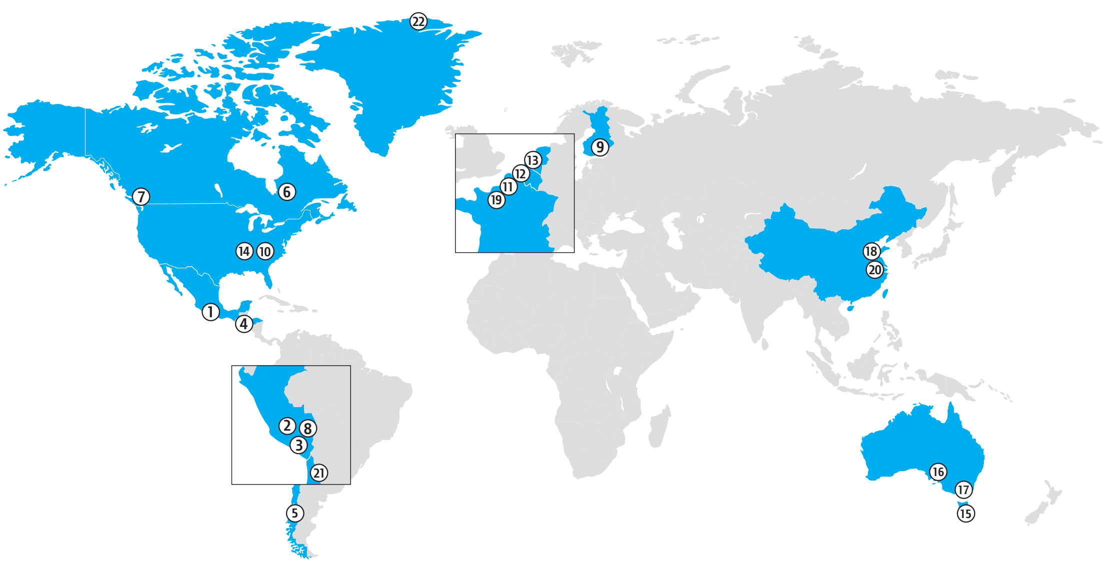
nyrstar

FACTS & FIGURES 2012

Management Report

Nyrstar is an integrated mining and metals business, with market leading positions in zinc and lead, and growing positions in other base and precious metals; essential resources that are fuelling the rapid urbanisation and industrialisation of our changing world. Nyrstar has 9 mining, 6 smelting, and other operations located in Europe, the Americas, China and Australia and employs approximately 7,000 people. Nyrstar is incorporated in Belgium and has its corporate office in Switzerland. Nyrstar is listed on NYSE Euronext Brussels under the symbol NYR.

Locations



1. Campo Morado, Mexico
2. Contonga, Peru
3. Coricancha, Peru
4. El Mochito, Honduras
5. El Toqui, Chile
6. Langlois, Canada
7. Myra Falls, Canada
8. Pucarrajo, Peru
9. Talvivaara (Streaming Agreement), Finland
10. Tennessee Mines, USA
11. Auby, France
12. Balen/Overpelt, Belgium
13. Budel, The Netherlands
14. Clarksville, USA
15. Hobart, Australia
16. Port Pirie, Australia
17. Simstar Alloys (Interest 50%), Australia
18. Fohl (Interest 50%), China
19. Galva 45 (Interest 66%), France
20. Genesis (Interest 50%), China
21. Herencia (Interest 10.24%), Chile
22. Ironbark Zinc Ltd. (Interest 26.5%), Greenland

MINES/STREAMING AGREEMENTS SMELTERS OTHER OPERATIONS DEVELOPMENT

Primary products

Zinc

A global leader in zinc; we are one of the world's largest integrated zinc producers. We produce zinc in concentrate from our mining operations and we produce special high grade zinc (SHG), zinc galvanizing alloys, and zinc die casting alloys as an outcome of our zinc smelting process. Zinc has diverse applications and uses, from construction and infrastructure, to transport, industrial machinery, communications and electronics, and consumer products. This makes it an essential and highly sought after resource, particularly in a changing world.

Lead

We have a market leading position in lead. We produce lead concentrate and refined market lead 99.9%. Lead's primary usage is for the production of batteries. In fact over 80% of world production goes into the lead acid battery, which still plays an important part in the starter mechanism for automobiles. The remaining 20% goes towards such end-uses as underwater cable sheathing, glassware, solder and roof sheeting.

Copper

We produce copper concentrates and copper cathode. Copper is predominantly used in building construction, however other significant end use markets include electrical and electronic products, transportation equipment, consumer products and industrial machinery and equipment.

Gold

Gold is produced in concentrate and as gold dore from our mining operations. We also recover gold in the lead refining process as a silver- and gold-bearing crust. These are then treated in our precious metals refinery to produce a 98 per cent pure gold dore.

Silver

We are one of the world's largest producers of refined silver. Nyrstar produces silver cast as 99.99 per cent pure silver bullion. Our brand (BHAS) is certified and registered with the London Bullion Marketing Association (LBMA) and is regarded as one of the highest quality brands in the world. Silver is also produced in concentrate and as silver dore from our mining operations.

STRATEGY INTO ACTION

Delivering on Strategy into Action

- Reached in-principle agreement to transform the Port Pirie smelter into an advanced poly-metallic processing and recovery facility, through an innovative financing and support package, providing an opportunity to strengthen and further diversify group earnings and preserving capacity to continue execution of mining strategy
- Unlocked untapped value through the successful commissioning of the indium metal plant at Auby smelter, realisation of operational synergies at Clarksville with production of germanium residue from Tennessee Mine zinc concentrates and production of tellurium concentrate at Port Pirie smelter
- Increased focus on core mining and smelting businesses with divestments of non-core assets; ARA Sydney (Australia) and Galva 45 (France)
- Commenced Smelting Strategic Review aimed at identifying opportunities to sustainably improve profitability of zinc smelting business
- Continue to explore value accretive M&A opportunities

The Nyrstar2020 vision is to be the leading integrated mining and metals business. Nyrstar's mission is to capture the maximum value inherent in mineral resources through deep market insight and unique processing capabilities, generating superior returns for our shareholders. Our vision and mission define our long term direction and priorities, focusing our efforts on the milestones and strategic goals that drive success.

Our strategic priorities are:

Living The Nyrstar Way – Shaping our unique culture through seven distinctive values that define the Nyrstar way.

Unlocking untapped value – Continually challenging the way we think about and work on our assets, products and processes in order to release hidden value.

Achieve excellence in everything we do – Market-driven business with an unrelenting focus on continuous improvement across all of our operations and functions.

Deliver sustainable growth – Growth through further acquisitions and the optimization of existing assets

MANAGEMENT REPORT

During 2012, Nyrstar continued to execute Nyrstar2020 - a strategic initiative aimed at positioning Nyrstar for a long term sustainable future as the leading integrated mining and metals business. Supported by Strategy into Action (SIA), Nyrstar will achieve its vision through a disciplined approach to embedding the strategy throughout the business. This includes structuring annual plans around SIA and holding each operation and management team accountable for group strategy deployment and performance. Many of these initiatives have already commenced and will continue to be rolled out across the company.

This year we have also completed a major step in the long term strategic repositioning of Nyrstar from a pure smelting business to an integrated mining and metals company. Through the execution and implementation of our strategy we have transformed the composition of our financial results, with mining EBITDA surpassing smelting EBITDA in H2 2012 - a result achieved with zinc mining volumes approximately three times lower than zinc smelting volumes. This structural shift is further evident in the EBITDA contribution per tonne from the Mining segment which, despite a decline in commodity prices, was up 23% in H2 2012 to EUR 456 compared to H1 2012. While, at the same time, EBITDA per tonne in the Smelting segment continued to face external pressures resulting in a decline of 29% to EUR 104 over the same period. These results further validate our mining and smelting integration strategy - mining is proven to be structurally more profitable per tonne than smelting.

Port Pirie Transformation

In December 2012, Nyrstar announced it had reached an in-principle agreement with the Australian Federal Government and South Australian Government with respect to the funding of a transformation of the Port Pirie smelter. The Transformation, subject to the completion of a final investment case including detailed engineering studies and final project documentation, would include investment in new technology to upgrade the facility to an advanced poly-metallic processing and recovery facility, delivering returns that are expected to meet or exceed Nyrstar's stated investment criteria for mining acquisitions and comparable to margins generated in the advanced materials processing sector. This represents another step in pursuing Nyrstar's stated mission to capture the maximum value inherent in mineral resources and other feed materials through deep market insight and unique processing capabilities. Through a funding and support package agreed with the Australian Federal and South Australian State Governments, Nyrstar has ensured that an investment in the transformation will not limit Nyrstar's ability to continue to pursue its mining integration ambitions in parallel.

Smelting Strategic Review

Nyrstar has commenced a Smelting Strategic Review aimed at identifying opportunities to sustainably improve profitability of the zinc smelting business. Updates on the Smelting Strategic Review will be provided in due course.

Unlocking Untapped Value

Nyrstar believes that our current processes are not capturing full value. This value can only be unlocked by continually challenging the way Nyrstar thinks about and works on its products and processes.

Nyrstar successfully commissioned an indium metal plant at the Auby smelter during Q2 2012. The project was delivered on time and to budget, with production ramping-up during the course of H2 2012. Approximately 13 tonnes of indium metal was produced in 2012, with increased volumes expected in 2013. At the Port Pirie multi-metals smelter production of an intermediate tellurium concentrate commenced in H1 2012, as per previous guidance, with additional volumes produced in H2 2012. Both indium and tellurium have end uses in advanced electronics and solar cell applications. During Q3 2012, the Clarksville smelter began to produce germanium leach (an intermediate product), by processing germanium contained in Middle Tennessee Mine zinc concentrate. Germanium is used in fibre-optics and semi-conductors. The production and sale of indium metal, tellurium concentrate and germanium leach are expected to generate significant margins.

In addition following the identification and recovery of approximately 2.8 million troy ounces of historical silver refining losses from under the precious metals refinery floor at the Port Pirie smelter in 2011, a further 1.2 million troy ounces of silver were identified in adjacent areas in 2012.

MANAGEMENT REPORT

Deliver Sustainable Growth

Sustainable growth means that Nyrstar will seek growth by leveraging its existing mining and smelting footprint and through further value accretive acquisitions.

Delivering on Nyrstar's growth promises, the Langlois mine successfully completed its ramp-up by the end of H1 2012, in-line with previously stated guidance. During the half, the site successfully commissioned an on-line analyser and continued on-boarding and training new operators. In H2 2012, the Langlois mine continued its production expansion towards its nominal capacity of approximately 50,000 tonnes of zinc in concentrate per annum, producing approximately 22,000 tonnes (up 29% on H1) whilst also increasing its by-product production of copper, gold and silver.

During 2012, Nyrstar continued to develop its pipeline of organic and external projects, executing on internal growth initiatives and continuing to explore value accretive M&A opportunities.

Achieve Excellence in Everything We Do

Nyrstar is a market driven business with an unrelenting focus on continuous improvement across all operations and functions. The main strategic goals that have been identified by Nyrstar to achieve excellence in everything it does is to ensure it makes market driven decisions, maintains sustainable effective operations, ensures excellence in communications and fosters challenging and supporting functional leadership across the entire business.

During 2012, Nyrstar commenced a detailed and comprehensive group wide review of its corporate offices, mining operations and smelting operations to identify opportunities to sustainably reduce operating costs. This included benchmarking the sites against one another, and against external indices, on an activity based level to assess the optimal level of resources required to perform core operating and support tasks. At the end of 2012, Nyrstar had identified to date EUR 50 million in incremental annualised sustainable operating cost savings to be achieved by the end of 2014. A detailed implementation plan has been developed to implement this savings program, known internally as Project Lean, which will be continually reviewed to assess progress against project milestones. Nyrstar has already executed a first phase of this project through the optimisation of Peruvian mining operations, which reduced the employee and contractor headcount by approximately 1,000. With a significant portion of savings expected to also be delivered within the Mining segment, Nyrstar expects Project Lean to enable the delivery of its medium term average zinc mining C1 cash cost target of less than USD 1,000 per tonne.

Living the Nyrstar Way

The Nyrstar workforce has a unique culture which is referred to as the Nyrstar Way whereby employees are engaged and aligned to deliver sustainable performance improvements across Nyrstar's strategic priorities. The main strategic goals of living the Nyrstar Way are to build on the Nyrstar brand, manage critical risks throughout the business and to ensure world class safety and environmental performance across all of Nyrstar's operations.

Entering 2013, Nyrstar is a stronger company, with a larger and more diversified mining and metals footprint. Coupled with our focus on improving the Nyrstar cost base, through the implementation of Project Lean, our targeted reduction in capital expenditure and the development and execution of organic growth opportunities, we will be in a more robust position to deal with the possibility of continued short term volatility in our markets. We continue to plan on a prudent basis to ensure our operations and commercial department maintain a sharp focus on maximising profitability and free cash performance even at constant prices. That said, we remain confident in the medium and long term fundamentals of the zinc and other related commodity markets. We continue to explore value accretive M&A opportunities, and will ensure our, balance sheet continues to support our growth strategy.

SHARES

Share price development

The resurgence of concerns regarding European Sovereign debt, impacting European equity prices, and the growth rate of the Chinese economy led to a decline in macroeconomic sentiment and a subsequent correction in metals prices in Q2 2012, resulting in a decline in mining and metal equities. Although sentiment began to lift in Q3 2012 due to policy response actions by central banks as well as resilient economic data from the United States and some easing of fiscal austerity measures in China, overall 2012 was a challenging year. The Nyrstar share price declined by 26% in 2012, compared to a 3% decline in the MSCI World Metals and Mining Index, over the same period, and a 11% decline in the average annual zinc price.

The average traded daily volume was approximately 1,036,883 shares in 2012 compared to 993,660 in 2011, an increase of 4%, representing increased interest and liquidity in Nyrstar shares. Reflecting the Board's confidence in the Company's financial strength and the medium to long-term prospects for the markets in which it operates, the Board have proposed to the shareholders a gross distribution of EUR 0.16 per share and to structure the distribution as a capital reduction.

Share Capital

Nyrstar ordinary shares have been admitted to trading on NYSE Euronext® Brussels (symbol NYR BB) since 29 October 2007.As at 31 December 2012, the registered capital amounted to EUR 425,056,360 represented by 170,022,544 ordinary shares without nominal value.

Convertible Bonds

As at 31 December 2012, the Company had on issue EUR 120 million of senior unsecured convertible bonds, due 2014. The bonds were issued in July 2009 at 100 per cent of their principal amount (EUR 50,000 per bond) and have a coupon of 7% per annum. The conversion price is currently EUR 5.91 per share. There are currently EUR 119.9 million of senior unsecured convertible bonds outstanding and if all of the bonds were to be converted into new ordinary shares at the above conversion price approximately 20,287,648 new ordinary shares would be issued. The bonds are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's Euro MTF Market.

Shareholder Structure

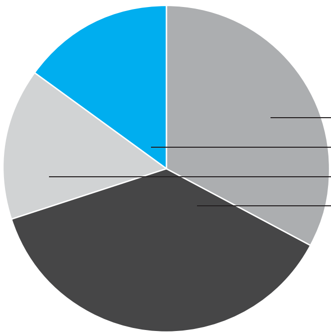
Pursuant to applicable Belgian legislation on the disclosure of significant shareholdings and the Company's articles of association, any person who acquires at least 3% of the total existing voting rights of the Company must notify both the Company and the Belgian Financial Services and Markets Authority (the FSMA, which is the successor to the Banking, Finance and Insurance Commission (the CBFA) since April 1, 2011).
A notification is also required when a person acquires at least 5%, 7.5%, 10%, 15%, 20% or any further multiple of 5% of the total existing voting rights of the Company, or when, due to disposals of securities, the number of voting rights falls below one of these thresholds. A list as well as a copy of such notifications can be obtained from the Company's website (www.nyrstar.com). As at 31 December 2012, on the basis of the notifications received by the Company, the major shareholders of the Company (i.e. holding more than 3% of the total voting rights) were:

MANAGEMENT REPORT

As at 31 December 2012	Share %
Glencore Holdings AG	7.79%
Nyrstar NV	4.32%
Blackrock Group	3.83%
Umicore NV	3.09%

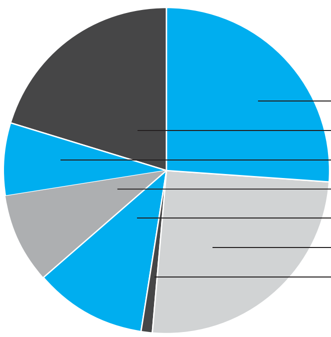
Shareholder profile

Nyrstar's shareholder base primarily consists of institutional investors in the UK, Belgium, France, the US and other European countries, as well as Belgian retail investors.



Belgian retail shareholders represent approximately 37% of the Nyrstar shareholder base.

Of institutional shareholders, the primary regions are the Belgium (26%), UK (25%), and United States (11%).



The majority of institutional investors are long-term growth investors.

SOURCE: THOMSON REUTERS SHAREHOLDER IDENTIFICATION REPORT COMMISSIONED BY NYRSTAR IN OCTOBER 2012

MANAGEMENT REPORT

KEY SHARE FACTS

For the year ended 31 December	2012	2011
Number of issued ordinary shares	170,022,544	170,022,544
Number of treasury shares	7,345,826	9,413,138
Market capitalisation (as at 31/12)	EUR 764,081,313	EUR 1,037,137,518
Underlying Earnings per Share (12 months to 31/12)	EUR (0.55)	EUR 0.38
Gross Capital Distribution (proposed)	EUR 0.16	EUR 0.16
Share price (closing price as at 31/12)	EUR 4.49	EUR 6.10
Year high (intra-day)	7.74 (08/02/12)	10.62 (13/01/11)
Year low (intra-day)	291.1 (26/07/12)	EUR 5.51 (23/11/11 and 25/11/11)
Average volume traded shares per day (12 months to 31/12)	1,036,883	993,666
Free float (as at 31/12)	85%	85%
Free float Velocity (full year)	185%	168%

SOURCE: EURONEXT

Dividend Policy

The Board reviewed the Company's dividend policy in 2009 and concluded that in light of the revised Company strategy a dividend policy defining a fixed pay-out ratio was no longer appropriate. The Company's revised dividend policy aims to maximize total shareholder return through a combination of share price appreciation and dividends, whilst maintaining adequate cash flows for growth and the successful execution of the Company's strategy.

Disclosure Policy

As a Belgian listed company and with a view to ensuring investors in Nyrstar shares have available all information necessary to ensure the transparency, integrity and good functioning of the market, Nyrstar has established an information disclosure policy.

This policy is aimed at ensuring that inside information of which Nyrstar is aware is immediately disclosed to the public. In addition, the policy is aimed at ensuring information that is disclosed is fair, precise and sincere, and will enable the holders of shares in Nyrstar and the public to assess the influence of the information on Nyrstar's position, business and results.

Presentations to Investors, Analysts and Media

Nyrstar's reputation is greatly influenced by its ability to communicate in a consistent and professional manner with all our stakeholders.

A core Nyrstar value is to be open and honest and accordingly we strive to provide clear, open and transparent communications to all our stakeholders. Nyrstar regularly organizes presentations to investors, analysts and the media to provide strategic, operational and financial updates and build strong relationships.

To provide financial analysts, investors and media with a greater insight into our business we organised or participated at several events during the year.

MANAGEMENT REPORT

To engage with its institutional shareholders Nyrstar presented the Company at events organised by Bank of America Merrill Lynch, BMO Capital Markets, Citi, Deutsche Bank, Exane BNP Paribas, Goldman Sachs, HSBC, ING, KBC Securities, Macquarie, Morgan Stanley, Petercam, and Royal Bank of Canada (RBC). In addition Nyrstar also participated in numerous investor roadshows in North America and Europe.

In September 2012 financial analysts visited the Auby smelter.

Brokerages

The following brokerages published research on Nyrstar in 2012

ABN Amro	Exane BNP Paribas	Morgan Stanley
Bank De Groof	Goldman Sachs	Petercam
Bank of America - Merrill Lynch	HSBC	Rabobank
BMO Capital Markets	ING	RBC
Citi	KBC Securities	
Deutsche Bank	Macquarie	

Proposed distribution

The Board of directors will propose to shareholders at the Annual General Meeting to be held in Brussels on 24 April 2013 a gross distribution of EUR 0.16 per share and to structure the distribution as a capital reduction. This reflects the Board's continued confidence in the Nyrstar's financial strength and the medium to long-term prospects for the markets in which it operates.

MANAGEMENT REPORT

OPERATIONAL REVIEW

Growth in production of all metals; full year guidance delivered

- Mining production of 312kt of zinc in concentrate, up 105kt (51%) on 2011 (207kt)
    - Own mine production (excluding deliveries under Talvivaara zinc stream) of 282kt, up 172kt (64%)
    - Langlois ramp up completed in line with management expectations with production of 39kt
    - Tennessee Mines delivered significantly improved performance with production of 109kt, up 36%
    - Talvivaara deliveries of 30kt, down 5kt (14%)
- Mining production guidance achieved for lead (16.2kt actual), copper (13.0kt) and silver (5,517ktoz) and all significantly up on 2011, by 108%, 69% and 50% respectively; gold production slightly below guidance (94.6ktoz actual) but again significantly up on 2011 (90%)
- Zinc metal production of 1,084kt at smelters, in line with guidance

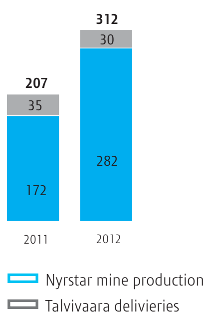
Improving the Nyrstar cost base and maintaining capital discipline

- Average zinc mining C1 cash cost[1] of USD 1,154/t of payable zinc in H2 2012 (USD 1,255/t in H1 2012)
- Tennessee Mines C1 cash cost significantly improved 20% in H2 2012 to USD 1,705/t (USD 2,143/t in H1 2012) due to increased volumes and unit cost reduction following optimisation programme
- Smelting operating cost per tonne of EUR 577 in 2012 impacted by strength of Australian dollar and production issues in H2 2012 at Port Pirie
- Implemented comprehensive group wide review of operating costs, Project Lean, identifying to date EUR 50 million in incremental annualised sustainable savings and a reduction in employee and contractor headcount of 15-20% across smelting, mining and corporate; expect full benefit to be realised by end of 2014
    - First phase implemented in Q4 2012 through optimisation of Peruvian operations, with reduction in employee and contractor headcount by approximately 1,000
- Planned reduction in capital expenditure to EUR 200–230 million in 2013 (including growth spend of EUR 35-55 million), compared to EUR 248 million spent in 2012 which was in line with guidance

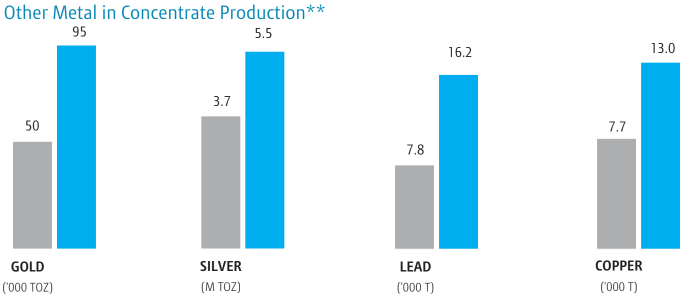
Continued roll-out of optimisation programme (Mining for Value) across Mining segment

- A back-to-basics, systematic analysis of processes and capabilities to develop an optimal, sustainable operating model for each mine, incorporating standardised operating systems, life of mine planning and optimised capital allocation
- Successful implementation at Tennessee Mines in H1 2012 resulting in increased zinc in concentrate production and significant (20%) improvement in C1 cash cost in H2 2012
- Implemented at Campo Morado in H2 2012, with tangible benefits expected to start materialising in H1 2013, and to be rolled out at other mines during course of 2013

Zinc in Concentrate Production (kt)*



Other Metal in Concentrate Production**



* Including deliveries from Talvivaara under the zinc streaming agreement
** 75% of the silver produced by Campo Morado is subject to a streaming agreement with Silver Wheaton Corporation whereby only USD3.90/oz is payable. In 2012 Campo Morado produced approximately 1,728,000 troy ounces of silver

[1] C1 cash costs are defined by Brook Hunt as: the costs of mining, milling and concentrating, on-site administration and general expenses, property and production royalties not related to revenues or profits, metal concentrate treatment charges, and freight and marketing costs less the net value of by-product credits.

MANAGEMENT REPORT

Mining Production	2012	2011
Zinc in concentrate ('000 tonnes)	312	207
Gold ('000 troy ounces)	94.6	49.9
Silver ('000 troy ounces)[2]	5,517	3,673
Copper in concentrate ('000 tonnes)	13.0	7.7
Smelting Production[3]		
Zinc metal ('000 tonnes)	1,084	1,125
Lead metal ('000 tonnes)	158	195

The improvement in mining profitability was driven by considerable growth in the production of all metals. Zinc in concentrate production of 312kt in 2012, was 51% higher than in 2011, with own mine production up 64%. Lead, copper, silver and gold production was also significantly up on 2011, by 108%, 69%, 50%, and 90% respectively. Production guidance was achieved for all metals, except for gold which was slightly below due to temporary operational interruptions experienced in H1 2012 at El Toqui and Coricancha.

These improvements were delivered in a challenging trading environment, with zinc, lead, copper and silver prices all down in 2012 and all remained volatile throughout the year. The zinc price averaged USD 1,946/t, down 11% on 2011, while there were 14%, 10% and 11% declines in the average lead, copper and silver prices respectively. This negatively impacted mining C1 cash costs, through the reduction in by-product credits. That said, due to improving the quality of our mining portfolio we still delivered an improvement in the average zinc mining C1 cash cost, down 5% in 2012 compared to 2011. This included a significant improvement in the C1 cash cost at Tennessee Mines to USD 1,705/t in H2 2012, down 20% compared to H1 2012, due to increased volumes and a unit cost reduction following an optimisation programme. The lower price environment also impacted smelting gross profit, which was additionally affected by lower 2012 zinc benchmark treatment charge (TC) terms, with realised TCs down 15% on 2011. Nyrstar did partly benefit from a weaker Euro although this did not offset the decline in commodity prices. The other currency impacting our results in 2012 was the Australian dollar, which continued its strong performance averaging 0.81 against the Euro, up 8% compared to 2011. While the zinc smelters maintained their cost in local currency, given approximately 40% of our smelting costs are denominated in Australian dollars, the average smelting operating cost per tonne in Euro terms increased to EUR 577.

At our 2012 Half Year results, we announced that we had commenced a group wide review of our corporate offices, mining operations and smelting operations to identify opportunities to sustainably reduce our operating costs, and that we were taking measures to reduce sustaining capital expenditure in H2 2012, whilst retaining our ability to invest in organic growth opportunities. Both initiatives are core elements of our strategy to achieve excellence in everything we do and we are pleased to announce we have made significant progress in both areas. We have identified to date EUR 50 million in incremental annualised sustainable operating cost savings, and have developed a detailed plan to implement this programme, known internally as Project Lean, by the end of 2014. We have already executed a first phase of this project through the optimisation of Peruvian mining operations, reducing employee and contractor headcount by approximately 1,000. With a significant portion of savings expected to be delivered within the Mining segment, we expect Project Lean to enable us to deliver on our medium term average mining C1 cash cost target of less than USD1,000/t. With regards to capital expenditure, we contained spend in H2 2012 and so total spend in 2012 was EUR 248 million, in line with our 2012 guidance and for 2013 we are guiding to a reduced level of full year spend of EUR 200-230 million.

2 75% of the silver produced by Campo Morado is subject to a streaming agreement with Silver Wheaton Corporation whereby only USD 3.90/oz is payable. In 2012, Campo Morado produced approximately 1,728,000 troy ounces of silver.

3 Includes production from Mining and Smelting segments only. Zinc production at Föhl, Galva 45 and Genesis and lead production at Simstar Metals are not included.

MANAGEMENT REPORT

MINING

'000 tonnes unless otherwise indicated	2012	2011
Total ore milled	6,924	4,516
Total zinc concentrate	564	369
Total lead concentrate	28.6	13.2
Total copper concentrate	72.5	49.1

Zinc in Concentrate		
Campo Morado	40	46
Contonga	15	10
Coricancha	2	2
El Mochito	26	10
El Toqui	20	9
Langlois	39	1
Myra Falls	32	15
East Tennessee	61	49
Middle Tennessee	48	32
Tennessee Mines	109	80
Own Mine Total	**282**	172
Talvivaara Stream	30	35
Total	**312**	207

Lead in concentrate		
Contonga	1.5	1.0
Coricancha	0.8	1.3
El Mochito	12.4	4.9
El Toqui	0.4	0.2
Myra Falls	1.1	0.4
Total	**16.2**	7.8

Copper in concentrate		
Campo Morado	5.6	5.2
Contonga	1.5	0.8
Coricancha	0.2	0.2
Langlois	2.0	0.1
Myra Falls	3.8	1.6
Total	**13.0**	7.7

Gold ('000 troy oz)		
Campo Morado	15.9	17.0
Coricancha	11.5	14.8
El Toqui	51.6	13.0
Langlois	2.0	-
Myra Falls	13.6	5.1
Total	**94.6**	49.9

MANAGEMENT REPORT

Silver ('000 troy oz)	2012	2011
Campo Morado[4]	1,728	1,836
Contonga	450	393
Coricancha	491	583
El Mochito	1,627	598
El Toqui	113	43
Langlois	528	-
Myra Falls	580	220
Total	**5,517**	3,673

The production figures above are those attained under Nyrstar ownership.

In 2012, Nyrstar produced approximately 312,000 tonnes of zinc in concentrate, a substantial increase (51%) compared to 2011 (207,000 tonnes). Own mine production, excluding deliveries under the Talvivaara zinc stream, increased 64% to approximately 282,000 tonnes in 2012 compared to 172,000 tonnes in 2011. There were also significant increases in the production of copper, lead, silver and gold. Copper in concentrate production increased 69%, lead in concentrate production increased 108%, production of gold was up 90% and silver production increased 50%. Nyrstar achieved its full year production guidance for zinc, copper, lead and silver, while it achieved slightly below guidance volumes for gold.

Production of zinc in concentrate at Campo Morado declined by 13% in 2012 compared to 2011. This was due to a 12% decline in the average zinc mill head grade and a 5% reduction in zinc recovery (the latter caused by a higher iron content in ore), which more than offset a 5% increase in the volume of ore milled. Gold and silver production also declined year-on-year, again due to lower mill head grades and recoveries. Copper in concentrate production increased 8%, primarily due to an 8% increase in the average mill head grade. As previously announced, during Q3 2012 an optimisation programme commenced at the Campo Morado mine to review all aspects of operations. Utilising the same systematic approach deployed during the successful programme at the Tennessee Mines during H1 2012, the intention is to improve the site's operating model to deliver a more productive and profitable operation. Areas identified for improvement were ore face mapping procedures, dilution control, ore sorting and the operating performance of the grinding circuit and gold circuit at the mill. Operational benefits started to be delivered in Q4 2012, with better dilution controls at the mill leading to increases in the average mill head grade in H2 2012 for copper (14%), silver (5%) and gold (2%) compared to H1 2012. In addition recovery rates improved in November and December for all metals due to the installation of new machinery and changes to management at the site, which led to higher production levels for all metals. Nyrstar would expect to start delivering tangible operational and financial results in H1 2013.

The Contonga mine delivered a 50% increase in its zinc in concentrate production in 2012 compared to 2011. This was primarily due to successfully receiving the required permit to expand mill capacity from 660 tonnes to 990 tonnes per day at the end of Q1 2012 and consequent successful efforts of the site to increase mill throughput the year. Consequently lead in concentrate, copper in concentrate and silver production also increased in 2012, by 50%, 88% and 15% respectively. Zinc and copper mill head grades both improved in 2012, 3% and 32% respectively, with a decline in the lead (2%) and silver (18%) grades. Production of all metals in H2 2012 was higher than in H1 2012 due to the higher throughput rate the mill was permitted to operate at.

[4] 75% of the silver produced by Campo Morado is subject to a streaming agreement with Silver Wheaton Corporation whereby only USD 3.90/oz is payable. In 2012, Campo Morado produced approximately 1,728,000 troy ounces of silver

MANAGEMENT REPORT

Production in 2012 at the Coricancha mine was materially impacted by the suspension of milling operations during Q2 2012 due to a temporary suspension imposed by the Peruvian mining authority. The order concerned the storage and planned movement of legacy tailings to a new facility which has been constructed by Nyrstar. Due to the milling suspension, no concentrate production was possible at Coricancha during Q2 2012. Production recommenced in July 2012 when authorisation was given for the Coricancha mine to re-start milling operations. During the suspension period the site was able to take a number of proactive steps including bringing forward a preventative maintenance schedule at the mill and stockpiling ore in underground workings. Subsequently the site was able to deliver a strong performance in H2 2012, with gold production up 61% compared to H1 2012 and silver (123%) and lead (67%) also up. In conjunction with the implementation of the first phase of Project Lean at the Peruvian operations, which reduced employee and contractor headcount by approximately 1,000 at Coricancha, at the end of 2012 Nyrstar implemented a new, interim operating model at the mine. The focus is now on extracting the maximum gold and silver value from legacy tailings before moving the waste material to the tailings pond. During this period the site will preserve cash by not mining ore from its underground deposits. Consequently while the volume of gold production is not expected to materially alter from 2012, silver production will be lower and zinc, lead and copper in concentrate production will cease. In the short term this operating model is expected to generate a positive underlying EBITDA result (at current metal prices), and in the medium to longer term ensure a sustainable economic solution for both legacy tailings and for future tailings following the recommencement of mining activities planned for 2014. In preparation for the restart of mining activities, the site will invest capital into targeted exploration to allow mechanised mining to be introduced underground, which will have production and cost benefits.

The El Mochito mine delivered a solid performance during 2012, with zinc in concentrate production of approximately 26,000 tonnes in line with total production (irrespective of ownership) in 2011; lead and silver production was also comparable year-on-year. Ore milled volumes were 5% higher in 2012 compared to 2011, although electrical failures during the rainy season (Q3 2012) restricted mill throughput during the second half. The site delivered increased mill head grades for all metals during H2 2012, thereby maintaining or increasing metal in concentrate production. The average silver mill head grade achieved (83.86g/t in H2 2012 and 71.94g/t for the full 2012) continued to exceed the proven reserve grade, while zinc and lead achieved grades were in line.

The El Toqui mine produced approximately 51,600 troy ounces of gold in 2012, a 54% increase on total production in 2011. This was due to the successful execution of gold campaigns in Q2 2012 and Q4 2012 in which underground mining activity targeted higher grade gold ore bodies (average mill head grade in 2012 of 3.76g/t, compared to 2.30g/t in 2011) rather than zinc ore bodies. The campaign demonstrates Nyrstar's strategy to focus on maximising value rather than production, with the El Toqui mine able to change the production mix of metals, from zinc to gold, based on prevailing commodity market conditions. As a consequence zinc in concentrate production was reduced to approximately 20,000 tonnes in 2012 from 29,000 tonnes in 2011. The operational performance at the El Toqui mine during 2012 was particularly impressive given the mill operated at a reduced level for approximately four weeks during Q1 2012, due to the impact of demonstrations in relation to social conditions by communities across the Aysén region of Chile in which the mine is situated. Although these events were completely unconnected to the mine, they prevented the free movement of fuel, equipment, contractors and employees to and from the site. During 2012 the mine delivered a successful diamond drilling programme, which added to the proven and probable reserves and measured and indicated mineral resources as reported in Nyrstar's 2012 Mineral Resource and Mineral Reserve statement.

Following the successful completion of its ramp-up in H1 2012, the Langlois mine delivered a solid performance in H2 2012 increasing its zinc in concentrate, copper in concentrate, gold and silver production half-on-half by 29%, 22%, 22% and 32% respectively. Full year zinc in concentrate production of approximately 39,000 tonnes was in line with management expectations. The site continued to update its block models in H2 2012 to improve the understanding of the underlying geology and improve mine planning capabilities. As advised in Nyrstar's 2012 Half Year Results, during this time the consistency of mill head grades could vary and this is what transpired with zinc grades failing 2% in H2 2012 to 8.05% compared to H1 2012, and grades of other metals also declining. One may expect this grade variability to continue into H1 2013. However, these decreases in grade in H2 2012 were largely offset by the continued increases in ore milled (up 39% in H2 2012).

MANAGEMENT REPORT

The Myra Falls mine performed in line with its long term mine plan in 2012, with ore milled volumes increasing 6% compared to 2011. Zinc in concentrate production of approximately 32,000 tonnes in 2012, was 11% lower than total production in 2011, primarily driven by a lower average zinc mill head grade. Whereas in H2 2011, as per the long term mine plan, mining activities focused on higher zinc grade ore bodies (average zinc mill head grade of 9.00%), during 2012 mining concentrated on different areas within the ore bodies with an average zinc mill head grade of 6.88%. Copper in concentrate production also declined year-on-year, again due to a lower mill head grade as the mine plan concentrated on the Western ore bodies at the site where by-products grades are slightly lower. Both silver (1%) and gold production (10%) increased in 2012 compared to total production in 2011, with the higher ore milled volume more than offsetting marginal decline in mill head grades.

The Tennessee Mines delivered a significant improvement in operational performance in 2012. This followed a six week optimisation programme which commenced at the end of Q1 2012, combining internal and external resources working with Tennessee mine management, to analyse processes at the mines and build an optimised operating programme, known as Mining for Value. The focus areas identified were mine planning, operations and asset management with projects emphasising throughput, mine development and value awareness. The programme already delivered some benefits in H1 2012, however the real step change in performance occurred in H2 2012. Zinc in concentrate production in H2 2012 increased by 31% and 18% at East and Middle Tennessee Mines, respectively, compared to H1 2012. For the full year 2012 combined zinc in concentrate production was approximately 109,000 tonnes, 36% higher than in 2011. Middle Tennessee's performance in 2012 was particularly impressive with zinc in concentrate production increasing 50%, ore milled up 27% and a 19% increase in the average zinc mill head grade compared to 2011.

Deliveries of zinc in concentrate from Talvivaara under the zinc streaming agreement declined by approximately 14% in 2012 to 30,000 tonnes, from 35,000 tonnes in 2011. Talvivaara's performance was impacted by dilution of leach solutions due to excessive rain, scheduled maintenance and a fatality related stoppage during H1 2012, and then in H2 2012 due to the suspension of operations during November due to a gypsum pond leakage. These production issues all had a knock-on impact on deliveries to Nyrstar, with the suspension in operations from the pond leakage leading to a fall in deliveries in H2 2012 of 13% compared to H1 2012. During H1 2012 an important logistical process step was made with Talvivaara delivering concentrate by bulk rather than container shipping as a result of the successful reduction in the moisture content of concentrate. This has simplified the flow of deliveries of concentrate between the Talvivaara mine site and Nyrstar's port facilities in Antwerp.

Production Guidance

Production guidance for 2013 across Nyrstar's portfolio of mining assets is as follows:

Metal in concentrate	Production Guidance
Zinc (own mines)*	300,000 – 340,000 tonnes
Lead	15,000 – 18,000 tonnes
Copper	12,000 – 14,000 tonnes
Silver**	5,250,000 – 5,750,000 troy ounces
Gold	85,000 – 95,000 troy ounces

* Excluding zinc deliveries under the Talvivaara Streaming Agreement. Talvivaara have indicated they will issue their 2013 production guidance in their 2012 Full Year Results due for release on 14 February 2013.

** 75% of the silver produced by Campo Morado is subject to a streaming agreement with Silver Wheaton Corporation whereby only USD 3.90/oz is payable

The guidance above reflects Nyrstar's current expectation for 2013 production. Importantly, Nyrstar's strategy is to focus on maximising value rather than production and, as such, the production mix of these metals may be altered during the course of the year depending on prevailing market conditions. Revised updates may be issued by Nyrstar in subsequent trading updates during 2013, if it is expected that there will be material changes to the above guidance.

MANAGEMENT REPORT

SMELTING

Zinc metal ('000 tonnes)	2012	2011
Auby	161	164
Balen/Overpelt	250	282
Budel	257	261
Clarksville	114	110
Hobart	272	279
Port Pirie	31	30
Total	**1,084**	1,125

Lead metal ('000 tonnes)		
Port Pirie	158	195

Other products		
Copper cathode	3	4
Silver ('000 troy ounces)	13,806	18,563
Gold ('000 troy ounces)	56	36
Indium metal (tonnes)	13	-
Sulphuric acid	1,388	1,400

The Smelting segment produced approximately 1,084,000 tonnes of zinc metal in 2012, in line with the stated guidance of approximately 1.1 million tonnes. Although 4% down on the record performance achieved in 2011 (1,125,000 tonnes), 2012 production was line with historical levels. The zinc smelters delivered a strong operational performance in H2 2012, producing approximately 547,000 tonnes of zinc metal, a 2% increase on H1 2012, a half in which the Smelting segment experienced some operational issues (particularly at the start of the year).

The Auby smelter performed strongly in 2012, with zinc metal output again at full operating capacity and the indium metal production of approximately 13 tonnes, following the successful commissioning of the indium metal plant during Q2 2012. The Balen/Overpelt smelter recovered well in H2 2012, following a first half impacted by national industrial action and an unplanned shut in Q1 2012. H2 2012 zinc metal production increased 8% from H1 2011, although compared to a very strong 2011 production for the full year 2012 was down 11%. In spite of a planned three week roaster and acid plant shut in Q2 2012, the Budel smelter delivered another strong full year performance, with zinc metal production in line with 2011.

At Clarksville, zinc metal production was 4% up in 2012 compared to 2011, with the previous year's production impacted by a planned roaster dome refractory replacement (a one in thirty year event). During Q3 2012, the Clarksville smelter began to produce germanium leach (an intermediate product), by processing germanium contained in Middle Tennessee Mine zinc concentrate. Germanium is used in fibre-optics and semi-conductors, and the production of the leach product generates high margins. Due to current constraints, the production of germanium leach currently limits the throughput rate of the Clarksville roaster thereby reducing zinc metal production. This is an example of a strategic initiative called Smelting For Value, whereby smelters are driven to maximise EBITDA and free cash flow margins rather than maximise zinc production volumes. The Hobart smelter delivered a solid operating performance in 2012, with zinc metal production marginally (3%) down on a strong 2011.

Lead metal production at the Port Pirie smelter in 2012 was impacted by an unplanned shut of the blast furnace in Q3 2012, which led to a 19% decrease compared to 2011. The production of other metals was additionally impacted by an unplanned shut of the copper drossing furnace, also in Q3 2012, with copper and silver production down 25% and 26% respectively (silver production was also impacted by the lower volume of silver bearing material extracted from the floor of the precious metal refinery in 2012 compared to

MANAGEMENT REPORT

2011). Gold production was also impacted by the two aforementioned shuts however due to the strategy to treat more complex lead concentrates with a higher precious metal content, to increase EBITDA margins, gold production increased 56% in 2012 compared to 2011.

Production Guidance and Planned Shuts

Nyrstar expects to produce 1.0 – 1.1 million tonnes of zinc metal in 2013. This level of production is based on maximising EBITDA and free cash flow generation in the Smelting segment by targeting the optimal balance between production and sustaining capital expenditure.

During 2013 there are a number of major scheduled and budgeted maintenance shuts at the smelters, which will have an impact on production. These shuts will enable the smelters to continue to operate within internal safety and environmental standards, comply with external regulations/standards and improve the reliability and efficiency of the production process. In addition, the scheduled shuts will allow the sites to make improvements to critical production steps, for instance improving reliability and/or expanding capacity of different metals. All efforts are made to reduce the production impact of these shuts by building intermediate stocks prior the shut and managing the shut in a timely and effective manner. The estimated impact of these shuts on 2013 production, which have been taken into account when determining zinc metal guidance for 2013, are listed below:

2013 smelter planned shuts

Smelter & production step impacted	Timing and duration	Estimated impact
Auby - zinc plant	Q1: 1 - 2 weeks	nil – 5,000 tonnes zinc metal
Auby - zinc plant	Q2: 1 – 2 weeks	nil – 7,500 tonnes zinc metal
Balen - roaster and acid plant	Q2 – Q3: 12 weeks	12,000 – 20,000 tonnes zinc metal
Balen - cellhouse	Q2: 2 – 4 weeks	
Clarksville - roaster and acid plant	Q1: 2 weeks	nil – 5,000 tonnes zinc metal
Hobart - roaster and acid plant	Q1: 1 - 2 weeks	nil – 5,000 tonnes zinc metal
Port Pirie - slag Fumer	Q3: 2 -3 weeks	1,000 – 2,000 tonnes zinc metal

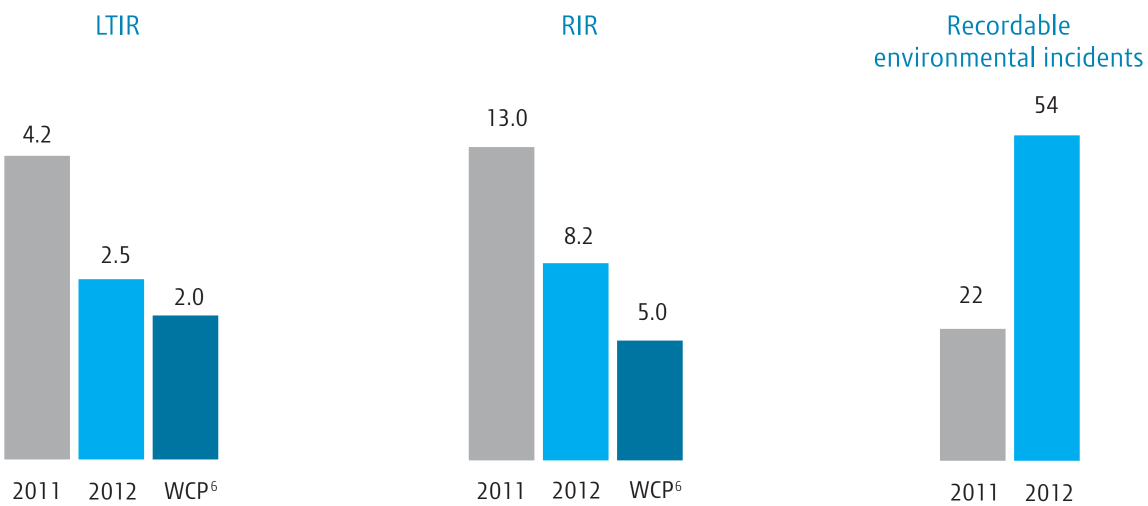
SAFETY, HEALTH & ENVIRONMENT

Nyrstar's recordable injury rate (RIR)[5] continued to improve during 2012, with a significant decline of 37% to 8.2 in 2012 compared with 13.0 in 2011. The lost time injury rate (LTIR)[5] also significantly decreased, by 40% to 2.5 in 2012, compared to 4.2 in 2011. The RIR and LTI rate at Nyrstar's smelters remain at record low levels and there have been substantial improvements in the Mining segment as a result of a strong safety focus at the mines acquired in previous years.

A global mining underground safety audit was completed in January 2012, which utilised external mining safety specialists in collaboration with internal health and safety managers. The team conduct an on-the-ground review of practices, policies and procedures at each mining operation, with the objective of creating a safety framework and improvement programme which will enable Nyrstar to achieve world class underground mining safety standards. The outcomes of the audit were presented to Nyrstar's Board during H1 2012 and subsequently site level safety improvement plans were developed and implemented during H2 2012.

In the Smelting segment, both Budel, 1.8, and Port Pirie, 3.2, achieved recordable injury rates in 2012 that surpassed world class performance levels of 5.0[6]. In addition Budel ended 2012 without recording a single Lost Time Injury. Both of these exceptional safety performances were a result of a Driven Safety Focus initiative at Nyrstar's smelters, the participation of all employees in Living the Nyrstar Way, a core component of Nyrstar's Strategy into Action, and a high safety maturity level of all employees across the two sites. During 2012 the Smelting segment focused on leading indicators and in Living Safety on a daily basis, with near miss reporting and Investigation and hazard identification reporting and elimination.

There were no environmental incidents that resulted in a significant off-site environmental impact or in regulatory enforcement action during 2012. However, there was a material increase in minor recordable environmental incidents, with 54 being reported in 2012 compared with 22 in 2011. The increase is primarily due to the greater number of mines that Nyrstar now operates, with the acquisition of the Campo Morado, El Mochito, El Toqui, Langlois and Myra Falls mines during 2011.



[5] Lost Time Injury Rate (LTIR) and Recordable Injury Rate (RIR) are 12 month rolling averages of the number of lost time injuries and recordable injuries (respectively) per million hours worked, and include all employees and contractors at all operations. Prior period data can change to account for the reclassification of incidents following the period end date.

[6] World class performance based on international oil and gas industry health and safety data.

MARKET REVIEW

Challenging trading environment with downward movements in commodity prices and treatment charges

- Commodity prices remained volatile throughout 2012, with zinc, lead, copper and silver prices all down in 2012
- Zinc price averaged USD 1,946/t, down 11% on 2011 (USD 2,191/t), and 14%, 10% and 11% declines in the average lead, copper and silver prices respectively
- 2012 zinc benchmark treatment charge (TC) significantly below 2011 terms, with realised TC declining 15%
- Partly benefited from weaker Euro, however smelting cost base challenged due to strength of the Australian Dollar, averaging 0.81 against the Euro (up 8% compared to 2011)

Average prices[7]	**2012**	**2011**
Exchange rate (EUR/USD)	1.28	1.39
Zinc price (USD/tonne, cash settlement)	1,946	2,191
Lead price (USD/tonne, cash settlement)	2,061	2,398
Copper price (USD/tonne, cash settlement)	7,950	8,811
Silver price (USD/t.oz, LBMA AM fix)	31.15	35.12
Gold price (USD/t.oz, LBMA AM fix)	1,662	1,572

Exchange rate

The Euro weakened against the US Dollar by 2%, from an average of 1.30 in H2 2012 to an average of 1.27 in H2 2012. The reason for this depreciation was primarily due to on-going uncertainties regarding European Sovereign debt. The appreciation of the US Dollar relative to the Euro positively impacted Nyrstar's earnings in H2 2012 as revenues are largely denominated in US dollars.

Base Metal Summary

The resurgence of concerns regarding European Sovereign debt and the growth rate of the Chinese economy led to a decline in macroeconomic sentiment and a subsequent correction in metals prices in Q2 2012. This correction reached its nadir in Q3 2012 and thereafter sentiment subsequently began to lift in September due to policy response actions by central banks as well as resilient economic data from the United States and some easing of fiscal austerity measures in China.

Zinc

The average zinc price declined by 11% in 2012 to USD 1,946 per tonne compared to USD 2,191/t in 2011. Whilst overall demand expectations softened over the course of 2012, key end use sectors for zinc continued to grow at a healthy pace, such as Chinese galvanised sheet production and US automotive production. Zinc supply was impacted by a curtailment of smelting production due to a low price environment, particularly in China where smelter utilisation rates were also impacted by low spot treatment charges in H1 2012. According to Brook Hunt, global zinc consumption is expected to have grown at a rate of 3.1% in 2012. Whilst the average price of zinc was 3% lower in H2 2012 compared to H1 2012, much of this has been as a consequence of a stronger US Dollar. From the beginning of July to the end of the year the zinc price appreciated by 9%.

[7] Zinc, lead and copper prices are averages of LME daily cash settlement prices. Silver and gold prices are averages of LBMA AM daily fixing prices.

MANAGEMENT REPORT

Lead

Although the average lead price fell by 14% to USD 2,061 per tonne in 2012, the price recovered towards the end of 2012. The average price was 3% higher in H2 2012 compared to H1 2012, with physical tightness as well as investor sentiment contributing to a price appreciation of 25% from the beginning of July to the end of December. End use demand continued to grow at a healthy pace with Brook Hunt expecting consumption growth in China, the largest end use market, to have increased by 9.2% in 2012. Additionally, lead has the potential for further refining capacity curtailments in China due to environmental regulation. Consequently, global lead consumption is estimated to have grown by 5.3% in 2012 in contrast to total refined production which is only estimated to have grown by 2.2% in the same period according to Brook Hunt.

Copper

The average copper price in 2012 was USD 7,950/t in 2012, a 10% decline compared to USD 8,811/t in 2011. It is estimated by Brook Hunt that global copper consumption, which includes direct use of scrap, will have increased by 1% in 2012. Whilst this is a more modest consumption increase than in previous years, copper mine production continues to face setbacks and disruptions and this continues to support prices. Additionally, the forecast for 2013 is more favourable with global copper consumption forecast to increase by 5.1% in 2013 according to Brook Hunt.

Gold & Silver

The gold price continued to receive support through the duration of 2012 due to continuing uncertainties in some areas of the global economy; particularly concerns over sovereign debt in the Eurozone as well as continued low interest rates in the United States. The average silver price underperformed relative to gold during the year as industrial end user demand is more significant, and therefore silver was in part subject in part to similar concerns regarding global growth as base metals. This resulted in the average silver price falling by 11% in 2012 to USD 31.15 per troy ounce compared to 2011 (USD 35.12/toz). However, in contrast to 2011, silver exhibited significantly lower volatility throughout the year.

Sulphuric Acid

In 2012, prices achieved by Nyrstar on sales of sulphuric acid, which are predominately based on contracts rather than the spot market, trended downwards from an average of USD 73 per tonne in H1 2012 to an average of USD 66 per tonne in H2 2012. The sulphuric acid price, buoyed in 2011 by rising food prices resulting in an average price achieved by Nyrstar of USD 85 per tonne, suffered in 2012, averaging USD 69 per tonne, due to a decline in macroeconomic sentiment, particularly in Europe.

MANAGEMENT REPORT

FINANCIAL REVIEW

Contribution from Mining segment continues to grow in line with strategy; group underlying EBITDA and PAT adversely impacted by macro-economic conditions

- Group underlying EBITDA of EUR 220 million, down (17)% on 2011 (EUR 265 million)
  - Mining EUR 129 million, up 79%, in line with strong production growth
  - Smelting EUR 135 million, down (43)%, impacted by lower treatment charges and reduced contribution from silver bearing material at Port Pirie of EUR 24 million compared to EUR 78 million in 2011
- Mining underlying EBITDA per tonne[8] EUR 413, up 19% on 2011 (EUR 348)
- Smelting underlying EBITDA per tonne[9] EUR 125, down 40% on 2011 (EUR 209)
- EPS of EUR(0.57) (PAT EUR (95) million) impacted by one-off impairments of non-core assets and restructuring expenses
- Proposed distribution of EUR0.16 per share via a share capital reduction

Strong financial position with a high quality portfolio of long-term debt

- Successfully refinanced EUR 400 million structured commodity trade finance facility
- Significant cash inflow from operating activities due to working capital initiatives
- Net debt of EUR 681 million at the end of 2012, compared to EUR 718 million at the end of 2011
- Gearing[10] maintained at 37.0% at the end of 2012, compared to 35.0% at the end of 2011

Due to the unfavourable trading environment, in absolute terms our results declined in 2012 compared to 2011. Group underlying EBITDA of EUR 220 million, declined by 17% on 2011, with smelting underlying EBITDA, down 43%, also impacted by the reduced contribution from silver bearing material at Port Pirie (EUR 24 million in 2012 compared to EUR 78 million in 2011). Loss after tax of EUR (95) million was also impacted by increased depreciation and depletion charges in our Mining segment, the latter a non-cash item related to the accounting treatment of the Breakwater Resources and Farallon Mining acquisitions, higher finance expenses, and one-off charges for impairment of EUR 17 million against non-core assets and restructuring expenses of EUR 17 million mainly in relation to our announced cost savings programme, Project Lean.

Maintaining the strength of our balance sheet was of critical importance during 2012, as commodity price conditions remained volatile and we continued to invest in organic growth opportunities. A key cornerstone in achieving this aim was our ability to successfully refinance our EUR 400 million structured commodity trade finance facility. In addition, we took a number of measures to improve our management of working capital that enabled us to deliver a year-on-year reduction in our net debt position, and we took the step of writing down a number of non-core businesses.

8 Mining segment underlying EBITDA per tonne of zinc in concentrate produced
9 Smelting segment underlying EBITDA per tonne of zinc metal produced
10 Gearing: net debt to net debt plus equity at end of period

MANAGEMENT REPORT

KEY FINANCIAL DATA

EUR million **unless otherwise indicated**	**2012**	**2011**
Revenue	3,070	3,348
Mining EBITDA[11]	129	72
Smelting EBITDA[11]	135	235
Other & Eliminations EBITDA[11]	(44)	(42)
EBITDA[11]	**220**	265
Results from operating activities before exceptional items	(6)	122
Profit/(loss) for the period	**(95)**	36
Mining EBITDA/t[11]	413	348
Smelting EBITDA/t[11]	125	209
Group EBITDA/t[11]	158	199
Underlying EPS (EUR)	(0.55)	0.38
Basic EPS (EUR)	(0.57)	0.24
Capital Expenditure	248	229
Cash Flow and Net Debt		
Net operating cash flow	362	121
Net debt/(cash), end of period	681	718
Gearing[12]	37.0%	35.0%

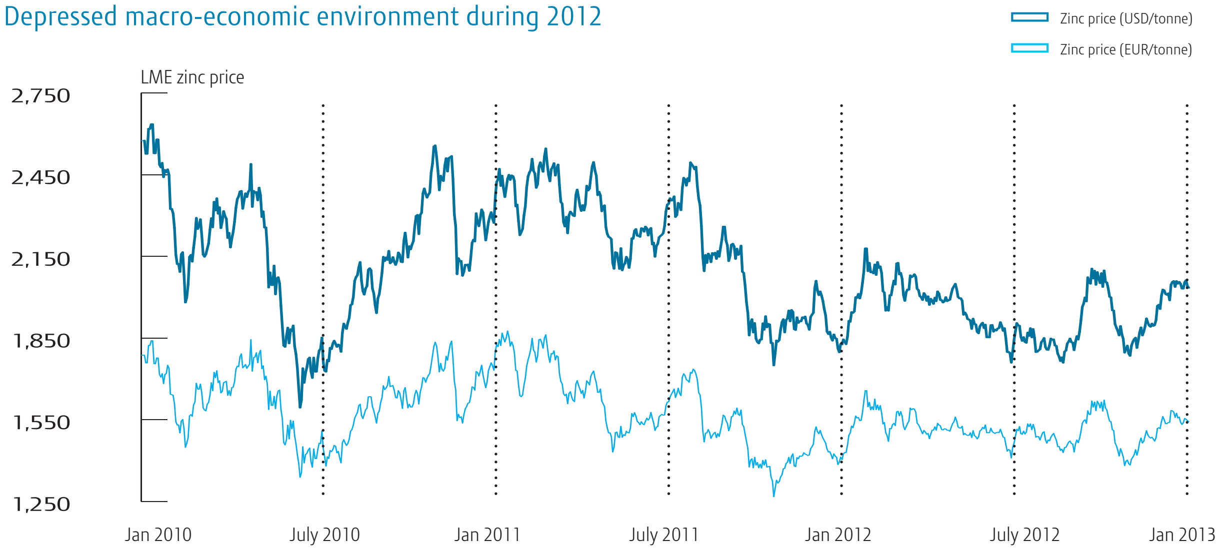
Group underlying EBITDA in 2012 was EUR 220 million compared to EUR 265 million in 2011. This decrease was primarily driven by downwards movements in commodity prices, a lower zinc benchmark treatment charge and a significantly smaller contribution from silver bearing material at the Port Pirie smelter.

[11] All references to EBITDA in the table above are Underlying EBITDA. Underlying measures exclude exceptional items related to restructuring measures, M&A related transaction expenses, impairment of assets, material income or expenses arising from embedded derivatives recognised under IAS 39 and other items arising from events or transactions clearly distinct from the ordinary activities of Nyrstar. Underlying EPS does not consider the tax effect on underlying adjustments.

[12] Gearing: net debt to net debt plus equity at end of period

MANAGEMENT REPORT

Depressed macro-economic environment during 2012



Nyrstar's earnings are highly sensitive to changes in the zinc price (see Sensitivities section), and as the Mining segment's production of other metals has increased, the sensitivity to changes in the lead, copper and silver price has also increased. The average zinc price was 11% lower in 2012 compared to 2011, averaging USD 1,946/t in 2012 compared to USD 2,191/t in 2011, while the average lead, copper and silver price declined by 14%, 10% and 11% respectively. Nyrstar's earnings also remain materially sensitive to changes in the zinc treatment charge. The 2012 zinc benchmark treatment charge was significantly below 2011 terms, resulting in a realised TC of USD 196 per dry metric tonne (dmt) in 2012, a 15% decline on 2011 (USD 230/dmt), which had a materially adverse impact on group EBITDA. In addition, in 2012 there was a smaller contribution, EUR 24 million in 2012 compared to EUR 78 million in 2011, from the recovery, processing and sale of silver bearing material at the Port Pirie smelter.

Offsetting these items, which combined had a relatively larger impact on the Smelting segment, was the continued upward progression of mining underlying EBITDA, which continued to grow in line with Nyrstar's stated backward integration strategy. In 2012 mining underlying EBITDA increased 79% to EUR 129 million (2011, EUR 72 million), despite lower commodity prices, and growth during the year was similarly impressive with a result of EUR 73 million in H2 2012, up 30% on H1 2012. In H2 2012, Nyrstar's Mining segment for the first time delivered a higher underlying EBITDA result than the Smelting segment which represents a major milestone in the strategic transformation of Nyrstar from a pure smelting business to integrated mining and metals company. The Smelting segment delivered an underlying EBITDA of EUR 56 million in H2 2012 compared to EUR 79 million in H1 2012, and for the full year 2012 underlying EBITDA was EUR 135 million compared to EUR 235 million in 2011.

In addition to the factors above loss after tax of EUR (95) million in 2012, compared to profit after tax of EUR 36 million in 2011, was impacted by one-off impairment charges of non-core assets, restructuring expenses mainly related to the announced EUR 50 million cost savings programme (Project Lean), the disposal of non-core assets (namely Australian Refined Alloys in (Sydney, Australia) and Galva45 in (France)), higher financing expenses and increased depreciation, depletion and amortisation (D,D&A) charges. The increase in D,D&A in 2012 was due in part to an increase in depletion charges, non-cash, in the Mining segment, which was driven by accounting requirements in relation to the acquisitions of Farallon Mining and Breakwater Resources in 2011.

Group underlying EBITDA in 2012 was EUR 220 million compared to EUR 265 million in 2011. This decrease was primarily driven by downwards movements in commodity prices, a lower zinc benchmark treatment charge and a significantly smaller contribution from silver bearing material at the Port Pirie smelter.

MANAGEMENT REPORT

MINING

EUR million unless otherwise indicated	2012	2011
Treatment charges	(100)	(71)
Payable metal contribution	403	288
By-Products	226	135
Other	(20)	(9)
Underlying Gross Profit	**509**	345
Employee expenses	(135)	(77)
Energy expenses	(47)	(29)
Other expenses	(199)	(168)
Underlying Operating Costs	**(380)**	(273)
Underlying EBITDA	**129**	72
Underlying EBITDA/t	**413**	348

The Mining segment continued its underlying EBITDA growth progression, up 79% to EUR 129 million from EUR 72 million in 2011, despite the decline in zinc, lead, copper and silver prices. The increase in underlying EBITDA was driven primarily by a strong year-on-year improvement in the production of all metals, particularly from the relatively higher margin former Breakwater mines which were acquired at the end of August 2011. Despite the 3% fall in the average zinc price half-on-half, underlying EBITDA increased 30%, from EUR 56 million in H1 2012 to EUR 73 million in H2 2012 due to significantly improved performance at the Tennessee Mines following the optimisation programme, the restart of milling operations at Coricancha in July following the suspension in Q2 2012 and good financial performance's by El Mochito and El Toqui mines.

The Mining segment's underlying gross profit was EUR 509 million in 2012, up 48% compared to 2011. Smelting treatment charge expense was EUR 100 million, a 41% increase on 2011, due to the increase in zinc concentrate sales. Despite the 11% fall in the average zinc price in 2012, payable metal contribution grew to EUR 403 million, up 40% on the previous year, due to higher volumes of zinc in concentrate sold. Gross profit from by-products, an important contributor to the Mining segment with the expansion of Nyrstar's multi-metal footprint, increased to EUR 226 million (EUR 135 million in 2011), with the increased volumes of by-product metals produced in 2012 more than offsetting the decline in the prices of lead, copper and silver. Other Mining gross profit was EUR (20) million, up on 2011 due to the higher freight costs from transporting additional sold volumes of concentrate and other products.

The average zinc C1 cash cost for Nyrstar's zinc mines (including the Talvivaara zinc stream) was USD 1,199 per tonne of payable zinc in 2012, an improvement of 5% compared to 2011 (USD 1,257/t). The improvement during the year, 10% down in H2 2012 to USD 1,135 per tonne, was mainly driven by a significant improvement in volume and cost performance at the Tennessee Mines following the optimisation programme, and a negative C1 cash cost delivered at El Toqui (due to the gold campaign in Q4 2012). The improvement in the average C1 cash cost in 2012 compared to 2011, and in H2 2012 compared to H1 2012, were both achieved despite the decline in commodity prices, which reduced the level of by-product credits.

At the Campo Morado mine the C1 cash cost was USD 1,022 per tonne, compared to USD 401 per tonne in 2011. In addition to the impact of declining metal prices, the 13% year-on-year reduction in zinc in concentrate production, primarily due to a lower mill head grade, increased costs on a per tonne basis. The decrease in both gold, and to a lesser extent silver, production (again due to failing mill head grades) reduced the level of by-product credits further impacting the 2012 C1 cash cost. As discussed in the Operations Review section, an optimisation programme was deployed at the site in H2 2012 to improve the site's operating model to deliver a more productive and profitable operation. While some operational benefits started to be delivered towards the end of Q4 2012, Nyrstar would expect to start delivering tangible financial results, and therefore an improved C1 cash cost, in H1 2013. The C1 cash cost at the Contonga mine decreased 9%

MANAGEMENT REPORT

in 2012 to USD 1,333 per tonne compared to 2011 (USD 1,459 per tonne) due to the increase in production of all metals which followed the receipt, at the end of Q1 2012, of a permit to expand mill capacity from 660 tonnes to 990 tonnes per day.

The strong C1 cash cost result at the El Mochito mine, of USD 278 per tonne in 2012, was due to the increased level of silver production and strong cost performance delivered in H2 2012. The El Toqui mine achieved a result of USD (2,203) per tonne in 2012 due to two gold campaigns, in Q1 and Q4 2012, executed at the site. This materially increased the volume of gold produced (up 54% on 2011) thereby increasing the level of by-product credits. At Myra Falls the C1 cash cost in 2012 was USD 633 per tonne, which although higher than the result achieved in 2011 (USD 394/t) was in line with management expectations. The Langlois mine delivered a C1 cash cost of USD 1,981 per tonne in 2012, reflecting its ramp-up status in H1 2012 and the variability in mill head grades achieved in H2 2012 as the site develops its mine plan. An improvement in cash cost performance is expected in 2013 as the mine can focus more on operating and cost performance with the expected stabilisation of production volumes.

The C1 cash cost for the Tennessee Mines declined by 17% in 2012 to USD 1,903 per tonne compared to 2011 (USD 2,292/t) due to the impact of the optimisation programme deployed in H1 2012. With a focus on throughput, mine development and value awareness, the site was able to deliver both increasing zinc in concentrate volumes and improvements in unit costs throughout the second half of 2012. Therefore the improvement in C1 cash cost from H1 2012 to H2 2012 was even more impressive, declining 20% to USD 1,705 per tonne. The C1 cash cost for zinc delivered from the Talvivaara zinc stream was approximately USD 819 per tonne of payable zinc in 2012, lower than the 2011 due to a lower zinc benchmark treatment charge and the strength of the US dollar relative to the Euro, thereby reducing the extraction and processing fee in dollar terms.

The Coricancha mine delivered an impressive turnaround in its financial performance in H2 2012. Along with the restart of production in July, following the lifting of the suspension order on milling operations imposed by the Peruvian mining authorities, the site reduced employee and contractor headcount by approximately 1,000 as part of the first phase of Project Lean. In addition operational improvements were made at both the mine and mill, all of which contributed to the mine delivering a C1 cash cost of USD 581 per troy ounce of payable gold in H2 2012. However due to the losses incurred in H1 2012 during the suspension, the C1 cast cost for the full year 2012 was USD 1,735 per troy ounce representing an underlying EBITDA loss.

C1 Cash cost USD/payable tonne zinc	**2012**	**2011**
Campo Morado	1,022	401
Contonga	1,333	1,459
El Mochito	278	(34)
El Toqui	(2,203)	1
Langlois	1,981	-
Myra Falls	633	394
Tennessee Mines	1,903	2,292
Talvivaara Stream	819	1,018
Average zinc C1 cash cost	**1,199**	1,257

C1 Cash cost USD/payable t oz gold	**2012**	**2011**
Campo Morado	1,735	1,172

MANAGEMENT REPORT

In 2012 Nyrstar's Mining segment continued to improve its performance in the key metric of underlying EBITDA per tonne of zinc in concentrate produced. Despite the negative impact caused by the decline in zinc, lead, copper and silver prices in 2012 compared to 2011, underlying EBITDA per tonne in the Mining segment increased 19% to EUR 413 (2011, EUR 348). With the half-on-half increase in the production of all metals and the downward movement in the average zinc C1 cash cost, underlying EBITDA per tonne in H2 2012 improved by 23% to EUR 456 (H1 2011, EUR 371). With the focus on improving the mining cost base through the implementation of Project Lean, an increase in zinc in concentrate production in line with 2013 guidance and a focus on delivering organic growth opportunities, Nyrstar would expect to further improve underlying EBITDA per tonne in the Mining segment, even at constant prices.

SMELTING

EUR million unless otherwise indicated	**2012**	**2011**
Treatment charges	338	386
Free metal contribution	242	245
Premiums	115	120
By-Products	221	282
Other	(64)	(98)
Underlying Gross Profit	**852**	937
Employee expenses	(218)	(202)
Energy expenses[13]	(275)	(277)
Other expenses	(224)	(223)
Profit/(loss) for the period	**(717)**	(702)
Underlying EBITDA	**135**	235
Underlying EBITDA/t	**125**	209
Underlying Cost /t	**577**	532

The Smelting segment delivered an underlying EBITDA result of EUR 135 million in 2012, a change of (43)% compared to 2011 (EUR 235 million). The main drivers behind this decline were lower commodity prices, a reduced 2012 zinc benchmark treatment charge, a smaller financial contribution from the identification, recovery and sale of silver bearing material at the Port Pirie smelter and a stronger Australian dollar. As a consequence underlying EBITDA per tonne in the Smelting segment was EUR 125, down from EUR 209 in 2011.

Underlying gross profit decreased 9% to EUR 852 million in 2012, compared to EUR 937 million in 2011. Smelting treatment charge income from zinc and lead was EUR 338 million in 2012, approximately 12% less than in 2011. The 2012 zinc benchmark TC settled well below the level for 2011 at USD 191 per tonne of concentrate, at a basis zinc price of USD 2,000 per tonne. Therefore in 2012 Nyrstar was able to achieve an average realised zinc TC of only USD 196 per tonne of concentrate, a 15% decline on 2011 (USD 230/t). Although the average zinc price in 2012 was lower than benchmark basis price, therefore reducing the treatment charge received on concentrates due to the de-escalator mechanism, through the consumption of secondary feeds such as zinc oxides (which carry higher TCs) Nyrstar was able to realise a higher TC compared to the benchmark. Free metal contribution of EUR 242 million was relatively flat compared to 2011, with improved recoveries and the timing of zinc metal sales largely offsetting lower zinc prices and volumes. Despite the depressed macro-economic conditions in 2012, realised premiums on commodity grade and speciality alloy zinc and lead products experienced only a marginal decline compared to 2011. In combination with a change in sales mix towards lower margin commodity grade products, to meet customer demand, gross profit contribution in 2012 from Premiums of EUR 115 million was 4% down on 2011.

[13] Energy expenses do not include the net loss or gain on the Hobart smelter embedded energy derivatives (EUR 9 million loss in 2012, EUR 4 million gain in 2011)

MANAGEMENT REPORT

The contribution of By-product gross profit in 2012 was EUR 221 million, a decrease of 22% from EUR 282 million in 2011. The 2011 result included the recovery, from under the precious metals refinery, and sale of approximately 2.8 million troy ounces of historical silver losses at the Port Pirie smelter, contributing approximately EUR 78 million gross profit. In 2012, by demolishing the refinery, Nyrstar was able to recover and sell an additional 1.2 million troy ounces, contributing approximately EUR 26 million to gross profit (underlying EBITDA contribution of EUR 24 million, with approximately EUR 2 million spent on demolishing the refinery and recovering the silver bearing material). Other unlocking untapped value initiatives, namely the production of indium metal at the Auby smelter began to generate a more meaningful gross profit in H2 2012 as volumes were ramped-up. The contribution from refined copper and silver production at Port Pirie was impacted by a combination of lower average prices in 2012 compared to 2011, as well as production issues experienced in H2 2012 at the smelter. The lower acid price also impacted the by-product contribution. Other smelting gross profit was EUR (64) million.

The smelting cost per tonne (of zinc and lead metal) of EUR 577 increased 9% on 2011 (EUR 532). With approximately 40% of smelting costs denominated in Australian dollars, the strength of the AUD against the Euro in 2012, up approximately 8% compared to 2011, had a detrimental impact on total smelting cost performance in Euro terms, despite costs in local currency being relatively stable. Energy costs[13] in 2012 were similar to 2011, with European electricity prices remaining flat over the period due to the prevailing macro-economic situation. Production issues experienced at the Port Pirie smelter in H2 2012, which limited lead and zinc metal production, also had a negative impact on unit cost performance. There is a strong focus on improving the Smelting segment cost base through Project Lean and operational excellence initiatives.

OTHER & ELIMINATIONS

Underlying EBITDA in the Other and Eliminations segment was EUR (44) million in 2012, comprising the elimination of unrealised intra-Mining segment profits (for material sold internally to own smelters), a net loss of EUR 1 million from non-core operations, and other group costs. The small increase in 2012 from 2011 is due to increased transfers of concentrate between Nyrstar mines and smelters, leading to increased unrealised profits, and additional head office activity to deliver on Strategy into Action initiatives.

CAPITAL EXPENDITURE

Capital expenditure was approximately EUR 248 million in 2012, an increase of 8% from 2011 (EUR 229 million), despite a full year's of investment at the former Breakwater mines (acquired at the end of August 2011) that included the successful ramp-up of the Langlois mine. As estimated at Nyrstar's Half Year 2012 results, the level of spend achieved in 2012 was at the middle of Nyrstar's full year capital expenditure guidance (EUR 225 million to EUR 275 million). This was achieved by taking measures to reduce sustaining capital expenditure in H2 2012, thereby limiting spend in H2 2012 to EUR 130 million.

Expenditure at the mines of EUR 130 million, in line with full year 2012 guidance, represented a 25% increase from 2011 primarily due to a full year's capital investment at the former Breakwater mines (acquired in August 2012) and additional exploration and development spend across the Mining segment. Sustaining and compliance spend in 2012 was approximately EUR 56 million, a reduction of approximately 18% on 2011 due to improved capital management at the mines and lower ramp-up related spend (a higher portion of ramp-up spend at the Langlois mine, in addition to de-watering and rehabilitation of the Middle Tennessee Mines, occurred in 2011). EUR 69 million was spent on exploration and development in 2012. This included an element of catch-up spend on developing long term mine plans, as previous owners of some of the mines had significantly underinvested in mine planning activities during the Global Financial Crisis. In addition capital was also allocated to the exploration of new deposits such as a successful diamond drilling programme at El Toqui mine.

Capital expenditure in the Smelting segment in 2012 of EUR 113 million was in line with 2011 (EUR 112 million) and with full year 2012 guidance. This comprised approximately EUR 92 million of expenditure on sustaining, compliance and shutdowns, with the latter impacted by the unplanned shutdowns at the Port Pirie smelter in H2 2012. EUR 21 million spent on organic growth projects including the commissioning of the indium metal plant at Auby, a system to recover heat from the acid plant at Balen to reduce electricity and gas costs and the debottlenecking of the silver refinery at Port Pirie to improve the silver gross profit margin.

In addition, approximately EUR 5 million was invested at other operations and corporate offices.

MANAGEMENT REPORT

Capital expenditure guidance for Nyrstar's Mining segment in 2013 is as follows:

Segment	Category	EUR million
Mining	Sustaining and compliance	15 - 20
	Exploration and Development	50 - 55
	Growth	15 - 20
	Total	105 - 120
Smelting	Sustaining and compliance	15 - 20
	Growth	20 - 25
	Total	95 - 110
Group	**Total**	200 - 230

The overall level of spend planned in 2013 is significantly lower than the result achieved in 2012. Nyrstar is confident in its ability to achieve this this plan as it undertook a detailed review of the capital allocated across its mines and smelters during H2 2012, and critically challenged the level of sustaining spend in the context of setting production goals, improving underlying EBITDA and free cash flow and adequately managing critical risks.

Growth spend, planned as EUR 15 - 20 million in the Mining segment and EUR 20 - 25 million in the Smelting segment, is allocated to the design, feasibility activities, implementation and commissioning of projects which are aligned to the Nyrstar strategy and will either improve the recovery of metals, improve mine and mill grades, increase throughput and/or reduce costs. Within the Smelting segment, approximately EUR 10 million has been allocated to completing the final investment case, including detailed engineering studies, for the transformation of the Port Pirie smelter into an advanced poly-metallic processing and recovery facility (as announced in December 2012).

CASH FLOW AND NET DEBT

In 2012 cash flows from operating activities generated an inflow of EUR 361 million, which comprised a EUR 199 million cash inflow from operating activities before working capital changes. The remaining inflow was primarily due to improvements in working capital management and the cash received in H1 2012 from the sale of 2.8 million troy ounces of silver bearing material that was recovered in Port Pirie in 2011 (approximately EUR 78 million) were primary drivers of this inflow.

Cash outflows from investing activities in 2012 of EUR 214 million mainly relates to capital expenditure and the cash inflow from the sale of Nyrstar's 50% share in the ARA Sydney joint venture for EUR 32 million. This compares to an outflow of EUR 891 million in 2011, which included the acquisition of Farallon Mining EUR 280 million (net of cash).and of Breakwater Resources for approximately EUR 390 million (net of cash),

Cash outflows from financing activities in 2012 amounted to EUR 133 million, compared to an inflow of EUR 775 million in 2011. The cash outflow in 2012 was primarily driven by interest payments, the repayment of short-term borrowings and a EUR 0.16 per share distribution to shareholders. The significant inflow in 2011 included the EUR 490 million[14] gross proceeds of the rights offering that closed in March 2011, and the EUR 525 million (excluding transaction costs) raised in May 2011 with the placement of 5.375% bonds due 2016. As of 31 December 2012, the full amount of Nyrstar's successfully refinanced EUR 400 million revolving structured commodity trade finance facility remained undrawn (fully undrawn as of 31 December 2011).

Net debt at 31 December 2012 was EUR 681 million (31 December 2011: EUR 718 million), with a gearing level of 37.0%[15] at the end of 2012 compared to 35.0% at the end of 2011.

[14] Associated costs of the capital increase amounted to EUR 16 million (net proceeds from capital increase of EUR 474 million)
[15] Gearing: net debt to net debt plus equity at end of period

MANAGEMENT REPORT

TAXATION

Nyrstar recognised an income tax benefit of EUR 14 million in 2012 compared to a tax expense of EUR 8 million in 2011. The effective tax rate was approximately 13% in 2012 compared to 18% in 2011. Nyrstar has accumulated tax losses in some of the jurisdictions where it operates and deferred tax benefits have been recognized to the extent it is likely that future taxable amounts will be available. Nyrstar expects to benefit from these deferred tax benefits through a decrease in its actual cash tax payments until such deferred tax benefits are used up or expire.

PROPOSED DISTRIBUTION

The Board of directors will propose to shareholders at the Annual General Meeting to be held in Brussels on 24 April 2013 a gross distribution of EUR 0.16 per share and to structure the distribution as a capital reduction. This reflects the Board's continued confidence in the Nyrstar's financial strength and the medium to long-term prospects for the markets in which it operates.

OTHER SIGNIFICANT EVENTS IN 2012

ARA

In February Nyrstar and Sims Metal Management successfully completed the sale of Australian Refined Alloys' secondary lead producing facility in Sydney, Australia (ARA Sydney) to companies associated with Renewed Metal Technologies for a total sale price of approximately EUR 60 million. Nyrstar achieved a profit on the sale of its 50% share of ARA Sydney of EUR 26.8 million, in line with the estimated figure provided in the FY2011 results release. Nyrstar and Sims Metal Management retain a secondary lead producing facility, Simstar Metals, in Melbourne, Australia which will continue to be operated as a 50/50 joint venture.

Capital distribution

On 23 February 2012 the board of directors proposed to distribute to the shareholders a (gross) amount of EUR0.16 per share, and to structure the distribution as a capital reduction with reimbursement of paid-up capital. The proposal was submitted to an extraordinary general shareholders' meeting at the time of the annual general shareholders' meeting on 25 April 2012. The quorum requirement for deliberation and voting on the agenda items of the extraordinary general meeting was not met. As such, a second extraordinary general meeting was held on 22 May 2012 and the proposal was approved. As the distribution is structured as a capital reduction with reimbursement of paid-up capital, the payment is subject to the special statutory creditor protection procedure set out in Article 613 of the Belgian Company Code. On 7 June 2012 the approval of the capital distribution was published in the Belgian Official Gazette. The ex-dividend date was the 8 August 2012, with the payment date of 13 August 2012.

Galva 45

On 9 October 2012 Nyrstar sold its entire 66% share in Galva 45 SA, a French company specialising in galvanizing manufactured steel parts for cash proceeds of EUR 2.2 million resulting in a loss on the income statement of EUR 0.1 million.

Structured commodity trade finance facility refinancing

In November Nyrstar successfully completed the refinancing of its multi-currency Structured Commodity Trade Finance Facility. The EUR 400 million facility includes an accordion to increase its size to EUR 750 million on a pre-approved but uncommitted basis. The syndication for the new facility was considerably over-subscribed, and following the scaling back of allocations was closed with the targeted limit of EUR 400 million. The new facility has a maturity of 4 years (with a run-off period during the fourth year). As with the previous facility, the amount that Nyrstar may draw-down under the new facility is determined by reference to the value of Nyrstar's inventories and receivables (the borrowing base) and accordingly adjusts as commodity prices change. The new facility has a margin of 1.85% above EURIBOR, leveraging on the strength of the secured borrowing base and the underlying exchange traded commodity.

MANAGEMENT REPORT

Sensitivities

Nyrstar's results are significantly affected by changes in metal prices, exchange rates and treatment charges. Sensitivities to variations in these parameters are depicted in the following table, which sets out the estimated impact of a change in each of the parameters on Nyrstar's full year underlying EBITDA based on the actual results and production profile for the year ending 31 December 2012.

12 months ending 31 December 2012

Parameter	Variable	Estimated EBITDA impact in EUR million
Zinc Price	+/- USD 100/t	+ 35 / -34
Lead Price	+/- USD 100/t	+ 2 / -2
Copper Price	+/- USD 500/t	+ 6 / -6
Silver Price	+/- USD 1/toz	+ 4 / -4
Gold Price	+/- USD 100/toz	+ 8 / -8
USD / EUR	+/- EUR 0.01	+ 18 / -18
AUD / EUR	-/+ EUR 0.01	- 3 / +3
Zinc treatment charge	+/- USD 25/dmt[16]	+ 25 / -25
Lead treatment charge	+/- USD 25/dmt	+ 4 / -4

The above sensitivities were calculated by modelling Nyrstar's 2012 underlying operating performance. Each parameter is based on an average value observed during that period and is varied in isolation to determine the annualised EBITDA impact.

Sensitivities are:

- Dependent on production volumes and the economic environment observed during the reference period.
- Not reflective of simultaneously varying more than one parameter; adding them together may not lead to an accurate estimate of financial performance.
- Expressed as linear values within a relevant range. Outside the range listed for each variable, the impact of changes may be significantly different to the results outlined.

These sensitivities should not be applied to Nyrstar's results for any prior periods and may not be representative of the EBITDA sensitivity of any of the variations going forward.

[16] dmt = dry metric tonnes of concentrate

SOCIAL AND ECOLOGICAL

Workforce

Nyrstar workforce

	2012	2011
Total Number of Employees 31.12.2012	**6,970**	7,042

By region	2012	2011
Australia	**1,233**	1,235
Europe	**1,453**	1,439
Americas	**4,284**	4,368

By business segment	2012	2011
Mining	**3,991**	4,093
Smelting	**2,788**	2,757
Corporate	**191**	192

At Nyrstar, we believe that people are the foundation for our success. We believe that a productive and engaged workforce aligned with the Nyrstar Way will enable us to achieve excellence in everything we do and deliver on the Nyrstar Strategy.

The workforce at Nyrstar is comprised of 6,970 employees with 21% of Nyrstar's total employee population employed in Europe, 61% in the Americas and 18% in Australia.

Employees

As Nyrstar continues to execute its strategy, the workforce is naturally diversifying. At year end 2012 the workforce had slightly decreased overall from 2011 with a total number of employees of 6,970. The major change to our employee base was the recruitment of employees during our ramp up of the Langlois Mine in Quebec and a decrease in employee numbers following the optimisation of our Peruvian Operations. Our focus in 2012 was to complete the integration of the acquired operations into the Nyrstar business, including alignment of site people and processes to the Nyrstar Way, the company strategy and to Group systems and standards.

People Programs

In 2011 we developed an underpinning 5 year strategy and defined strategic priorities and projects to deliver our transformation in line with the Nyrstar2020 vision. This strategy was formalized globally during 2012. Living the Nyrstar Way underpins all aspects of this strategy and is also linked to our individual performance management and reward process. We have a number of formal programs in place to ensure that the Nyrstar Way continues to guide our behaviour in the way we work in all aspects of our business.

Employee Engagement Survey - `Listening and Learning Together`

Through the Nyrstar Way we are committed to open and honest relationships with our employees. We believe that the Nyrstar Way and the behaviours associated with it not only support delivery of our key strategies but also create a culture that attracts and retains talented employees. To measure our progress we introduced the 'Organisational Health Index' annual survey in 2010 to assess culture, engagement and other organisational characteristics that build a distinctively high performing organization. In 2012 we expanded the survey to both measure our progress but also create a baseline for our newest assets. The 2012 survey results indicate a continuing positive trend globally in relation to 3 important elements:

- The extent to which employees understand our strategic goals and objectives
- The extent to which employees feel a sense of pride and belonging to Nyrstar
- The extent to which employees will invest additional effort to deliver high performance for Nyrstar

Engagement workshops will be held in early 2013 to develop detailed action plans at all operations to address any key issues arising from the survey.

Nyrstar Leadership Program

Our Leadership program focuses on the development of core people management skills and a common leadership approach across the business. Specifically, it gives individuals who formally lead or influence others an understanding of the role and expectations of a leader and to provide them with core people management skills in order to effectively carry out their role. This program is conducted at each of our sites in local languages. In 2013 there will be significant focus on these programs in our Latin American operations.

Nyrstar Unlimited

The Nyrstar Unlimited program is part of our broader cultural transformation initiative which builds on the critical people leadership skills covered in the Nyrstar Leadership Program and aims to deepen self-awareness and reinforce the desired attitudes and spirit necessary for success.

Safety Leadership

In line with our emphasis on safety and our commitment to zero harm, we conduct a number of behavioural safety programs for operating and supervisory employees. These include programs with an emphasis on the importance of personal leadership in safety. The programs build fundamental skills and awareness in safety and environmental impact, hazard identification and risk assessment, and promotion of a safety-oriented culture and mind-set. During 2012 we conducted detailed safety audits at our newest mining assets with plans now cemented to improve our safety performance at those operations. During 2013 we will implement a Safety Survey to measure our progress against these plans.

Nyrstar College

The Nyrstar College is a one day workshop that provides new employees with an overview of our business from raw material sourcing to end product uses. The aim of the College is to provide our new employees with an integrated understanding of the entire business process so they become quickly engaged with our overall strategy.

Graduate Development Program

The Graduate Development Program is a key component of our overall talent attraction and development strategy and helps us to ensure that Nyrstar is an employer of choice for young professionals. The two year Program is structured to provide a depth and breadth of technical experience and also to enhance interpersonal and leadership skills and personal development. This program is now operating in both our mining and smelting segments.

Nyrstar Excellence Awards

The Nyrstar Excellence Awards were launched in 2010 to promote and reward a culture of excellence within our business. Each year, Nyrstar presents awards to acknowledge exceptional performance and achievement of individuals or teams from each of our operating sites. The Excellence Awards are an important component of the Nyrstar2020 strategy which has a strong focus on delivering excellence. Nyrstar2020 is primarily a deep reaching change initiative aimed at embedding a culture within the business of value creation through innovative and creative thinking as reflected in the set of behavioural characteristics known as the Nyrstar

MANAGEMENT REPORT

Way. It is from the seven elements within the Nyrstar Way that the Excellence Awards takes its framework and recognition criterion.

In July 2012, Nyrstar awarded five teams in the following categories.

- Nyrstar Global Excellence Award for 'Prevent harm' – for outstanding efforts or achievements in proactively managing risks relating to our people, the environment, our strategy, our financials, and our assets.
- Nyrstar Global Excellence Award for 'Create value' – for outstanding efforts or achievements searching for ways to improve our profitability and identifying growth opportunities.
- Nyrstar Global Excellence Award for 'Innovative and creative thinking' – for outstanding efforts or achievements searching for ways to improve existing processes or discovering completely new ways of working
- Nyrstar Global Special Recognition Award for the realization of an exceptional project by an individual, team or group in any business area.
- Nyrstar Global Outstanding Achievement Award – for outstanding business contribution by an individual, team or group in any business area.

Safety & Health

Safety is a core value of Nyrstar. Nyrstar's health and safety policies and standards provide a clear statement of its commitment and goals for health and safety management. Nyrstar publicly reports its health and safety performance annually in its Nyrstar Sustainability Report.

Nyrstar has core policies and procedures to support a consistent approach to safety and a culture of looking after each other and keeping each other safe. Nyrstar's Health and Safety Policy is underpinned by a set of Management Standards that cover all aspects of health and safety. For each Management Standard, a set of expectations and requirements has been specified.

The requirements under each expectation define the level of safety management Nyrstar would anticipate to deliver above average industry performance. Ongoing implementation of the requirements specified in the standards is planned to deliver Nyrstar's goal of world class safety performance by 2016 across all operations as compared to Nyrstar's peers. All operations are expected to reach this goal within 5 years from joining the company.

During 2012, the company maintained its focus on the ongoing implementation of the requirements specified in the management standards and the accompanying audit guide. We also finalised and communicated the company's set of 10 critical safety standards and a corresponding audit tool; as well as completing a full update of the company's existing safety standards and translation into French and Spanish for implementation at our new mining assets. At our mines we continued roll-out of corporate programs for risk management, incident investigation and critical risk controls to ensure all mines achieved a minimum standard in these areas by year end.

The recordable injury rate (RIR), defined as the twelve month rolling average of the number of injuries requiring medical treatment beyond first aid per million hours worked, including all employees and contractors across all operations, is the main indicator used by Nyrstar to measure its safety performance. Across all operations, the RIR decreased by 37%, down from 13.0 in 2011 to 8.2 in 2012, exceeding all targets set for that year. A significant improvement setting the tone for our journey towards safety maturity. Looking at both the mining and the smelting segment, the mining operations' RIR achieved record improvements undelined by a reduction in LTI rate by 40% and 23% when we look at the total RIR. The smelting segment also booked stunning results, LTI rates are down by 47% resulting in a smelting RIR improvement by 40%.

Progress made across the sites was due to a number of factors, however a key factor was aligning smelting and mining initiatives, supported by ongoing safety improvement efforts at the various operational levels.

Another important measure of the company's safety performance is the number of "critical incidents", that is, incidents that did result, or could reasonably have resulted in a fatality or permanent serious disability.

By setting clear expectations and encouraging sites to report this type of incident, Nyrstar aims to increase awareness of critical risks to its people and to its business. During 2012, 46 critical incidents were reported, as compared to 36 in 2011. This increase results from an increase in hours worked and from an improved awareness and reporting and consistent data verification efforts. Both the reporting and prevention of such incidents will remain one of Nyrstar's main priorities going forward. In comparison still an important improvement.

In addition to continuing to track recordable injuries and critical incidents, Nyrstar has changed its focus moving forward with the implementation of a set of proactive safety performance indicators in line with Nyrstar's goal of preventing harm. They will subsequently be used to set proactive targets to further improve the company's safety performance.

In order to address any safety issues across its mining operations, the company has undertaken a full underground safety & health audit of all of its mines and is currently piloting several safety initiatives including enhanced safety leadership training, risk management programs and cultural change initiatives.

Environment

Nyrstar is committed to continual improvement in its environmental performance. Nyrstar's aim is to minimize the environmental impact of both its production processes and its products. Nyrstar will conduct its operations in compliance with all relevant environmental regulations, licenses and legislation.

Nyrstar intends to apply similar standards to all its assets wherever they are located, with the aim of minimizing any harm to people and the environment. Nyrstar identifies, monitors and manages environmental risks arising from its operations. All wholly owned smelters have formal site environmental management systems externally certified to ISO14001 to ensure appropriate focus and integration of environmental issues in its business. All Nyrstar owned mines have an ISO14001 implementation plan in place, with the objective of achieving certification before the end of 2014.

The key environmental issues for Nyrstar's smelting and mining sites reflect, in general, the length of time activities have been undertaken at the site and ongoing changes in regulatory standards. At smelters, these issues relate essentially to the remediation of historical soil and groundwater contamination, by-product and waste management, upgrade of pollution control equipment for air and water emissions and upgrade of facilities to reduce fugitive emissions to air and reduce future soil contamination. At mines, issues relate to the management of water, tailings and waste from current mining activities and the management of areas of historical disturbance.

Our environmental improvement programs are generally site specific, as the most significant risks at each site differ, depending on the site history and location, physical and regulatory environment, and the level of past investment in environmental protection measures. All sites have risk based environmental improvement initiatives relating to reducing emissions and waste; and improving the efficiency of use of natural resources and energy.

Nyrstar has a Corporate Environmental Assurance program to support group governance and risk management processes and ensure that all material environmental issues are regularly reviewed and conformance with group environmental standards and requirements assessed. We also have an internal process for the annual environmental provisions review. Where required or otherwise appropriate, environmental provisions are held for restoration of existing contamination and disturbance. Nyrstar's auditors review environmental provisions annually to ensure levels are maintained in accordance with applicable accounting principles.

Environmental Compliance

There were 54 minor recordable environmental incidents in 2012, 26 of which were at sites for which comparable data was available for the previous year, that is, the smelters and Tennessee Mines. This compares to 22 incidents at the same sites in 2011, an increase of 18% over the previous year. None of the recordable environmental incidents resulted in significant off-site environmental impact or in regulatory enforcement action. The 2012 result for mines, other than Tennessee Mines, will form the baseline against which future performance will be measured.

MANAGEMENT REPORT

Progress on planned environmental projects to contain wastes, reduce emissions, remediate previously disturbed areas or historical contamination:

- **Auby (France):**

  Completed final capping works for one closed process residue landfill, the one remaining to be completed in 2013.

- **Balen / Overpelt (Belgium):**

  Continued on site soil remediation works at Balen and Overpelt, and discussions with the Regulatory Authorities on the groundwater remediation project at Balen. Final phase of Balen and Overpelt community soil remediation projects will be completed in the coming year.

- **Budel (Netherlands):**

  Final arrangements were made for the handover of the responsibility for the historical residue landfil area to the Provincial Authorities in early 2013. The site will retain responsibility for contaminated groundwater treatment until 2025.

- **Clarksville (US):**

  Continued recovery and sale of leach by-products stored in on-site impoundments.

- **Coricancha (Peru):**

  Continued relocation of tailings from the existing location up-gradient of the process plant to the Chinchan facility remote from the plant as part of actions agreed after land instability issues in 2007

- **Contonga (Peru):**

  Implemented actions to eliminate non-compliances with mine wastewater discharge quality

- **Hobart (Australia):**

  Continued a multi-year program of works for sealing of the cell house basement to prevent future groundwater contamination in this area, continued with treatment and disposal of historical waste stockpiles.

- **Myra Falls (Canada)**:

  Continued tailings storage facility (TSF) seismic upgrade works, with minor outstanding works to be completed in 2013. Submitted a formal TSF closure plan to the Regulatory Authorities for approval.

- **Campo Morado (Mexico):**

  Secured all permits and environmental impact authorizations required for the 2103 construction of a new tailings storage facility.

- **Port Pirie (Australia):**

  Continued work to reduce emissions from the Port Pirie smelter and community initiatives to support exposure reduction through nutritional programs, personal hygiene, dust suppression and greening. At the end of 2011, 77.5 percent of children tested below that age of 5 years had a blood lead level below 10 micrograms per decilitre, compared to 49.6 percent in 2005 before the campaign started. (South Australia Department of Health data, measured as 5 year moving cohort.) In December, Nyrstar announced in-principle agreement with the Australian Federal Government and South Australian Government to transform Port Pirie smelter into an advanced poly-metallic processing and recovery facility, using proven technology that is expected to meet stringent environmental standards.

- **Other Mine Sites (Americas)**

  Updated and/or completed mine closure plans for Contonga, Coricancha, Langlois, Myra Falls, Pucarrajo and several closed sites.

Progress on other significant environmentally relevant issues

Actions being taken in response to climate change is a key strategic issue for Nyrstar. Zinc and lead smelting is energy intensive and addressing the issue of energy efficiency and greenhouse gas emissions is imperative to the sustainability of our business. We measure our performance and have formal processes in place to assess ways in which we can reduce our carbon footprint. Nyrstar's smelters in both the EU and Australia participate in carbon trading schemes and have been formally recognized as Energy Intensive Trade Exposed Industries, therefore qualifying for some level of transitional assistance until a more level playing field is established with respect to global carbon pricing.

MANAGEMENT REPORT

Nyrstar continues to conduct its work program to ensure compliance with EU REACh (Registration, Evaluation, Authorisation and Restriction of Chemicals) legislation. Registration for relevant Nyrstar products and intermediates were completed as required in 2010 and work is ongoing for registration of relevant smaller volume products and intermediates in 2013. Nyrstar also undertook actions to comply with the MARPOL Annex V amendments which came into force on 1 January 2013 as relevant to the bulk marine shipping of concentrates and by products.

Nyrstar Sustainability Report 2012

The sustainability of our operations will be a result of our ability to provide economic benefits to our shareholders, our customers and the communities in which we operate; while not harming our people, our neighbours or the environment.

We contribute to sustainable development by extracting metals and other valuable by-products from natural raw materials to meet society's needs. We also increasingly contribute to the recycling of metals, particularly zinc and lead, from secondary sources. Our sustainability progress and performance is reported publicly on the Nyrstar website, with our annual

Sustainability Reports available for download at: www.nyrstar.com/sustainability.

Corporate Social Responsibility

The Nyrstar CSR framework is a positive affirmation of the Nyrstar Way and is a demonstration we are determined to deliver on our promises to minimise harm, maximise benefits and be accountable and responsive to our key stakeholders. Our business depends on a culture of growth, innovation and sustainability. The Nyrstar CSR program is driven by Nyrstar's desire to improve the environments and communities in which it operates. CSR forms a strategic part of the way we do business. Within the fabric of The Nyrstar Way – it is demonstrated when we deliver on our promises by minimising harm, maximizing benefits, and when we are accountable and responsive to our stakeholders. The development of our CSR framework in 2012 shows how we will work with our stakeholders for mutual benefit as our company continues to grow in size and geographical spread. It offers additional opportunities to balance and integrate people, profit and planet. It is an important component of our sustainability, excellence and innovation endeavours.

Key initiatives in 2012 included the further roll-out of the Nyrstar Foundation as part of our Corporate Social Responsibility (CSR) framework. The Nyrstar Foundation is the primary focus for Corporate level CSR activity, providing an opportunity for Nyrstar to contribute to broader sustainability issues via an annual 'social idea' competition in Belgium. In April, the Nyrstar Foundation announced 'Solar without Borders' as the inaugural grant winner for their 'Solar Kiosks for Togo'-project. The project is dedicated to providing affordable solar powered electricity for local communities in Togo by setting up central solar powered kiosks that provide electricity and lighting. The project received a grant of EUR 25,000 as well as coaching support for 12 months to transform the idea in to a sound business plan.

In December, Nyrstar announced in-principle agreement with the Australian Federal Government and South Australian Government to transform Port Pirie smelter into an advanced poly-metallic processing and recovery facility, using proven technology that is expected to meet stringent environmental standards. Nyrstar plays a key role contributing to and improving social outcomes within the Port Pirie community by providing direct and indirect support through a wide range of programs and ininitiatives.

Our aim is to be a welcome and valued part of the communities in which we operate. We will do this by: engaging with our external stakeholders to understand and respond to their expectations; building goodwill and quality long term relationships that are important to our business; and respecting fundamental human rights and not participating in business activities that abuse human rights. As part of implementing the Nyrstar strategy and living the Nyrstar Way, we are broadening our external stakeholder engagement and feedback mechanisms.

Local communities

Nyrstar recognizes the importance of having healthy and sustainable communities around our operating sites. Each site has a program focused on strengthening community relations at a local level. We have a Nyrstar Group Standard that outlines our approach to external partnerships, sponsorships and donations and guides our actions in building goodwill with key stakeholders in a way that supports our business objectives. Our guidelines state that we will not support activities that do not reflect the Nyrstar Way and we will not support political parties or campaigns.

Local community support activities 2011 reflect our CSR approach of improving conditions relating to health, education, social welfare and the environment. During 2012 these included financial and in-kind support for local community initiatives such as children's health, educational opportunities, cultural and sporting events. There are a number of targeted programs in which Nyrstar participates as part of our CSR approach including:

- Port Pirie 'Thumbs Up for Low Levels': Nyrstar is working together with the local community, local government, health and education professionals to reduce children's blood lead levels in the local community.
- 'Right to Play': An initiative supported by Nyrstar in Peru. 'Right to Play' is a global initiative aimed at improving the lives of children by using sport and play for development, health and peace. The program focuses on early-childhood education programs, but also tackles the low literacy and numeracy levels observed in elementary and secondary schools.
- 'Zinc Saves Kids':an International Zinc Association (IZA) initiative in support of UNICEF. Zinc Saves Kids is an initiative to improve the survival, growth and development of undernourished children by funding UNICEF-supported zinc supplementation programs around the world.
- 'The El Mochito mine is a founding partner of IPC (Polytechnic Institute of Central America), a leading technical training institution based in San Pedro Sula, Honduras. IPC has helped to transform the lives of many young Hondurans and has created many job opportunities for its graduates.

Nyrstar also facilitated site visits by community and school groups as part of overall minerals industry awareness and education. In 2012, we strengthened our structured approach to community engagement at all our sites. The Nyrstar Communications and Stakeholder Relations Network implemented the group communications plan and shared good practice on communications and stakeholder engagement. Our consultation processes vary between sites and issues as appropriate, but include formal meetings and consultation committees, newsletters, site open days, issues based public meetings and mail outs, and individual contacts.

Corporate Governance Statement

Nyrstar NV (the 'Company') has prepared this corporate governance statement in accordance with the Belgian Code on Corporate Governance of 12 March 2009. This corporate governance statement is included in the Company's report of board of directors on the statutory accounts for the financial year ended on 31 December 2012 dated 6 February 2013 in accordance with article 96 of the Belgian Company Code.

The Company applies the nine corporate governance principles contained in the Belgian Code on Corporate Governance. The Company complies with the provisions set forth in the Belgian Code on Corporate Governance unless explained otherwise in the corporate governance charter or in this corporate governance statement.

Corporate governance charter

The Company has adopted a corporate governance charter in line with the Belgian Code on Corporate Governance of 12 March 2009.

The corporate governance charter describes the main aspects of the corporate governance of the Company including its governance structure, the terms of reference of the board of directors and its committees and other important topics.

The corporate governance charter is available, together with the articles of association, on the Company's website, within the section about Nyrstar (http://www.nyrstar.com/about/Pages/corporategovernance.aspx). The board of directors approved the initial charter on 5 October 2007. There were updated versions approved on 18 March 2008, 11 December 2009 and on 24 February 2010, and the current version was approved by the board of directors on 26 July 2011.

What constitutes good corporate governance will evolve with the changing circumstances of a company and with the standards of corporate governance globally and must be tailored to meet those changing circumstances. The board of directors intends to update the corporate governance charter as often as required to reflect changes to the Company's corporate governance.

Code of business conduct

While Nyrstar conducts its business within the framework of applicable professional standards, laws, regulations and internal policies, it also acknowledges that these standards, laws, regulations and policies do not govern all types of behaviour. As a result, Nyrstar has adopted a code of business conduct for all of Nyrstar's personnel and sites. The code of business conduct is based on the Nyrstar Way. The code also provides a frame of reference for Nyrstar sites to establish more specific guidelines to address local and territorial issues. Nyrstar also introduced a code of business conduct development program which supports the code of business conduct and aims to increase awareness in relation to some key danger areas to Nyrstar's business. The development program includes specially designed training modules for Nyrstar employees. The training modules are conducted by Nyrstar's Compliance Officer with the assistance of local expertise (where required). If employees have issues or concerns (for example, they are concerned that others are not complying with the letter and the spirit of the code of business conduct), they may raise the issue or concern with their supervisor or manager or Nyrstar's compliance officer. The code of business conduct is available on Nyrstar's website (www.nyrstar.com).

CORPORATE GOVERNANCE STATEMENT

Board of directors and management committee

Board of directors

The table below gives an overview of the current members of the Company's board of directors and their terms of office:

Name	Principal function within the Company	Nature of directorship	Start of Term	End of Term
Julien De Wilde[1]	Chairman	Non-Executive, Independent	2007	2014
Roland Junck	CEO, Director	Executive	2007 (2009 CEO)	2015
Peter Mansell	Director	Non-Executive, Independent	2007	2013
Karel Vinck	Director	Non-Executive, Independent	2007	2015
Ray Stewart	Director	Non-Executive, Independent	2007	2014
Oyvind Hushovd	Director	Non-Executive, Independent	2009	2013

(1) ACTING THROUGH DE WILDE J. MANAGEMENT BVBA

De Wilde J. Management BVBA, represented by Julien De Wilde, Chairman, was appointed Chairman in August 2007. He is also Chairman of Agfa-Gevaert NV and a director of several Belgian listed companies, amongst others Telenet Group Holding NV. He is also former Chief Executive Officer of Bekaert NV, a Belgian metals company. Prior to Bekaert, he held senior positions at Alcatel, where he was a member of the executive committee, and at Texaco, where he was a member of the European management board. He is Chairman of the nomination and remuneration committee and a member of the safety, health and environment committee. He obtained an engineering degree from the Catholic University of Leuven, Belgium.

Roland Junck, Chief Executive Officer, was appointed Chief Executive Officer in February 2009 after 16 months as a Non-Executive Director on the Company's board of directors. He is also director of several European companies including Agfa-Gevaert NV. He was the former Chief Executive Officer of Arcelor Mittal. Prior to this role he was a member of the group management board of Arcelor, Aceralia and Arbed. He graduated from the Federal Polytechnic in Zurich and has a Masters of Business Administration from Sacred Heart University of Luxembourg.

Peter Mansell, Non-Executive Director, is a director of several Australian companies including BWP Management Ltd the Responsible Entity for the Australian listeal Property Trust, BWP Trust, Ampella Mining Ltd, Bullabulling Gold Ltd and Moly Mines Ltd. He was the former Chairman of Zinifex Ltd prior to its merger with Oxiana Ltd to form OZ Minerals Ltd. He was previously a corporate and resources partner of the Australian law firm Freehills. He also holds directorships at other unlisted companies in Australia. He is Chairman of the safety, health and environment committee and a member of the nomination and remuneration committee. He holds a Bachelor of Commerce degree, a Bachelor of Law degree and a Higher Diploma Tax from the University of Witwatersrand.

Karel Vinck, Non-Executive Director, is the Chairman of BAM NV (Beheersmaatschappij Antwerpen Mobiel), ERTMS Coordinator at the European Commission and a director of Tessenderlo Group NV and the Koninklijke Muntschouwburg. Formerly the Chief Executive Officer of Umicore NV and later Chairman, he was also Chief Executive Officer of Eternit NV, Bekaert NV and the Belgian Railways. He is a member of the audit and the nomination and remuneration committees. He holds a Master's degree in Electrical and Mechanical Engineering from the Catholic University of Leuven, Belgium and a Master of Business Administration from Cornell University, United States.

Ray Stewart, Non-Executive Director, is Chief Financial and Administration Officer of Belgacom Group NV. Prior to Belgacom, he was Chief Financial Officer of Matav. He has also held senior positions with Ameritech, including Chief Financial Officer for Ameritech International. He is Chairman of the audit committee and a member of the nomination and remuneration committee. He has a Business Undergraduate degree in Accounting from Indiana University, and a Masters of Business Administration in Finance from Indiana University.

CORPORATE GOVERNANCE STATEMENT

Oyvind Hushovd, Non-Executive Director, currently amongst others serves on the boards of Cameco Corporation, Inmet Mining Corporation, Ivanplatts Ltd. Formerly Chief Executive Officer of Gabriel Resources Ltd from 2003 to 2005 and, from 1996 to 2002, President and Chief Executive Officer of Falconbridge Limited (and prior to that held a number of senior positions within that company). He is a member of the audit and the safety, health and environment committees. He received a Master of Economics and Business Administration degree from the Norwegian School of Business and a Master of Law degree from the University of Oslo.

The business address of each of the directors is for the purpose of their directors' mandate, Zinkstraat 1, 2490 Balen, Belgium.

Virginie Lietaer was appointed Company Secretary to the Company effective 10 March 2008.

Management committee

As at 31 December 2012, the Company's management committee consists of five members (including the CEO), as further set forth hereinafter:

Name	Title
Roland Junck	Chief Executive Officer
Heinz Eigner	Chief Financial Officer
Greg McMillan	Chief Operating Officer
Russell Murphy	Chief HR & SHE Officer
Michael Morley	Chief Corporate and Development Officer

Roland Junck is the Chief Executive Officer of the Company. See his biography above under "—Board of directors".

Heinz Eigner, Chief Financial Officer, was appointed in August 2007. Prior to Nyrstar he was at Umicore where he joined in 2002 as Vice-President Business Group Controller, automotive catalysts, and became Vice-President Business Group Controller, zinc specialties, in 2006. From 1987 until 2002 he worked for Honeywell, where he occupied several positions in Germany, Switzerland and the United States of America. He holds a degree in Betriebswirtschaftslehre-University degree as Diplom- Kaufmann, Justus von Liebig Universität, Giessen, Germany.

Greg McMillan, Chief Operating Officer, was appointed in August 2007. Before the creation of Nyrstar he was General Manager of the Zinifex Century Mine and prior to this General Manager at the Hobart smelter. Before Zinifex he held several management positions at Delta Group, Boral and Brambles Limited. He holds a Certificate of Production Engineering from the Sydney Institute of Technology, a Bachelor of Commerce from Griffith University and a Master of Business Administration from the Australian Graduate School of Management, University of NSW, Australia.

Russell Murphy, Chief HR & SHE Officer, was appointed in August 2007. Before the creation of Nyrstar he was at Zinifex since 1979, where he moved from mining operations to training and on to HR management. He was the Group Human Resources Manager, Australian operations, from 2002 and Acting General Manager Human Resources since 2006. He holds a Graduate Diploma in Business Management from Charles Sturt University, Australia.

Michael Morley, Chief Corporate and Development Officer, was appointed in August 2007. Prior to joining Nyrstar, he was General Counsel of Smorgon Steel Group Ltd, and before that a Senior Associate in the corporate/mergers and acquisitions team of Clayton Utz. He has also held a number of positions with Coopers & Lybrand (now PricewaterhouseCoopers) and Fosters Brewing Group Limited. He holds a Bachelor of Economics and a Bachelor of Laws from Monash University (Melbourne, Australia) and a Master of Taxation Law from Melbourne University (Melbourne, Australia).

The business address of each of the members of the management committee is Tessinerplatz 7, 8002 Zurich, Switzerland.

CORPORATE GOVERNANCE STATEMENT

General information on directors and management committee

Except as may be described below, no director or member of the management committee has:

(a) any convictions in relation to fraudulent offences or any offences involving dishonesty;

(b) except in the case of compulsory liquidations, at any time in the previous five years, been associated with any bankruptcy, receivership or liquidation of any entity in which such person acted in the capacity of a member of an administrative, management or supervisory body or senior manager nor:

- been declared bankrupt or has entered into an individual voluntary arrangement to surrender his or her estate;
- been a director with an executive function of any company at the time of, or within twelve months preceding, any receivership, compulsory liquidation, creditors' voluntary liquidation, administration, company voluntary arrangement or any composition or arrangement with that company's creditors generally or with any class of its creditors;
- been a partner in a partnership at a time of, or within twelve months preceding, any compulsory liquidation, administration or voluntary arrangement of such partnership;
- been a partner in a partnership at the time of, or within twelve months preceding, a receivership of any assets of such partnership; or
- had any of his or her assets subject to receivership; or
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any Company.

However, Karel Vinck, in his capacity as former Chief Executive Officer of Eternit, Italy (unrelated to Nyrstar), was convicted in 2005 by a Sicilian court in connection with asbestos exposure of certain of Eternit's employees between 1973 and 1975. This conviction was overturned by the Catania (Sicily) Court of Appeals in 2009 and Mr. Vinck was acquitted in 2010.

Peter Mansell was a Non-Executive Director of Great Southern Limited from 2005 until 2009 when the company was placed into voluntary receivership and subsequently went into liquidation.

CORPORATE GOVERNANCE STATEMENT

Other mandates

Other than set out in the table below, no director or member of the management committee has, at any time in the previous five years, been a member of the administrative, management or supervisory body or partner of any companies or partnerships. Over the five years preceding the date of this report, the directors and members of the management committee hold or have held in addition to their function within Nyrstar, the following main directorships or memberships of administrative, management or supervisory bodies and/or partnerships:

Name	Current	Past
Julien De Wilde(1)	Agfa-Gevaert NV KBC Bank NV Telenet Group Holding NV Arseus NV	Bekaert NV Metris NV Van Breda International NV CTO
Peter Mansell	BWP Management Ltd Cancer Research Fund Pty Ltd Ferngrove Vineyards Ltd Ampella Mining Ltd Hanlong Resources Ltd Foodbank Australia Ltd Foodbank of Western Australia Inc Bullabulling Gold Ltd Moly Mines Ltd	Hardman Resources Ltd Tethyan Copper Company Ltd The Hoyts Corporation Pty Ltd Electricity Networks Corporation* Great Southern Ltd ThinkSmart Ltd West Australian Newspapers Ltd Zinifex Ltd OZ Minerals Ltd Rentsmart Pty Ltd
Karel Vinck	Beheersmaatschappij Antwerpen Mobiel NV Tessenderlo Group NV Koninklijke Muntschouwburg NV ERTMS coordinator at the European Commission	Eurostar Suez-Tractebel Umicore Vlaamse Raad voor Wetenschapsbeleid
Ray Stewart	The United Fund for Belgium Belgacom NV	
Oyvind Hushovd	Cameco Corporation Inmet Mining Corporation Ivanplatts Ltd Libra Group Sørlaminering Røo-Invest Lydia AS	LionOre Western Oil Sands Nickel Mountain AB
Roland Junck	Agfa-Gevaert NV Interseroh SE Samhwa Steel SA	Arcelor China Holding S.à r.l. Arcelor Mittal Aceralia Arbed Talvivaara Mining Company plc
Heinz Eigner	N/A	N/A
Greg McMillan	N/A	Lawn Hill Riversleigh Pastoral Holding Company Pty Ltd Queensland Resources Council Ltd Tasmanian Minerals Council Ltd Tasmanian Chamber of Commerce & Industry Ltd Sales Punch Pty Ltd Integer Pty Ltd
Russell Murphy	N/A	N/A
Michael Morley	N/A	N/A

(1) ACTING THROUGH DE WILDE J. MANAGEMENT BVBA

* Electricity Networks Corporation trading under the name of Western Power Corporation.

CORPORATE GOVERNANCE STATEMENT

Role of board of directors

The role of the board of directors is to pursue the long-term success of the Company by providing entrepreneurial leadership and enabling risks to be assessed and managed. The board decides on the Company's values and strategy, its risk appetite and key policies.

The Company has opted for a "one-tier" governance structure whereby the board of directors is the ultimate decision-making body, with the overall responsibility for the management and control of the Company, and is authorized to carry out all actions that are considered necessary or useful to achieve the Company's vision. The board of directors has all powers except those reserved to the shareholders' meeting by law or the Company's articles of association.

The board of directors is assisted by a number of committees to analyze specific issues. The committees advise the board of directors on these issues, but the decision-making remains with the board of directors as a whole (see also "—Committees of the board of directors" below).

The board of directors appoints and removes the Chief Executive Officer. The role of the Chief Executive Officer is to implement the mission, strategy and targets set by the board of directors and to assume responsibility for the day-to-day management of the Company. The Chief Executive Officer reports directly to the board of directors.

In order to provide a group-wide support structure, the Company has corporate offices in Balen, Belgium, Zurich, Switzerland and Vancouver, Canada. These offices provide a number of corporate and support functions including finance, treasury, human resources, safety and environment, legal and secretarial, tax, information technology, corporate development, investor relations and communications.

Pursuant to the Company's articles of association, the board of directors must consist of at least three directors. The Company's corporate governance charter provides that the composition of the board should ensure that decisions are made in the corporate interest. It should be determined on the basis of diversity, as well as complementary skills, experience and knowledge. Pursuant to the Belgian Code on Corporate Governance, at least half of the directors must be non-executive and at least three directors must be independent in accordance with the criteria set out in the Belgian Companies Code and in the Belgian Code on Corporate Governance.

The necessary efforts are made by the Company to ensure that by 1 January 2017, at least one third of the members of the board are of the opposite gender.

The directors are appointed for a term of no more than four years by the general shareholders' meeting. They may be re-elected for a new term. Proposals by the board of directors for the appointment or re-election of any director must be based on a recommendation by the nomination and remuneration committee. In the event the office of a director becomes vacant, the remaining directors can appoint a successor temporarily filling the vacancy until the next general shareholders' meeting. The shareholders' meeting can dismiss the directors at any time.

The board of directors elects a chairman from among its non-executive members on the basis of his knowledge, skills, experience and mediation strength. If the board of directors envisages appointing a former Chief Executive Officer as Chairman, it should carefully consider the positive and negative aspects in favor of such a decision and disclose why such appointment is in the best interest of the Company. The Chairman is responsible for the leadership and the proper and efficient functioning of the board of directors.

The board of directors meets whenever the interests of the Company so require or at the request of one or more directors. In principle, the board of directors will meet sufficiently regularly and at least six times per year. The decisions of the board of directors are made by a simple majority of the votes cast. The Chairman of the board of directors has a casting vote.

During 2012, six board meetings were held.

Committees of the board of directors

The board of directors has set up an audit committee, a nomination and remuneration committee and a safety, health and environment committee.

Audit committee

The audit committee consists of at least three directors. All members of the audit committee are Non-Executive Directors. According to the Belgian Companies Code, at least one member of the audit committee must be independent and must have the necessary competence in accounting and auditing. The current members of the audit committee are Ray Stewart (Chairman), Karel Vinck and Oyvind Hushovd. In line with the Belgian Code on Corporate Governance which requires that a majority of the members of the audit committee are independent, the current members are all independent directors.

The members of the audit committee must have sufficient expertise in financial matters to discharge their functions. The Chairman of the audit committee is competent in accounting and auditing as evidenced by his current role as Chief Financial Officer of the Belgacom Group and his previous roles as Chief Financial Officer in Matav and Ameritech International. According to the board of directors, the other members of the audit committee also satisfy this requirement, as evidenced by the different senior management and director mandates that they have held in the past and currently hold.

The role of the audit committee is to supervise and review the financial reporting process, the internal control and risk management systems and the internal audit process of the Company. The audit committee monitors the audit of the statutory and consolidated financial statements, including the follow-up questions and recommendations by the Statutory Auditor. The audit committee also makes recommendations to the board of directors on the selection, appointment and remuneration of the external auditor and monitors the independence of the external auditor.

In principle, the audit committee meets as frequently as necessary for the efficiency of the operation of the audit committee, but at least four times a year. The members of the audit committee must have full access to the Chief Financial Officer and to any other employee to whom they may require access in order to carry out their responsibilities.

During 2012, four audit committee meetings were held.

Nomination and remuneration committee

The nomination and remuneration committee consists of at least three directors. All members of the nomination and remuneration committee are Non-Executive Directors, with a majority of independent directors. The nomination and remuneration committee is chaired by the Chairman of the board of directors or another Non-Executive Director appointed by the committee. The following directors are currently members of the nomination and remuneration committee: Julien De Wilde (Chairman), Ray Stewart, Peter Mansell and Karel Vinck.

The role of the nomination and remuneration committee is to make recommendations to the board of directors with regard to the appointment of directors, make proposals to the board of directors on the remuneration policy and individual remuneration for directors and members of the management committee and to submit a remuneration report to the board of directors. In addition, starting as from the annual general shareholders' meeting to be held in 2012, the nomination and remuneration committee will submit the remuneration report at the annual general shareholders' meeting.

In principle, the nomination and remuneration committee meets as frequently as necessary for the efficiency of the operation of the committee, but at least twice a year.

During 2012, three nomination and remuneration committee meetings were held.

CORPORATE GOVERNANCE STATEMENT

Safety, health and environment committee

The safety, health and environment committee consists of at least three directors. All members of the safety, health and environment committee are Non-Executive Directors, with at least one independent director. The safety, health and environment committee is chaired by the Chairman of the board of directors or another Non-Executive Director appointed by the committee. The current members of the safety, health and environment committee are Peter Mansell (Chairman), Julien De Wilde and Oyvind Hushovd.

The role of the safety, health and environment committee is to assist the board of directors in respect of safety, health and environmental matters. In particular, its role is to ensure that the Company adopts and maintains appropriate safety, health and environment policies and procedures, as well as effective safety, health and environment internal control and risk management systems, and to make appropriate recommendations to the board of directors.

In principle, the safety, health and environment committee meets as frequently as necessary for the efficiency of the operation of the committee, but at least twice a year.

During 2012, three safety, health and environment committee meetings were held.

Activity report and attendance at board and committee meetings during 2012

Name	Board meeting attended	Audit	Nomination and remuneration	Safety, health and environment
Julien De Wilde[1]	4 of 6	N/A	1 of 3	1 of 3
Roland Junck	6 of 6	N/A	N/A	N/A
Peter Mansell	6 of 6	N/A	3 of 3	3 of 3
Karel Vinck	6 of 6	4 of 4	2 of 3	N/A
Ray Stewart	5 of 6	4 of 4	3 of 3	N/A
Oyvind Hushovd	4 of 6	3 of 4	N/A	3 of 3

(1) ACTING THROUGH DE WILDE J. MANAGEMENT BVBA

The topics discussed at the board and committee meetings are in line with the role and responsibilities of the board and its committees as set out in the corporate governance charter.

Independent directors

A director will only qualify as an independent director if he meets at least the criteria set out in article 526ter of the Belgian Companies Code, which can be summarized as follows:

- Not being an executive member of the board, exercising a function as a member of the executive committee or as a person entrusted with daily management of the Company or a company or person affiliated with the Company, and not having been in such a position during the previous five years before his nomination.
- Not having served for more than three terms as a Non-Executive Director of the board, without exceeding a total term of more than twelve years.
- Not being an employee of the senior management (as defined in article 19,2° of the Belgian Act of 20 September 1948 regarding the organization of the business industry) of the Company or a company or person affiliated with the Company and not having been in such a position for the previous three years before his nomination.
- Not receiving, or having received, any significant remuneration or other significant advantage of a financial nature from the Company or a company or person affiliated with the Company, other than any bonus or fee (tantièmes) he receives or has received as a non-executive member of the board.
- Not holding (directly or via one or more company under his control) any shareholder rights representing 10% or more of the Company's shares or of a class of the Company's shares (as the case may be), and not representing a shareholder meeting this condition.
- If the shareholder rights held by the director (directly or via one or more company under his control) represent less than 10%, the disposal of such shares or the exercise of the rights attached thereto may not be subject to contracts or unilateral undertakings entered into by the director. The director may also not represent a shareholder meeting this condition.
- Not having, or having had within the previous financial year, a significant business relationship with the Company or a company or person affiliated with the Company, either directly or as partner, shareholder, member of the board, member of the senior management (as defined in article 19,2° of the aforementioned Belgian Act of 20 September 1948) of a company or person who maintains such a relationship.
- Not being or having been within the last three years, a partner or employee of the current or former statutory auditor of the Company or a company or person affiliated with the Company.
- Not being an executive director of another company in which an executive director of the Company is a non-executive member of the board, and not having other significant links with executive directors of the Company through involvement in other companies or bodies.
- Not being a spouse, legal partner or close family member (by marriage or birth) to the second degree of a member of the board, a member of the executive committee, a person charged with the daily management, or a member of the senior management (as defined in article 19,2° of the aforementioned Belgian Act of 20 September 1948) of the Company or a company or person affiliated with the Company, or of a person who finds him or herself in one or more of the circumstances described in the previous bullets.

The resolution appointing the director must mention the reasons on the basis of which the capacity of independent director is granted.

In the absence of guidance in the law or case law, the board of directors has not further quantified or specified the aforementioned criteria set out in article 526ter of the Belgian Companies Code. Furthermore, in considering a director's independence, the criteria set out in the Belgian Code on Corporate Governance will also be taken into consideration. The board of directors is of the view that the current independent directors comply with each of the relevant criteria of the Belgian Companies Code and Belgian Code on Corporate Governance. The board of directors will disclose in its annual report which directors it considers to be independent directors. An independent director who ceases to satisfy the requirements of independence must immediately inform the board of directors.

According to the Company's board of directors, De Wilde J. Management BVBA, represented by Julien De Wilde, Peter Mansell, Karel Vinck, Ray Stewart and Oyvind Hushovd are independent directors.

Performance review of the board, its committees and its members

At least once every three years, the board intends to undertake a formal evaluation of its own size, composition, performance and interaction with executive management and that of its committees.

Such evaluation shall be performed by the nomination and remuneration committee at the initiative of the chairman and, if required, with the assistance of external advisors. The directors may not attend the discussions on their evaluation.

The evaluation will assess how the board and its committees operate, check that important issues are effectively prepared and discussed, evaluate each director's contribution and constructive involvement, and assess the present composition of the board and its committees against the desired composition. This evaluation takes into account their general role as director, and specific roles as chairman, chairman or member of a board committee, as well as their relevant responsibilities and time commitment.

Non-executive directors assess their interaction with the executive management on a continuous basis.

Executive management

The Company's executive management is composed of the Chief Executive Officer and the members of the management committee, as detailed above in "—Board of directors and management committee—Management committee".

Chief Executive Officer

The CEO leads and chairs the management committee and is accountable to the board of directors for the management committee's performance.

The role of the Chief Executive Officer is to implement the mission, strategy and targets set by the board of directors and to assume responsibility for the day-to-day management of the Company. The Chief Executive Officer reports directly to the board of directors.

Management committee

The board of directors has delegated the day-to-day management of the Company as well as certain management and operational powers to the Chief Executive Officer. The Chief Executive Officer is assisted by the management committee.

The management committee is composed of at least four members and includes the Chief Executive Officer. Its members are appointed by the board of directors on the basis of a recommendation by the nomination and remuneration committee. The Company's management committee does not qualify as a "directiecomité"/"comité de direction" within the meaning of article 524bis of the Belgian Companies Code. The management committee is responsible and accountable to the board of directors for the discharge of its responsibilities.

The management committee is responsible for assisting the CEO in relation to:

- operating the Company;
- implementing the decisions taken by the board of directors;
- putting in place internal controls and risk management systems (without prejudice to the board of directors', the audit committee's and the safety, health and environment committee's monitoring roles) based on the framework approved by the board of directors;
- presenting the board of directors the complete, timely, reliable and accurate preparation of the Company's financial statements, in accordance with applicable accounting standards and policies;
- preparing the Company's required disclosure of the financial statements and other material, financial and non-financial information;
- presenting the board of directors with a balanced and understandable assessment of the company's financial situation; and
- providing the board of directors in due time with all information necessary for the board of directors to carry out its duties.

CORPORATE GOVERNANCE STATEMENT

Conflicts of interest

Directors are expected to arrange their personal and business affairs so as to avoid conflicts of interest with the Company. Any director with a conflicting financial interest (as contemplated by article 523 of the Belgian Companies Code) on any matter before the board of directors must bring it to the attention of both the statutory auditor and fellow directors, and take no part in any deliberations or voting related thereto. Provision 1.4 of the corporate governance charter sets out the procedure for transactions between Nyrstar and the directors which are not covered by the legal provisions on conflicts of interest. Provision 3.2.4 of the corporate governance charter contains a similar procedure for transactions between Nyrstar and members of the management committee (other than the Chief Executive Officer).

There are no outstanding loans granted by the Company to any of the persons mentioned in "—Board of directors and management committee —Board of directors" and in "—Board of directors and management committee—Management committee", nor are there any guarantees provided by the Company for the benefit of any of the persons mentioned in "—Board of directors and management committee —Board of directors" and in "—Board of directors and management committee—Management committee".

None of the persons mentioned in "—Board of directors and management committee—Board of directors" and in "—Board of directors and management committee —Management committee" has a family relationship with any other of the persons mentioned in "—Board of directors and management committee— Board of directors" and in "—Board of directors and management committee—Management committee".

Dealing code

With a view to preventing market abuse (insider dealing and market manipulation), the board of directors has established a dealing code. The dealing code describes the declaration and conduct obligations of directors, members of the management committee, certain other employees and certain other persons with respect to transactions in shares or other financial instruments of the Company. The dealing code sets limits on carrying out transactions in shares of the Company and allows dealing by the above-mentioned persons only during certain windows. The dealing code is attached to the Company's corporate governance charter.

Disclosure policy

As a Belgian listed company and with a view to ensuring investors in shares of the Company have available all information necessary to ensure the transparency, integrity and good functioning of the market, the board of directors has established an information disclosure policy. The information disclosure policy is aimed at ensuring that inside information of which Company is aware is immediately disclosed to the public. In addition, the information disclosure policy is aimed at ensuring information that is disclosed is fair, precise and sincere, and will enable the holders of shares in Company and the public to assess the influence of the information on Company's position, business and results.

Internal Control and Enterprise Risk Management System

General

The Nyrstar board of directors is responsible for the assessment of the effectiveness of the internal control and the Enterprise Risk Management System. The Group takes a proactive approach to risk management. The board of directors is responsible for ensuring that nature and extent of risks, and also opportunities, are identified on a timely basis with alignment to the Group's strategic objectives and activities.

The audit committee plays a key role in monitoring the effectiveness of the Enterprise Risk Management System and is an important medium for bringing risks to the board's attention. If a critical risk or issue is identified by the board or management, it may be appropriate for all directors to be a part of the relevant risk management process, and as such the board of directors will convene a sub-committee comprised of a mix of board members and senior management. Each respective sub-committee further examines issues identified and reports back to the board of directors.

CORPORATE GOVERNANCE STATEMENT

The Nyrstar integrated Enterprise Risk Management System incorporates the Internal Control System to satisfy the Group's internal control needs and to move towards a fuller risk management process.

This Enterprise Risk Management System framework is designed to achieve the Group's objectives set forth in four categories:

- Strategic – high-level goals, aligned with and supporting the Group's mission
- Operations – effective and efficient use of its resources
- Reporting – reliability of reporting
- Compliance – compliance with applicable laws, regulations and licenses

This section gives an overview of the main features of the Company's internal control and risk management systems, in accordance with the Belgian Corporate Governance Code and the Belgian Companies Code.

Components of the integrated Enterprise Risk Management System

The Enterprise Risk Management System is integrated in the management process and focuses on the following key principles.

1 *Internal environment*
The internal environment includes the tone of the organization, and sets the basis for how risk is viewed and addressed by Nyrstar's people, including risk management philosophy, risk appetite, integrity, ethical values and the environment in which Nyrstar operates.

2 *Objective setting*
Objectives are set by management. The Enterprise Risk Management System ensures that management has a process in place to set objectives which support and align with the Group`s mission. In addition these objectives are consistent with the Group's risk appetite to ensure potential events affecting their achievement will be managed proactively.

3 *Event identification*
Based on continuous monitoring of the macro and micro environment of the business, management and the board of directors identify internal and external events affecting the achievement of the Group's objectives. This process distinguishes between risks and opportunities. Opportunities are channeled back to management`s strategy or objective setting process, risks are included in the Enterprise Risk Management System.

4 *Risk assessment*
Risks are analyzed, considering likelihood and consequence, as a basis for determining how they should be managed. Risks are assessed on an inherent and a residual basis

5 *Risk response*
In responding to risks the Group considers avoiding, accepting, reducing or sharing risk, based on a set of actions to align risks with the Group`s risk tolerance and risk appetite.

6 *Control activities*
Policies and procedures are established and implemented to help ensure the risk responses are effectively carried out.

7 *Information, communication and financial reporting systems*
Relevant information is identified, captured, and communicated in a form and timeframe that enable people to carry out their responsibilities.

8 *Monitoring*
The entire Enterprise Risk Management System is monitored on a regular basis and modifications are made as necessary. Monitoring is accomplished through ongoing management activities, separate evaluations, or both.

Internal Environment and objective setting

The following key elements and procedures have been established to provide an effective Enterprise Risk Management and Internal Control System:

CORPORATE GOVERNANCE STATEMENT

Organisational design

There is a sound organizational structure with clear procedures, delegation and accountabilities for both the business side and the support and control functions, such as human resources, legal, finance, internal audit, etc.

The organizational structure is monitored on an ongoing basis, e.g. through benchmarking the organizational structure with industry standards and competitors. Responsibilities are delegated to business units, by business plans and accompanying budgets approved by management and the board of directors within set authorization levels.

Policies and procedures

The Group has established internal policies and procedures at the corporate office, which are available on the Nyrstar intranet-site, and distributed for application across the whole Group. Every policy has an owner, who periodically reviews and updates if necessary. The general and company specific accounting principles, guidelines and instructions are summarized in the Group accounting policies available on the Nyrstar intranet-sites. The Group Standard for Risk Management is also available in the intranet.

Ethics

The board of directors has approved a Corporate Governance Charter and a Code of Business Conduct, including a framework for ethical decision making. All employees must perform their daily activities and their business objectives according the strictest ethical standards and principles. The Code of Business Conduct is available on www.nyrstar.com and sets out principles how to conduct business and behave in respect of:

- Our People
- Our Communities and Environment
- Our Customers and Suppliers
- Our Competitors
- Our Shareholders
- Our Assets

The board of directors regularly monitors compliance with applicable policies and procedures of the Nyrstar Group.

Whistleblowing

Nyrstar also has a whistleblower procedure in place, allowing staff to confidentially raise concerns about any irregularities in financial reporting, possible fraudulent actions, bribery and other areas.

Event identification and risk assessment

The Group believes that Risk Management is a fundamental element of corporate governance. The Group's Risk Management Policy and the Internal Control System, as approved by the board of directors, have been designed to identify and manage business risks that are critical to the achievement of Nyrstar's business objectives, operational, financial reporting and compliance requirements. The internal control systems have been designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable but not absolute assurance against material misstatement in the financial statements.

Starting from clear strategic objectives as approved by the board of directors, management conducts a regular risk assessment of critical risks Nyrstar is exposed to. Management assesses on a gross basis, i.e without considering any mitigating actions and controls a potential consequence of the risk to Nyrstar and the likelihood that the risk may eventuate. Based on mitigating actions and controls in place management performs a net risk assessment to ensure risks are reduced to an acceptable level according the Group's risk appetite set by management and by the board of directors. This creates an understanding of the risks faced in relation to both the internal and external environment, and allows the board of directors to determine Nyrstar's overall tolerance to risk. The identification, evaluation and management of critical risks for the Group is an ongoing process. This relates especially to critical risks around the integration of newly acquired subsidiaries or new activities of the Group.

Nyrstar maintains a global Enterprise Risk Information Management System including all identified risk which is updated on a regular basis. This enables the Group to actively monitor and communicate any changes related to the Group's risk environment.

CORPORATE GOVERNANCE STATEMENT

Risk response and control activities

As part of the Enterprise Risk Management System, management has established mitigating actions or controls to ensure risks are managed and reduced to the Group's accepted risk appetite. The effectiveness of these controls is then monitored and reviewed by management and the audit committee.

Quality control

Nyrstar is ISO 9001 certified for the smelting and refining of zinc and zinc alloys, lead and lead alloys, silver, gold and other by products. All of its major processes and the controls that they encompass are formalized and published on the Company's intranet.

Financial reporting and budget control

Nyrstar applies a comprehensive Group standard for financial reporting. The standard is in accordance with applicable International Accounting Standards. These include International Financial Reporting Standards (IFRS) and the related interpretations issued by the International Accounting Standards Board (IASB), the Standard Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC). The effectiveness and compliance with the Group standard for financial reporting is consistently reviewed and monitored by the audit committee.

In order to ensure adequate financial planning and follow up, a financial budgeting procedure describing the planning, quantification, the implementation and the review of the budget in alignment with forecasts, is closely followed. Nyrstar conducts Group wide budgeting process, which is centrally coordinated and consists of the following steps:

1) Group business strategy is updated and communicated within Nyrstar, which amongst other things outlines the strategic guidelines and objectives for the upcoming financial year.
2) Key inputs and assumptions for the budgeting process for the upcoming financial year are provided by relevant internal stakeholders (including expected production, capex, metal prices, foreign exchange and commercial terms) and uploaded into the centralised Budgeting, Planning and Consolidation system (BPC).
3) The key inputs and assumptions for the budget then go through a rigorous process of validation by relevant internal stakeholders and senior management. The management committee and the board sign off on the final agreed budget.
4) The final budget is communicated to the different Nyrstar business units and departments.
5) Nyrstar will then bi-annually communicate to shareholders the Group's revenue and cost actuals.

Management committees

In addition various management committees are established as a control to address various risks Nyrstar is exposed to:

TREASURY COMMITTEE

Treasury committee comprises of the Chief Financial Officer, the Group Treasurer and the Group Controller. The role of the treasury committee is to recommend to the CEO and to the board of directors amendments to the treasury policy. This considers all treasury transactions being reviewed before they are recommended to the CEO for review and approval by the board of directors. Explicitly this includes preparations for the following CEO and board of directors approvals:

- to approve treasury strategies and activities, as recommended by the Group Treasurer, within the constraints of the policy;
- to periodically review treasury operations and activities, approve the use of new financial instrument types and techniques for managing financial exposures;
- to approve the list of authorized counterparties for foreign exchange and money market transactions;
- to approve the use of payment term extensions and cash discounts on commercial contracts that would go beyond standard business conditions; and
- to approve the list of bank relationships.

The treasury committee meets at least quarterly.

CORPORATE GOVERNANCE STATEMENT

RISK MANAGEMENT COMMITTEE

Nyrstar's risk management committee establishes policies and procedures how Nyrstar manages its exposure to the commodity prices and foreign exchange rates. Nyrstar actively and systematically endeavors to minimize any impact on its Income Statement from metal price changes and foreign exchange movements.

Information, communication and financial reporting systems

The key elements and procedures that have been established in relation to the financial reporting process include Nyrstar's comprehensive planning process that encompasses detailed operational budgets for the period ahead. The board of directors reviews and approves the annual budget. The budget is prepared on the basis of consistent economic assumptions determined by Nyrstar's management. Performance is monitored and relevant action is taken throughout the year. This includes monthly reporting of key performance indicators for the current period together with information on critical risk areas.

Comprehensive monthly board reports that include detailed consolidated management accounts for the period together with an executive summary from the Chief Financial Officer are prepared and circulated to the board of directors by the Company Secretary on a monthly basis.

Monitoring

Management is responsible for evaluating existing controls and the control effectiveness and determines whether the level of risk being accepted is consistent with the level of risk approved by the board of directors. Management takes action where it is determined that the Company is being exposed to unacceptable levels of risk and actively encourages all Nyrstar employees to communicate freely risks and opportunities identified.

The board of directors pays specific attention to the oversight of risk and internal controls. On a yearly basis, the board of directors reviews the effectiveness of the Group's risk management and internal controls, which include strategic, financial, operational and compliance controls. The audit committee assists the board of directors in this assessment. The audit committee reviews at least once a year the effectiveness of the Internal Control and Enterprise Risk Management Systems implemented and reported by management. This includes considering the regular reports from management on key risks, mitigating actions, internal controls and management representations. Furthermore this includes the reports on risk management and internal controls from the internal audit function, the external auditors and other assurance providers that may be assisting the Company.

Internal audit is an important element in the overall process of evaluating the effectiveness of the internal control and Enterprise Risk Management Systems. The internal audits are based on risk based plans, approved by the audit committee. The internal audit findings are presented to the audit committee and management, identifying areas of improvement. Progress of implementation of the actions is monitored by the audit committee on a regular basis. The Group internal audit function is managed internally with the execution of the internal audits being performed by outsourced service providers. The audit committee supervises the internal audit function.

The audit committee also reviews the declarations relating to internal supervision and risk management included in the annual report of the Company. Last but not least the audit committee reviews the specific arrangements to enable staff to express concerns in confidence about any irregularities in financial reporting and other areas e.g., whistleblower arrangements.

To support the protocols described above, both internal resources and external contractors are engaged to perform compliance checks, and reports are provided to the audit committee.

Other

The Group is committed to the ongoing review and improvement of its policies, systems and processes. On an annual basis the Group publishes a Sustainability Report that addresses health and safety, environmental and people issues that Nyrstar focuses on.

CORPORATE GOVERNANCE STATEMENT

Shareholders

The Company has a wide shareholder base, mainly composed of institutional investors outside of Belgium, but also comprising Belgian retail and institutional investors.

The table below provides an overview of the shareholders that filed a notification with the Company pursuant to applicable transparency disclosure rules, up to the date of this report. In addition, the Company holds a number of shares as treasury stock.

Shareholder's name	Shareholder's address	Date of notification	Number of voting rights	Share-holding
Glencore International AG	Baarmattstrasse 3, 6340 Baar, Switzerland	9 February 2009	13,245,757	7.79%
Nyrstar NV	Zinkstraat 1, 2490 Balen, Belgium	17 April 2012	7,345,826	4.32%
BlackRock Group	33 King William Street, London EC4R 9AS, UK	13 December 2012	6,505,459	3.83%
Umicore NV	Broekstraat 31, 1000 Brussels, Belgium	23 March 2011	5,251,856	3.09%
			32,348,898	**19.03%**

Share capital and shares

On the date of this report, the share capital of the Company amounts to EUR 397,852,752.96 and is fully paid-up. It is represented by 170,022,544 shares, each representing a fractional value of EUR 2.34 or one 170,022,544th of the share capital. The Company's shares do not have a nominal value.

Pursuant to a decision of the board of directors of 30 June 2009, the Company issued 7% senior unsecured convertible bonds due 2014 (the "2014 Convertible Bonds") for an aggregate principal amount of EUR 120,000,000. The possibility to convert the 2014 Convertible Bonds into new shares of the Company was approved by the extraordinary general shareholders' meeting of the Company held on 25 August 2009. In 2011 an aggregate principal amount of EUR 100,000 of the 2014 Convertible Bonds have been converted.

As of the date of this report, the Company owns 7,345,826 of its own shares. These shares are held as treasury stock, with suspended dividend rights, for potential delivery to eligible employees to satisfy the Company's outstanding obligations under share based incentive plans for personnel and management under the LTIP and the Co-Investment Plan.

Form and transferability of the shares

The shares of the Company can take the form of registered shares or dematerialized shares. All the Company's shares are fully paid-up and freely transferable.

Currency

The Company's shares do not have a nominal value, but reflect the same fraction of the Company's share capital, which is denominated in euro.

Voting rights attached to the shares

Each shareholder of the Company is entitled to one vote per share. Shareholders may vote by proxy, subject to the rules described in the Company's articles of association.

Voting rights can be mainly suspended in relation to shares:

- which are not fully paid up, notwithstanding the request thereto of the board of directors of the Company;
- to which more than one person is entitled, except in the event a single representative is appointed for the exercise of the voting right;
- which entitle their holder to voting rights above the threshold of 3%, 5%, 7.5%, 10%, 15%, 20% and any further multiple of 5% of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant shareholders' meeting, in the event that the relevant shareholder has not notified the Company and the FSMA at least 20 days prior to the date of the shareholders' meeting in accordance with the applicable rules on disclosure of major shareholdings; and
- of which the voting right was suspended by a competent court or the FSMA.

Pursuant to the Belgian Companies Code, the voting rights attached to shares owned by the Company are suspended.

Dividends and Dividend Policy

All shares are entitled to an equal right to participate in the Company's profits (if any). Pursuant to the Belgian Companies Code, the shareholders can in principle decide on the distribution of profits with a simple majority vote at the occasion of the annual shareholders' meeting, based on the most recent statutory audited financial statements, prepared in accordance with the generally accepted accounting principles in Belgium and based on a (non-binding) proposal of the Company's board of directors. The Company's articles of association also authorise the board of directors to declare interim dividends subject to the terms and conditions of the Belgian Companies Code.

Dividends can only be distributed if following the declaration and issuance of the dividends the amount of the Company's net assets on the date of the closing of the last financial year as follows from the statutory financial statements (i.e., summarized, the amount of the assets as shown in the balance sheet, decreased with provisions and liabilities, all as summarized in accordance with Belgian accounting rules), decreased with the non-amortized costs of incorporation and extension and the non-amortized costs for research and development, does not fall below the amount of the paid-up capital (or, if higher, the issued capital), increased with the amount of non-distributable reserves. In addition, prior to distributing dividends, 5% of the net profits must be allotted to a legal reserve, until the legal reserve amounts to 10% of the Company's share capital.

The Company's ability to distribute dividends is subject to availability of sufficient distributable profits as defined under Belgian law on the basis of the Company's statutory unconsolidated financial statements rather than its consolidated financial statements.

The board of directors will propose to shareholders a gross distribution of EUR 0.16 per share at the annual shareholders' meeting to be held in Brussels on 24 April 2013 reflecting the board's confidence in Nyrstar's financial strength, and the medium to long-term prospects for the markets in which Nyrstar operates. The board of directors will propose to the shareholders to structure distribution as a capital reduction with reimbursement of paid-up capital. Such distribution via a capital reduction can take place without triggering Belgian withholding tax.

Information that have an impact in case of public takeover bids

The Company provides the following information in accordance with article 34 of the Royal Decree dated 14 November 2007:

(i) The share capital of the Company amounts to EUR 397,852,752.96 and is fully paid-up. It is represented by 170,022,544 shares, each representing a fractional value of EUR 2.34 or one 170,022,544th of the share capital. The Company's shares do not have a nominal value.

(ii) Other than the applicable Belgian legislation on the disclosure of significant shareholdings and the Company's articles of association, there are no restrictions on the transfer of shares.

(iii) There are no holders of any shares with special control rights.

(iv) The awards granted to employees under the Nyrstar Long Term Incentive Plan (LTIP) and Co-Investment Plan will vest upon determination by the nomination and remuneration committee.

(v) Each shareholder of Nyrstar is entitled to one vote per share. Voting rights may be suspended as provided in the Company's articles of association and the applicable laws and articles.

(vi) There are no agreements between shareholders which are known by the Company and may result in restrictions on the transfer of securities and/or the exercise of voting rights.

(vii) The rules governing appointment and replacement of board members and amendment to articles of association are set out in the Company's articles of association and the Company's corporate governance charter.

(viii) The powers of the board of directors, more specifically with regard to the power to issue or redeem shares are set out in the Company's articles of association. The board of directors was not granted the authorization to purchase its own shares "to avoid imminent and serious danger to the Company" (i.e., to defend against public takeover bids). The Company's articles of association of association do not provide for any other specific protective mechanisms against public takeover bids.

(ix) The Company is a party to the following significant agreements which, upon a change of control of the Company or following a takeover bid can either be terminated by the other parties thereto, or give the other parties thereto (or beneficial holders with respect to bonds) a right to an accelerated repayment of outstanding debt obligations of the Company under such agreements: :

- Nyrstar's Revolving Structured Commodity Trade Finance Credit Facility;
- 7% senior unsecured convertible bonds due 2014;
- 5.5% senior unsecured fixed rate non-convertible bonds due 2015;
- 5.3% senior unsecured fixed rate non-convertible bonds due 2016;
- Nyrstar's uncommitted multi-currency CHF 50 million bilateral credit facility with Credit Suisse AG
- Nyrstar's off-take agreement with the Glencore Group; and
- Nyrstar's streaming agreement with Talvivaara Sotkamo Limited.

(x) The Chief Executive Officer is currently entitled to a 12-month salary payment in case his employment is terminated upon a change of control of the Company.

No takeover bid has been instigated by third parties in respect of the Company's equity during the previous financial year and the current financial year.

Annual General Meeting – 24 April 2013

The Annual General Meeting of Shareholders will take place in Brussels (Diamond Building, A. Reyerslaan 80, 1030 Brussels) on the last Wednesday of April, i.e. 24 April 2013 at 10.30 am. At this meeting shareholders will be asked to approve the following resolutions:

1. Reports on the statutory financial statements
2. Approval of the statutory financial statements
3. Reports on the consolidated financial statements
4. Consolidated financial statements
5. Discharge from liability of the directors
6. Discharge from liability of the statutory auditor
7. Remuneration report
8. Re-appointment of director
9. Possibility to pay out Annual Incentive Plan entitlements in deferred shares
10. Approval of the 2013 Leveraged Employee Stock Ownership Plan (LESOP)

Extraordinary General Meetings – 24 April and 22 May 2013

On 24 April 2013, the Annual General Meeting shall be shortly suspended in order to be continued as an Extraordinary General Meeting before a Notary Public. At this meeting shareholders will be asked to approve the following resolutions:

1. Submission of special report
2. Distribution through reduction of the share capital
3. Renewal of the powers of the board of directors under the authorised capital

If the quorum for the Extraordinary General Meeting is not reached, a second Extraordinary General Meeting will be held on 22 May 2013 at 10.30 am at Diamond Building, A. Reyerslaan 80, 1030 Brussels, or at such other place as will be indicated at that place at that time.

Remuneration report

Introduction

The Company prepares a remuneration report relating to the remuneration of directors and the members of the management committee. This remuneration report is part of the corporate governance statement, which is a part of the annual report. The remuneration report will be submitted to the annual general shareholders' meeting on 24 April 2013 for approval.

Remuneration policy

Nyrstar's remuneration policy is designed to:

- enable Nyrstar to attract and retain talented employees;
- promote continuous improvement in the business; and
- link remuneration and performance, motivating employees to deliver increased shareholder value through superior business results.

Nyrstar obtains independent advice from external professionals to ensure the remuneration structure represents industry best practice, and achieves the twin goals of retaining talented employees and meeting shareholder expectations.

The remuneration policy that has been determined in relation to the directors and members of the management committee is further described below.

Nomination and remuneration committee

The nomination and remuneration committee consists of at least three directors. All members of the nomination and remuneration committee are Non-Executive Directors, with a majority of independent directors. The nomination and remuneration committee is chaired by the chairman of the board of directors or another Non-Executive Director appointed by the committee. The following directors are currently members of the nomination and remuneration committee: Julien De Wilde (Chairman), Ray Stewart, Peter Mansell and Karel Vinck.

The role of the nomination and remuneration committee is to make recommendations to the board of directors with regard to the appointment of directors, make proposals to the board of directors on the remuneration policy and individual remuneration for directors and members of the management committee and to submit a remuneration report to the board of directors.

Directors

General

Upon recommendation and proposal of the nomination and remuneration committee, the board of directors determines the remuneration of the directors to be proposed to the general shareholders' meeting.

The proposed remuneration that the board submits to the general shareholders' meeting is in principle benchmarked against the remuneration of similar positions in companies included in the Bel20® Index. The Bel20® Index is an index composed of the 20 companies with the highest free float market capitalization having shares trading on the continuous trading segment of the regulated market of NYSE Euronext Brussels. The remuneration is set to attract, retain and motivate directors who have the profile determined by the nomination and remuneration committee.

The general shareholders' meeting approves the remuneration of the directors, including inter alia, each time as relevant, (i) in relation to the remuneration of executive and Non-Executive Directors, the approval of an exemption from the rule that share based awards can only vest during a period of at least three years as of the grant of the awards, (ii) in relation to the remuneration of executive directors, the approval of an exemption from the rule that (unless the variable remuneration is less than a quarter of the annual remuneration) at least one quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least two years and that at least another quarter of the variable remuneration must be based on performance criteria that

CORPORATE GOVERNANCE STATEMENT

have been determined in advance and that can be measured objectively over a period of at least three years, and (iii) in relation to the remuneration of Non-Executive Directors, the approval of any variable part of the remuneration.

The directors of the Company (excluding the Chief Executive Officer) receive a fixed remuneration in consideration for their membership of the board of directors. In addition, the directors (excluding the Chairman of the board of directors and the Chief Executive Officer) receive fixed fees for their membership and/or chairmanship of any board committees. No attendance fees are paid. The Chief Executive Officer is also a member of the board but does not receive any additional remuneration in his capacity of board member.

Non-executive directors do not receive any performance-related remuneration, stock options or other share based remuneration, or pension benefits. The remuneration of Non-Executive Directors takes into account their general role as director, and specific roles as chairman, chairman or member of a board committee, as well as their relevant responsibilities and time commitment.

The current remuneration and compensation of Non-Executive Directors has not been increased since 2007. There are currently no plans to change the remuneration policy or remuneration of Non-Executive Directors, however we will review the remuneration of Non-Executive Directors over the next two financial years against market practice.

Remuneration and compensation in 2012

During 2012 the following remuneration and compensation was paid to the directors (excluding the CEO):

CHAIRMAN:

- Annual fixed remuneration of EUR 200,000 per year
- No additional attendance fees

OTHER DIRECTORS (EXCLUDING THE CEO):

- Annual fixed remuneration of EUR 50,000 per year for membership of the board of directors
- Fixed fee of EUR 10,000 per year per board committee of which they are a member
- Fixed fee of EUR 20,000 per year per board committee of which they are the chairman
- No additional attendance fees

Based on the foregoing, the following remuneration was paid to the directors (excluding the CEO) in 2012:

	Remuneration (EUR)
Julien De Wilde[1]	200,000
Peter Mansell	80,000
Karel Vinck	80,000
Ray Stewart	80,000
Oyvind Hushovd	70,000

(1) ACTING THROUGH DE WILDE J. MANAGEMENT BVBA

CORPORATE GOVERNANCE STATEMENT

Executive management

General

The remuneration of the Chief Executive Officer and the members of the management committee is based on recommendations made by the nomination and remuneration committee. The CEO participates to the meetings of the nomination and remuneration committee in an advisory capacity each time the remuneration of another executive is being discussed.

The remuneration is determined by the board of directors. As an exception to the foregoing rule, the general shareholders' meeting must approve, as relevant, (i) in relation to the remuneration of management committee, the approval of an exemption from the rule that share based awards can only vest during a period of at least three years as of the grant of the awards, (ii) in relation to the remuneration of executive directors and members of the management committee, the approval of an exemption from the rule that (unless the variable remuneration is less than a quarter of the annual remuneration) at least one quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least two years and that at least another quarter of the variable remuneration must be based on performance criteria that have been determined in advance and that can be measured objectively over a period of at least three years, and (iii) the approval of provisions of service agreements to be entered into with executive directors, members of the management committee and other executives providing (as the case may be) for severance payments exceeding twelve months' remuneration (or, subject to a motivated opinion by the remuneration committee, eighteen months' remuneration).

An appropriate portion of the remuneration is linked to corporate and individual performance. The remuneration is set to attract, retain and motivate executive management who have the profile determined by the nomination and remuneration committee.

The remuneration of the executive management consists of the following main remuneration components:

- Annual base salary (fixed)
- Participation in the Annual Incentive Plan (AIP) (bonus) (variable)
- Participation in the Executive Long Term Incentive Plan (LTIP) (variable)
- Pension benefits

For performance year 2012, the target entitlement under the AIP amounts to 75% of the annual base salary for the Chief Executive Officer (150% of the annual base salary at maximum entitlement). For performance year 2012 the target entitlement under the AIP amounts to 60% for the other members of the management committee (120% of the annual base salary at maximum entitlement). Based on the independent advice of external advisors that reviewed the executive remuneration within an international group of peer companies of Nyrstar, the board of directors increased, effective 1 January 2012, the maximum opportunity under the AIP to 150% of the annual base salary for the Chief Executive Officer and 120% of the annual base salary for the other members of the management committee. Subject to performance, the increase in opportunity will be delivered in deferred Nyrstar shares or cash. The pension benefits of each management committee member continue to amount to 20% of his fixed remuneration.

In addition to the foregoing, the board of directors has the discretion to grant spot bonuses to staff members, including members of the management committee, in exceptional circumstances. In 2012 there was a spot bonus made to one member of the management committee to recognise significant achievement in delivering on our Strategy into Action initiatives.

The remuneration package for the members of the management committee is not subject to a specific right of recovery or claw back in favor of Nyrstar in case variable remuneration has been granted based on incorrect financial data.

There are currently no plans to change the remuneration policy for executives for the two financial years to come.

The respective elements of the remuneration package are further described below.

CORPORATE GOVERNANCE STATEMENT

Annual base salary

The annual base salary constitutes a fixed remuneration. The base salary is determined on the basis of a survey by an external expert of market trends and base salaries for various job descriptions paid by a group of peer companies of Nyrstar in several countries. On the basis of this survey, a number of grades are determined. The midpoint for each grade is the 75% percentile: 75% of the companies within the peer group pay less than the mid point, and 25% of the companies within the peer group pay more.

Nyrstar's policy is to pay senior staff members at 100% of the midpoint for their grade, subject to continued satisfactory performance. However, there is discretion to set the fixed remuneration between 80% and 120% of the midpoint, based on experience, job, location, industry demand, unique technical skills, performance, etc.

Annual Incentive Plan

The annual incentive is a variable part of the remuneration in function of individual performance below, at or above average standard during a given year. The terms and conditions are reflected in the Annual Incentive Plan (**AIP**), which is subject to revision on an annual basis.

The aims of the AIP are to attract and retain talented employees, to make a connection between performance and reward, to reward achievement in line with Nyrstar's financial success, to reward employees for adhering to the Nyrstar Way, and to reward employees in a similar manner to the Company's shareholders.

The AIP is designed around delivering and exceeding the Nyrstar annual plan and budget. The relevant performance year for eligibility under the AIP is 1 January to 31 December, and payments, if any, are usually made in March of the following year.

In order to be eligible under the AIP, the beneficiary must be employed on 31 December of the relevant performance year. The respective criteria and their relative weight to determine eligibility under the AIP are:

- the achievement by the beneficiary of personal "stretch targets", which aim at achieving a performance by the beneficiary over and above the normal requirement of his or her function (25%);
- the achievement by the beneficiary's unit within Nyrstar of annual unit targets, which are determined by the board of directors (25%); and
- the achievement by Nyrstar of annual financial targets, which are determined by the board of directors (50%).

The maximum incentive under the AIP only becomes available if Nyrstar has an outstanding financial and operational result. In any event, the payment of the annual incentive is subject to overall acceptable personal behavior, demonstrated commitment to the Nyrstar Way and personal job performance, as well as the company's ability to pay.

The eligibility under the AIP is assessed and determined by the nomination and remuneration committee, and any payment of the annual incentive is subject to final board approval.

Pensions

The members of the management committee participate in a defined benefits pension scheme. The contributions by Nyrstar to the pension scheme amount to 20% of the annual base salary.

Other

The management committee members participate in a medical benefit plan that includes amongst other things private hospital and dental medical care. They also receive a representation allowance, housing assistance, a car allowance, and benefit from statutory accident and disease insurance.

For further information on the share plans, please see "Description of Share plans".

CORPORATE GOVERNANCE STATEMENT

Remuneration and compensation in 2012

The following remuneration and compensation was paid to the Chief Executive Officer and other members of the management committee in 2012:

	CEO (EUR)	Members of the management committee other than the CEO (on an aggregate basis) (EUR)
Base salary	865,639	1,804,175
AIP[1]	511,514	852,883
Pension benefits[2]	164,043	408,543
Other components of the remuneration[3]	327,068	1,256,296
Total	**1,868,264**	**4,321,897**

(1) THIS AMOUNT RELATES TO PERFORMANCE PERIOD FROM 1 JANUARY 2011 TO 31 DECEMBER 2011.
(2) THE PENSION INCLUDES 20% OF ANNUAL BASE SALARY AS SAVINGS CONTRIBUTIONS AND ALSO RISKS CONTRIBUTIONS.
(3) INCLUDES REPRESENTATION ALLOWANCE, HOUSING, CAR ALLOWANCE, HEALTH INSURANCE, AND A ONE OFF BONUS PAYMENT MADE IN 2012.

Payments upon termination

In 2012 each member of the management committee (including the Chief Executive Officer) was entitled to a severance payment equivalent to twelve months of annual base salary in case of termination of his agreement by Nyrstar. In addition, the agreement with the Chief Executive Officer provides that upon a change of control, his agreement with Nyrstar will be terminated. In that event, the Chief Executive Officer is entitled to a severance payment equivalent to twelve months of annual base salary (inclusive of any contractual notice period).

Indemnification and insurance of directors and executive management

As permitted by the Company's articles of association, the Company has entered into indemnification arrangements with the directors and relevant members of the management committee and has implemented directors' and officers' insurance coverage.

Description of share plans

The Company currently has an LTIP and a Co-Investment Plan with a view to attracting, retaining and motivating the employees and executive management of the Company and its wholly owned subsidiaries. In previous years the Company also had a general employee share acquisition plan (ESAP). However, all shares granted under ESAP vested and were settled in cash by 31 December 2011. There are no further ESAP Grants made to date.

The key terms of LTIP and Co-Investment Plan (together referred to as the "Plans") are described below. For further information on the manner in which awards under the Plans are treated in Nyrstar's consolidated financial statements, refer to note 33 to the audited consolidated financial statements for the financial year ended on 31 December 2012.

CORPORATE GOVERNANCE STATEMENT

LTIP

General

Under the LTIP, senior executives of Nyrstar (the "**Executives**") selected by the board of directors 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**").

The terms of the LTIP may vary from country to country to take into account local tax and other regulations and requirements in the jurisdictions where eligible Executives are employed or resident.

The nomination and remuneration committee makes recommendations to the board of directors in relation to the operation and administration of the LTIP.

Eligibility

The board of directors determines which Executives are eligible to participate in the LTIP (the "**Participating Executives**").

The value of the conditional Executive Awards under the LTIP varies, depending on the role, responsibility and seniority of the relevant Participating Executive. The maximum value of the conditional Executive Awards granted to any Participating Executive in any financial year of the Company will not exceed 150% of his or her base salary at the time of the grant (except that in 2007, the financial year in which the Company's flotation took place, this limit was increased to 400%).

Vesting

Executive Awards will vest over a three-year rolling performance period.

In the event of cessation of employment before the normal vesting due to certain "good leaver reasons", the board of directors may determine that a number of Executive Awards will vest, taking into account such factors as the board of directors determines, including the proportion of the performance period which has elapsed and the extent that performance conditions have been satisfied up to the date of leaving.

The board of directors determines the LTIP performance conditions. The board of directors has set two performance conditions, which are weighted equally at 50%. For an award to vest, Nyrstar's annual share price performance is measured relative to the implied change in a notional share price that is based upon the historical performance of the price of zinc (first performance condition) and the MSCI World Metals and Mining Index (second performance condition). An equal number of awards is granted under each condition. Executive Awards are made to the extent that predetermined scaling thresholds for each of the performance conditions are met. The vesting schedule is set out in the table below:

Price of zinc (50%) **Average performance of the Nyrstar share price compared to the share price implied by the price of zinc**	**% vesting**	**MSCI World Metals and Mining Index (50%)** **Average performance of the Nyrstar share price compared to the share price implied by this index**	**% vesting**
> 500 bp	100	> 500 bp	100
> 400 bp	80	> 400 bp	80
> 300 bp	60	> 300 bp	60
> 200 bp	40	> 200 bp	40
> 100 bp	20	> 100 bp	20
> 000 bp	0	> 000 bp	0

A volume weighted average out-performance is calculated for each year. These are averaged over the performance period and compared to the vesting schedule.

The LTIP rules provide for various circumstances in which unvested Executive Awards lapse, including failure to satisfy performance conditions.

CORPORATE GOVERNANCE STATEMENT

Awards

In April 2008, an initial grant (Grant 1) was made in accordance with the rules and conditions of the LTIP. This 2008 Grant consists of three tranches. The performance period for tranches 1, 2 and 3 has ended. The Grant 1 share awards were delivered in the course of 2011. Further grants have been made in 2009 (Grant 2), 2010 (Grant 3), 2011 (Grant 4) and 2012 (Grant 5) in accordance with the rules and conditions of the LTIP as set out below. The Grant 2 share awards were delivered in the course of 2012.

	Grant 2	Grant 3	Grant 4	Grant 5
Effective grant date	30 June 2009	30 June 2010	30 June 2011	30 June 2012
Performance period	1 January 2009 to 31 December 2011	1 January 2010 to 31 December 2012	1 January 2011 to 31 December 2013	1 January 2012 to 31 December 2014
Performance criteria	–zinc price 50% –MSCI 50% Executive remains in service to 31 December 2011	–zinc price 50% –MSCI 50% Executive remains in service to 31 December 2012	–zinc price 50% –MSCI 50% Executive remains in service to 31 December 2013	–zinc price 50% –MSCI 50% Executive remains in service to 31 December 2014
Vesting date	31 December 2011	31 December 2012	31 December 2013	31 December 2014

During the period between the satisfaction of the performance condition and when the Participating Employee receives the relevant payment, the employee will be entitled to a payment equal to the cash equivalent of any dividends paid.

Movement of LTIP shares awarded

The following table sets out the movement in the number of equity instruments granted during the specified periods in relation to the LTIP:

	Grant 2	Grant 3	Grant 4	Grant 5	Total
Opening balance at 1 January 2012	2,764,817	823,243	1,196,168	–	**4,784,228**
Initial allocation at 30 June 2012	–	–	–	2,261,628	**2,261,628**
(Forfeitures)/Additions		(52,283)	(142,267)	(157,389)	**(351,939)**
Settlements	2,675,946	–	–	–	**(2,675,946)**
Closing balance at 31 December 2012	**88,871**	**770,960**	**1,053,901**	**2,104,239**	**4,017,971**

	Grant 1						
	Tranche 1	Tranche 2	Tranche 3	Grant 2	Grant 3	Grant 4	Total
Opening balance at 1 January 2011	292,845	179,756	237,837	2,105,305	560,516	–	**3,376,259**
Initial allocation at 30 June 2011	–	–	–	–	–	1,149,398	**1,149,398**
Dilutive adjustment at 15 March 2011	57,784	35,469	46,930	415,415	110,600	–	**666,198**
(Forfeitures)/Additions	–	–	–	244,097	152,127	46,770	**442,994**
Settlements	(350,629)	(215,225)	(284,767)	–	–	–	**(850,621)**
Closing balance at 31 December 2011	**-**	**-**	**-**	**2,764,817**	**823,243**	**1,196,168**	**4,784,228**

CORPORATE GOVERNANCE STATEMENT

Co-Investment Plan

General

The annual general shareholders' meeting of the Company held on 28 April 2010 approved the Co-Investment Plan. Under the Co-Investment Plan, for each ordinary Share in the Company that a member of the management committee (including the Chief Executive Officer) (the "**Participant**") purchased between 30 April 2010 and 28 June 2010 (a "**Co-investment Share**"), the Company will grant (for no consideration) the respective Participant on the Vesting Date, a number of additional ordinary shares in the Company (the "**Matching Shares**") provided that (a) the Participant is still employed by Nyrstar (unless the board of directors qualifies his departure prior to such date as a "good leaver situation" (ill health resulting in the incapacity to perform professional activities for a period of more than twelve months, voluntary resignation, retirement or any similar event which the Nomination and Remuneration Committee may qualify as being a "good leaver situation" on the Vesting Date) and (b) the Participant still holds the Co-investment Shares on the Vesting Date.

Eligibility

The persons eligible to participate in the Co-Investment Plan are the members of the management committee (including the Chief Executive Officer) and the Group General Managers.

Vesting

The Co-investment Plan has one vesting date, 15 July 2013.

The Co-Investment Plan has three measurement dates, i.e. 1 July 2011 ("**Measurement Date 1**"), 1 July 2012 ("**Measurement Date 2**") and 1 July 2013 ("**Measurement Date 3**").

The number of Matching Shares is the product of (a) the highest of Multiple A, Multiple B and Multiple C and (b) the total number of the Co-Investment Shares which the respective Participant has continuously held as of 28 June 2010 up to and including the vesting date.

The initial thresholds were adjusted to take into account the economic impact of the Company's rights offering that closed in March 2011. Reference is also made to note 33 to the audited consolidated financial statements for the financial year ended on 31 December 2012.

"**Multiple A**" will be equal to:

- zero, if the highest average closing price of an ordinary share of the Company during any given period of five consecutive trading days between 1 July 2010 and 1 July 2011 has been less than EUR 16.70;
- four, if the highest average closing price of an ordinary share of the Company during any given period of five consecutive trading days between 1 July 2010 and 1 July 2011 has been equal to or higher than EUR 25.06; or
- a number between two and four, to be determined on a straight line basis, if the highest average closing price of an ordinary share of the Company during any given period of five consecutive trading days between 1 July 2010 and 1 July 2011 has been between EUR 16.70 and EUR 25.06, whereby factor two coincides with the EUR 16.70 threshold and factor four coincides with the EUR 25.06 threshold.

CORPORATE GOVERNANCE STATEMENT

"**Multiple B**" will be equal to:

- zero, if the highest average closing price of an ordinary share of the Company during any given period of five consecutive trading days between 1 July 2011 and 1 July 2012 has been less than EUR 16.70;
- four, if the highest average closing price of an ordinary share of the Company during any given period of five consecutive trading days between 1 July 2011 and 1 July 2012 has been equal to or higher than EUR 25.06; or
- a number between two and four, to be determined on a straight line basis, if the highest average closing price of an ordinary share of the Company during any given period of five consecutive trading days between 1 July 2011 and 1 July 2012 has been between EUR 16.70 and EUR 25.06, whereby factor two coincides with the EUR 16.70 threshold and factor four coincides with the EUR 25.06 threshold.

"**Multiple C**" will be equal to:

- zero, if the highest average closing price of an ordinary share of the Company during any given period of five consecutive trading days between 1 July 2012 and 1 July 2013 has been less than EUR 16.70,
- four, if the highest average closing price of an ordinary share of the Company during any given period of five consecutive trading days between 1 July 2012 and 1 July 2013 has been equal to or higher than EUR 25.06, or
- a number between two and four, to be determined on a straight line basis, if the average closing price of an ordinary share of the Company during any given period of five consecutive trading days between 1 July 2012 and 1 July 2013 has been between EUR 16.70 and EUR 25.06, whereby factor two coincides with the EUR 16.70 threshold and factor four coincides with the EUR 25.06 threshold.

The Matching Shares will consist of ordinary shares of the Company which the Company intends to redeem in accordance with the respective statutory powers granted to the board of directors. If the Company is unable to deliver the respective Matching Shares to a Participant, the Company will be able to settle its respective obligations by granting such Participant a cash amount equal to the product of the number of Matching Shares to be delivered to such Participant and the average closing price of the ordinary shares of the Company during the twenty trading days preceding the vesting date.

The underlying philosophy of the vesting is to provide a long-term component to the remuneration package of the management committee members, while at the same time aligning their interests with those of the Company and its shareholders, by requiring a personal investment by the members of the management committee and at the same time linking this remuneration component to the long-term evolution of price of the Company's shares.

Awards

Subject to the vesting conditions, the number of Co-investment Shares of a Participant was capped as follows:

- with respect to the Chief Executive Officer, the maximum number of Co-investment Shares is equal to 50,000; and
- with respect to the each of the four current members of the management committee, the maximum number of Co-investment Shares is equal to 35,000.

The members of the management committee purchased a total number of 190,000 shares as participation in the Co-Investment Plan.

In line with the above general principles, the board of directors further determined and elaborated the rules of the Co-Investment Plan. The board of directors also administers the Co-Investment Plan.

In the context of the Co-Investment Plan, in addition to this conditional right to receive shares, Nyrstar granted each Participant an unconditional cash bonus, the net amount of which – to be calculated for each respective Participant separately – will be equal to the product of (a) the number of Co-investment Shares of the Participant and (b) the difference between the average purchase price paid by the Participant for his respective Co-investment Shares and EUR 10.00.

CORPORATE GOVERNANCE STATEMENT

Adjustments to the Plans

The annual general shareholders' meeting of the Company held on 27 April 2011 granted the board of directors of the Company the power to amend and restate the Co-Investment Plan in order to reflect the consequences and amendments that may be required in the context of certain corporate actions engaged by the Company. In the context of the Company's rights offering that closed in March 2011, the following amendments to the Co-Investment Plan were made:

- the shares of the Company subscribed by the Participants in the Co-Investment Plan in the Company's rights offering that closed in March 2011 on the basis of the preference rights of their existing Co-investment Shares are also considered as Co-Investment Shares for purposes of the Co-Investment Plan. As a consequence, an additional 133,000 shares subscribed for by the participants in the Co-Investment Plan are considered "Co-investment Shares" for purposes of the Co-Investment Plan;
- the list of Participants in the Co-Investment Plan can be extended beyond the Chief Executive Officer and the four other members of the Company's management committee to include other managers of the Company and its subsidiaries;
- the objective performance based targets (determined by the board of directors and relating to the stock exchange price of the Shares of the Company during the term of the Co-Investment Plan) that need to be achieved in order for the Matching Shares to vest can be adjusted in order to take into account the economic impact of the Company's rights offering that closed in March 2011. Reference is made to note 31 to the audited consolidated financial statements for the financial year ended on 31 December 2011; and
- the general vesting date under the Co-Investment Plan can be shorter than three years.

In addition, the annual general shareholders' meeting of the Company held on 27 April 2011 approved and ratified, as far as needed and applicable, in accordance with article 556 of the Belgian Company Code, any clauses or features included in the Plans that (automatically or not) result in, or permit the board of directors (or a committee or certain members of the board of directors) to approve or allow an accelerated or immediate vesting or acquisition of awards made under such Plans in the event of a public takeover bid or change of control over the Company, and any other clause or feature which in accordance with article 556 of the Belgian Company Code entail rights to third parties that have an impact on the Company's equity or 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.

Leveraged Employee Stock Ownership Plan (LESOP)

In 2013, the board of directors considers providing a new remuneration component to certain senior managers, consisting of the ability to participate in a leveraged employee stock ownership plan (the " **2013 LESOP**"). The 2013 LESOP would enable participants to purchase shares of the Company at a discount of 20%, whereby the shares would be subject to a holding period of three years. For each share purchased by a participant with their personal contribution, a financial institution would provide the participant with additional financing enabling them to purchase nine additional shares at such discount. At the end of the holding period, the participant would be required to transfer all shares purchased to the financial institution and would receive in return a cash amount or a number of shares of the Company, the value of which equals the sum of their personal contribution in the 2013 LESOP and a certain percentage of the increase in value of the shares over the life time of the 2013 LESOP. Shares purchased under the 2013 LESOP would remain subject to the aforementioned holding period, even if a participant no longer works with the Company. The initial eligible participants for the 2013 LESOP would include the members of the Nyrstar Management Committee, as well as certain other senior and General Managers. The number of shares that a participant could purchase with their personal contribution under the 2013 LESOP would be capped. With respect to the members of the Nyrstar Management Committee, the cap would be set at 50,000 shares for each member. The Board of Directors intends to submit the 2013 LESOP to the general shareholders' meeting of the Company in accordance with the requirements set forth in the Belgian Company Code and the Company's corporate governance charter.

CORPORATE GOVERNANCE STATEMENT

Directors' and other interests

Shares and Share awards

During 2012 the following share awards had been granted or delivered under the LTIP to the members of the management committee:

		LTIP	
Name	Title	Share Awards delivered in 2012 under the LTIP in which the performance conditions have been met	Share Awards granted in 2012 or in prior years under the LTIP of which the performance conditions have not been met[1]
Roland Junck	Chief Executive Officer	286,439	373,437
Greg McMillan	Chief Operating Officer	171,278	192,495
Heinz Eigner	Chief Financial Officer	140,135	162,924
Russell Murphy	Chief HR & SHE Officer	129,680	148,925
Michael Morley	Chief Corporate and Development Officer	123,963	147,379
Erling Sorensen[2]		67,668	6,096

(1) VESTING IS SUBJECT TO PERFORMANCE CONDITIONS.

(2) ERLING SORENSEN WAS IN 2010 PART OF THE MANAGEMENT COMMITTEE, AND LEFT AS A "GOOD LEAVER" UNDER THE RULES OF THE LTIP. SHARE AWARDS HAVE BEEN PRO-RATED BASED ON A DEPARTURE DATE OF 30 JUNE 2010.

The following number of shares were held by members of the management committee as at 31 December 2012:

Name	Title	Shares held
Roland Junck	Chief Executive Officer	50,000
Greg McMillan	Chief Operating Officer	296,728
Heinz Eigner	Chief Financial Officer	303,596
Russell Murphy	Chief HR & SHE Officer	200,000
Michael Morley	Chief Corporate and Development Officer	220,098

Report of the Board of Directors ex Article 119 Company Code

Pursuant to article 119 of the Company Code, the board of directors reports on the operations of the Nyrstar Group with respect to the financial year ended on 31 December 2012.

The information provided in this report is regulated information in accordance with article 36 of the Royal Decree of 14 November 2007.

1. Comments to the financial statements

Nyrstar's consolidated financial statements as at and for the year ended 31 December 2012 comprise Nyrstar NV (the "Company") and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The consolidated financial statements of Nyrstar were prepared in accordance with International Financial Reporting Standards as adopted by the European Union. These include International Financial Reporting Standards (IFRS) and the related interpretations issued by the International Accounting Standards Board (IASB), the Standard Interpretations Committee (SIC) and the IFRS Interpretations Committee (IFRIC), effective at the reporting date and adopted by the European Union. The consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements are presented in Euros which is the Company's functional and presentation currency. All financial information has been rounded to the nearest hundred thousand.

Please refer to the relevant pages in this annual report for the consolidated financial statements.

1.1 Overview of activities and finance overview

Nyrstar achieved considerable growth in the production of all metals in the mining segment and delivered full year guidance for zinc, lead, copper and silver contained in concentrate, and narrowly missed the gold target. This was achieved within the context of a challenging trading environment, with downward movements in commodity prices and treatment charges. Due to adverse macro-economic situation the Company delivered a result from operational activities before exceptional items in 2012 of EUR (6.4) million (compared to EUR 122.0 million in 2011). The Group generated revenue for the year 2012 amounting to EUR 3,069.8 million, a decrease of 8% compared to 2011, and recorded a net loss after tax of EUR 95.3 million in 2012 (2011: net profit after tax of EUR 36.1 million).

The Group's continued focus on improving safety and health led to a further decrease in the Lost Time Injury Rate (LTR) and Recordable Injury Rate (RIR). (LTR and RIR are 12 month rolling averages of the number of lost time injuries and recordable injuries (respectively) per million hours worked, and include all employees and contractors at all operations).

REPORT OF THE BOARD OF DIRECTORS

1.2 Non-financial key-performance indicators

Production

	Financial year 2012	Financial year 2011
Mining production		
Zinc in concentrate ('000 tonnes)	312	207
Gold in concentrate ('000 troy ounces)	94.6	49.9
Silver in concentrate ('000 troy ounces)	5,517	3,673
Lead in concentrate ('000 tonnes)	16.2	7.8
Copper in concentrate ('000 tonnes)	13.0	7.7
Smelting production		
Zinc metal ('000 tonnes)	1,084	1,125
Lead metal ('000 tonnes)	158	195
Sulphuric acid ('000 tonnes, gross)	1,388	1,400
Silver ('000 troy ounces)	13,806	18,563
Gold ('000 troy ounces)	56	36

The mining segment delivered considerable growth in the production of all metals. Zinc in concentrate production of 312kt in 2012, was 51% higher than in 2011, with own mine production (excluding deliveries under the Talvivaara zinc stream) up 64%, while lead (108%), copper (69%), silver (50%) and gold (90%) were also significantly up on 2011. Production guidance was achieved for all metals, except for gold which was slightly below due to temporary operational interruptions experienced in H1 2012 at El Toqui and Coricancha mines.

The smelting segment produced approximately 1,084,000 tonnes of zinc metal in 2012, in line with the stated guidance of approximately 1.1 million tonnes. Although 4% down on the record performance achieved in 2011 (1,125,000 tonnes), 2012 production was in line with historical levels. The zinc smelters delivered a strong operational performance in H2 2012, producing 547,000 tonnes of zinc metal, a 2% increase on H1 2012, a half in which the smelting segment experienced some operational issues (particularly at the start of the year).

Markets

Nyrstar's earnings are highly sensitive to changes in the zinc price, and as the Mining segment's production of other metals has increased, the sensitivity to changes in the lead, copper and silver price has also increased. The average zinc price was 11% lower in 2012 compared to 2011, averaging USD 1,946/t in 2012 compared to USD 2,191/t in 2011, while the average lead, copper and silver price declined by 14%, 10% and 11% respectively. Nyrstar's earnings also remain materially sensitive to changes in the zinc treatment charge. The 2012 zinc benchmark treatment charge was significantly below 2011 terms, resulting in a realised TC of USD 196 per dry metric tonne (dmt) in 2012, a 15% decline on 2011 (USD 230/dmt), which had a materially adverse impact on group EBITDA.

Nyrstar did partly benefit from a weaker Euro although this did not offset the decline in commodity prices. The other currency impacting our results in 2012 was the Australian dollar, which continued its strong performance averaging 0.81 against the Euro, up 8% compared to 2011. While the zinc smelters maintained their cost in local currency, given approximately 40% of our smelting costs are denominated in Australian dollars, the average smelting operating cost per tonne in Euro terms increased to EUR 577.

Safety, health and environment

Nyrstar's recordable injury rate (RIR) continued to improve during 2012, with a significant decline of 37% to 8.2 in 2012 compared with 13.0 in 2011. The lost time injury (LTI) rate also decreased, by 40% to 2.5 in 2012, compared to 4.2 in 2011. The RIR and LTI rate at Nyrstar's smelters remains at record low levels and there have been substantial improvements in the Mining segment as a result of a strong safety focus at the mines acquired in previous years.

REPORT OF THE BOARD OF DIRECTORS

A global mining underground safety audit was completed in January 2012, which utilised external mining safety specialists in collaboration with internal health and safety managers. The team conduct an on-the-ground review of practices, policies and procedures at each mining operation, with the objective of creating a safety framework and improvement programme which will enable Nyrstar to achieve world class underground mining safety standards. The outcomes of the audit were presented to Nyrstar's Board during H1 2012 and subsequently site level safety improvement plans were developed and implemented during H2 2012.

In the Smelting segment, both Budel, 1.8, and Port Pirie, 3.2, achieved recordable injury rates in 2012 that surpassed world class performance levels of 5.0 (world class performance based on international oil and gas industry health and safety data). In addition Budel ended 2012 without recording a single Lost Time Injury. Both of these exceptional safety performances were a result of Driven safety focus initiative at Nyrstar sites, the participation of all employees in living the Nyrstar Way, a core component of Nyrstar's Strategy into Action, and a high safety maturity level of all employees across the sites. During 2012 the Smelting segment focused on leading indicators and in living safety on a daily basis, with near miss reporting and Investigation and hazard identification reporting and elimination.

There were no environmental incidents with significant off-site impact recorded during 2012. However, there was a material increase in minor recordable environmental incidents, with 54 being reported in 2012 compared with 22 in 2011. The increase is primarily due to the greater number of mines that Nyrstar now operates, with the acquisition of the Campo Morado, El Mochito, El Toqui, Langlois and Myra Falls mines during 2011.

1.3 Operating results, financial positon and cash flows

The Group recorded a net loss after tax of EUR 95.3 million for the year 2012. The Group generated revenue for the year 2012 amounting to EUR 3,069.8 million, a decrease of 8% compared to 2011 due primarily to lower commodity prices. However gross profit increased by 5% to EUR 1,356.3 million in 2012 due to increasing profitability in the mining segment following increased levels of production and increased margins at several mines.

Compared to 2011, employee benefits expense increased by 21% to EUR 409.6 million, energy expenses increased by 9% to EUR 332.1 million, stores and consumables increased by 28% to EUR 194.8 million, and contracting and consulting expenses increased by 17% to EUR 170.8 million. The increase of the operating costs compared to previous year was mainly influenced by a full year's cost contribution from the former Breakwater mines (acquired in late August 2011), the strength of the Australian dollar against the Euro (average rate in 2012 was 9% higher than in 2011) and higher production volumes in the mining segment.

Restructuring costs of EUR 16.9 million were recognised in 2012, which were mainly in relation to the announced group-wide cost savings programme, Project lean, which is targeted to deliver EUR 50 million of annualised operating cost savings by the end of 2014.

The Group recorded a net financial expense of EUR 90.9 million in 2012, compared to EUR 55.5 million in 2011. This increase was mainly influenced by higher interest charges on external debt financing (EUR 63.1 million in 2012 compared to EUR 50.7 million in 2011), a higher level of unwind of discount in provisions (EUR 15.7 million in 2012 compared to EUR 7.3 million in 2011), increased other finance charges (EUR 12.4 million in 2012 compared to EUR 8.3 million in 2011) and a net foreign exchange loss in 2012 (EUR 0.9 million loss in 2012 compared to a EUR 5.6 million gain in 2011).

Nyrstar recognised an income tax benefit of EUR 14.4 million in 2012 compared to a tax expense of EUR 8.1 million in 2011. The effective tax rate was approximately 13% in 2012 compared to 18% in 2011.

The Company capital expenditure in 2012 increased by approximately 8% to EUR 247.8 million.

1.4 Liquidity position and capital resources

In 2012 cash flows from operating activities generated an inflow of EUR 361.4 million, compared to EUR 121.2 million in 2011. The 2012 result comprised a cash inflow of EUR 198.9 million from operating activities before working capital changes. The remaining cash inflow was primarily due to improvements in working capital management and the cash received in H1 2012 from the sale of 2.8 million troy ounces of silver bearing material that was recovered in Port Pirie in 2011 (EUR 78.4 million).

Cash outflows from investing activities in 2012 of EUR 214.0 million mainly relates to capital expenditure and the cash inflow from the sale of Nyrstar's 50% share in the ARA Sydney joint venture for EUR 32.4 million.

This compares to an outflow of EUR 890.7 million in 2011, which included the acquisition of Farallon Mining EUR 280.0 million (net of cash) and of Breakwater Resources for approximately EUR 390.0 million (net of cash).

Cash outflows from financing activities in 2012 amounted to EUR 133.4 million, compared to an inflow of EUR 775.2 million in 2011. The cash outflow in 2012 was primarily driven by interest payments, the repayment of short-term borrowings and a EUR 0.16 per share distribution to shareholders. The significant inflow in 2011 included the EUR 490.1 million gross proceeds of the rights offering that closed in March 2011, and the EUR 525.0 million (excluding transaction costs) raised in May 2011 with the placement of 5.375% bonds due 2016. As of 31 December 2012, the full amount of Nyrstar's successfully refinanced EUR 400.0 million revolving structured commodity trade finance facility remained undrawn (fully undrawn as of 31 December 2011).

Net debt at 31 December 2012 was EUR 680.5 million (31 December 2011: EUR 718.3 million).

2. Internal Control and Enterprise Risk Management System

General

The Nyrstar board of directors is responsible for the assessment of the effectiveness of the internal control and the Enterprise Risk Management System. The Group takes a proactive approach to risk management. The board of directors is responsible for ensuring that nature and extent of risks, and also opportunities, are identified on a timely basis with alignment to the Group's strategic objectives and activities.

The audit committee plays a key role in monitoring the effectiveness of the Enterprise Risk Management System and is an important medium for bringing risks to the board's attention. If a critical risk or issue is identified by the board or management, it may be appropriate for all directors to be a part of the relevant risk management process, and as such the board of directors will convene a sub-committee comprised of a mix of board members and senior management. Each respective sub-committee further examines issues identified and reports back to the board of directors.

The Nyrstar integrated Enterprise Risk Management System incorporates the Internal Control System to satisfy the Group's internal control needs and to move towards a fuller risk management process. This Enterprise Risk Management System framework is designed to achieving the Group's objectives set forth in four categories:

- Strategic – high-level goals, aligned with and supporting the Group's mission
- Operations – effective and efficient use of its resources
- Reporting – reliability of reporting
- Compliance – compliance with applicable laws, regulations and licenses

This section gives an overview of the main features of the Company's internal control and risk management systems, in accordance with the Belgian Corporate Governance Code and the Belgian Companies Code.

Components of the integrated Enterprise Risk Management System

The Enterprise Risk Management System is integrated in the management process and focuses on the following key principles:

1. *Internal environment*

   The internal environment includes the tone of the organization, and sets the basis for how risk is viewed and addressed by Nyrstar's people, including risk management philosophy, risk appetite, integrity, ethical values and the environment in which Nyrstar operates.

2. *Objective setting*

   Objectives are set by management. The Enterprise Risk Management System ensures that management has a process in place to set objectives which support and align with the Group's mission. In addition these objectives are consistent with the Group's risk appetite to ensure potential events affecting their achievement will be managed proactively.

REPORT OF THE BOARD OF DIRECTORS

3. *Event identification*

   Based on continuous monitoring of the macro and micro environment of the business, management and the board of directors identify internal and external events affecting the achievement of the Group's objectives. This process distinguishes between risks and opportunities. Opportunities are channeled back to management's strategy or objective setting process, risks are included in the Enterprise Risk Management System.

4. *Risk assessment*

   Risks are analyzed, considering likelihood and consequence, as a basis for determining how they should be managed. Risks are assessed on an inherent and a residual basis.

5. *Risk response*

   In responding to risks the Group considers avoiding, accepting, reducing or sharing risk, based on a set of actions to align risks with the Group's risk tolerance and risk appetite.

6. *Control activities*

   Policies and procedures are established and implemented to help ensure the risk responses are effectively carried out.

7. *Information, communication and financial reporting systems*

   Relevant information is identified, captured, and communicated in a form and timeframe that enable people to carry out their responsibilities.

8. *Monitoring*

   The entire Enterprise Risk Management System is monitored on a regular basis and modifications are made as necessary. Monitoring is accomplished through ongoing management activities, separate evaluations, or both.

Internal environment and objective setting

The following key elements and procedures have been established to provide an effective Enterprise Risk Management and Internal Control System:

Organisational design

There is a sound organizational structure with clear procedures, delegation and accountabilities for both the business side and the support and control functions, such as human resources, legal, finance, internal audit, etc.

The organizational structure is monitored on an ongoing basis, e.g. through benchmarking the organizational structure with industry standards and competitors. Responsibilities are delegated to business units, by business plans and accompanying budgets approved by management and the board of directors within set authorization levels.

Policies and procedures

The Group has established internal policies and procedures at the corporate office, which are available on the Nyrstar intranet-site, and distributed for application across the whole Group. Every policy has an owner, who periodically reviews and updates if necessary. The general and company specific accounting principles, guidelines and instructions are summarized in the Group accounting policies available on the Nyrstar intranet-sites. The Group Standard for Risk Management is also available on the intranet.

Ethics

The board of directors has approved a Corporate Governance Charter and a Code of Business Conduct, including a framework for ethical decision making. All employees must perform their daily activities and their business objectives according the strictest ethical standards and principles. The Code of Business Conduct is available on www.nyrstar.com and sets out principles how to conduct business and behave in respect of:

- Our People
- Our Communities and Environment
- Our Customers and Suppliers
- Our Competitors

REPORT OF THE BOARD OF DIRECTORS

- Our Shareholders
- Our Assets

The board of directors regularly monitors compliance with applicable policies and procedures of the Nyrstar Group.

Whistleblowing

Nyrstar also has a whistleblower procedure in place, allowing staff to confidentially raise concerns about any irregularities in financial reporting, possible fraudulent actions, bribery and other areas.

Event identification and risk assessment

The Group believes that risk management is a fundamental element of corporate governance. The Group's Risk Management Policy and the Internal Control System, as approved by the board of directors, have been designed to identify and manage business risks that are critical to the achievement of Nyrstar's business objectives, operational, financial reporting and compliance requirements. The internal control systems have been designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable but not absolute assurance against material misstatement in the financial statements.

Starting from clear strategic objectives as approved by the board of directors, management conducts a regular risk assessment of critical risks Nyrstar is exposed to. Management assesses on a gross basis, i.e without considering any mitigating actions and controls a potential consequence of the risk to Nyrstar and the likelihood that the risk may eventuate. Based on mitigating actions and controls in place management performs a net risk assessment to ensure risks are reduced to an acceptable level according the Group's risk appetite set by management and by the board of directors. This creates an understanding of the risks faced in relation to both the internal and external environment, and allows the board of directors to determine Nyrstar's overall tolerance to risk. The identification, evaluation and management of critical risks for the Group is an ongoing process. This relates especially to critical risks around the integration of newly acquired subsidiaries or new activities of the Group.

Nyrstar maintains a global Enterprise Risk Information Management System including all identified risk which is updated on a regular basis. This enables the Group to actively monitor and communicate any changes related to the Group's risk environment.

Risk response and control activities

As part of the Enterprise Risk Management System, management has established mitigating actions or controls to ensure risks are managed and reduced to the Group's accepted risk appetite. The effectiveness of these controls is then monitored and reviewed by management and the audit committee.

Quality control

Nyrstar is ISO 9001 certified for the smelting and refining of zinc and zinc alloys, lead and lead alloys, silver, gold and other by-products. All of its major processes and the controls that they encompass are formalized and published on the Company's intranet.

Financial reporting and budget control

Nyrstar applies a comprehensive Group standard for financial reporting. The standard is in accordance with applicable International Accounting Standards. These include International Financial Reporting Standards (IFRS) and the related interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IFRIC). The effectiveness and compliance with the Group standard for financial reporting is consistently reviewed and monitored by the audit committee.

In order to ensure adequate financial planning and follow up, a financial budgeting procedure describing the planning, quantification, the implementation and the review of the budget in alignment with forecasts, is closely followed. Nyrstar conducts Group wide budgeting process, which is centrally coordinated and consists of the following steps:

1) Group business strategy is updated and communicated within Nyrstar, which amongst other things outlines the strategic guidelines and objectives for the upcoming financial year.

2) Key inputs and assumptions for the budgeting process for the upcoming financial year are provided by relevant internal stakeholders (including expected production, capex, metal prices, foreign exchange and commercial terms) and uploaded into the centralised Budgeting, Planning and Consolidation system (BPC).
3) The key inputs and assumptions for the budget then go through a rigorous process of validation by relevant internal stakeholders and senior management. The management committee and the board sign off on the final agreed budget.
4) The final budget is communicated to the different Nyrstar business units and departments.
5) Nyrstar will then bi-annually communicate to shareholders the Group's revenue and cost actual results.

Management committees

In addition various management committees are established as a control to address various risks Nyrstar is exposed to:

TREASURY COMMITTEE

The Treasury committee comprises of the Chief Financial Officer, the Group Treasurer and the Group Controller. The role of the treasury committee is to recommend to the CEO and to the board of directors amendments to the treasury policy. This considers all treasury transactions being reviewed before they are recommended to the CEO for review and approval by the board of directors. Explicitly this includes preparations for the following CEO and board of directors approvals:

- to approve treasury strategies and activities, as recommended by the Group Treasurer, within the constraints of the policy;
- to periodically review treasury operations and activities, approve the use of new financial instrument types and techniques for managing financial exposures;
- to approve the list of authorized counterparties for foreign exchange and money market transactions;
- to approve the use of payment term extensions and cash discounts on commercial contracts that would go beyond standard business conditions; and
- to approve the list of bank relationships.

The treasury committee meets at least quarterly.

COMMODITY RISK MANAGEMENT COMMITTEE

Nyrstar's commodity risk management committee establishes policies and procedures how Nyrstar manages its exposure to the commodity prices and foreign exchange rates. Nyrstar actively and systematically endeavors to minimize any impact on its income statement from metal price changes and foreign exchange movements.

Information, communication and financial reporting systems

The key elements and procedures that have been established in relation to the financial reporting process include Nyrstar's comprehensive planning process that encompasses detailed operational budgets for the period ahead. The board of directors reviews and approves the annual budget. The budget is prepared on the basis of consistent economic assumptions determined by Nyrstar's management. Performance is monitored and relevant action is taken throughout the year. This includes monthly reporting of key performance indicators for the current period together with information on critical risk areas.

Comprehensive monthly board reports that include detailed consolidated management accounts for the period together with an executive summary from the Chief Financial Officer are prepared and circulated to the board of directors by the Company Secretary on a monthly basis.

Monitoring

Management is responsible for evaluating existing controls and the control effectiveness and determines whether the level of risk being accepted is consistent with the level of risk approved by the board of directors. Management takes action where it is determined that the Company is being exposed to unacceptable levels of risk and actively encourages all Nyrstar employees to communicate freely risks and opportunities identified.

REPORT OF THE BOARD OF DIRECTORS

The board of directors pays specific attention to the oversight of risk and internal controls. On a yearly basis, the board of directors reviews the effectiveness of the Group's risk management and internal controls, which include strategic, financial, operational and compliance controls. The audit committee assists the board of directors in this assessment. The audit committee reviews at least once a year the effectiveness of the Internal Control and Enterprise Risk Management Systems implemented and reported by management. This includes considering the regular reports from management on key risks, mitigating actions, internal controls and management representations. Furthermore this includes the reports on risk management and internal controls from the internal audit function, the external auditors and other assurance providers that may be assisting the Company.

Internal audit is an important element in the overall process of evaluating the effectiveness of the internal control and Enterprise Risk Management Systems. The internal audits are based on risk based plans, approved by the audit committee. The internal audit findings are presented to the audit committee and management, identifying areas of improvement. Progress of implementation of the actions is monitored by the audit committee on a regular basis. The Group internal audit function is managed internally with the execution of the internal audits being performed by outsourced service providers. The audit committee supervises the internal audit function.

The audit committee also reviews the declarations relating to internal supervision and risk management included in the annual report of the Company. Last but not least the audit committee reviews the specific arrangements to enable staff to express concerns in confidence about any irregularities in financial reporting and other areas e.g. whistleblower arrangements.

To support the protocols described above, both internal resources and external contractors are engaged to perform compliance checks, and reports are provided to the audit committee.

Other

The Group is committed to the ongoing review and improvement of its policies, systems and processes. On an annual basis the Group publishes a Sustainability Report that addresses health and safety, environmental and people issues that Nyrstar focuses on.

Financial and operational risks

The principal risks and uncertainties, which Nyrstar faces, along with the impact and the procedures implemented to mitigate the risks, are detailed in the tables below:

FINANCIAL RISKS

Description	Impact	Mitigation
Commodity price risk Nyrstar's results are largely dependent on the market prices of commodities and raw materials, which are cyclical and volatile.	Profitability will vary with the volatility of metal prices.	Nyrstar currently engages only in transactional hedging which means that it will undertake short-term hedging transactions to cover the timing risk between raw material purchases and sales of metal and to cover its exposure on fixed-price forward sales of metal to customers.
Forward price risk Nyrstar is exposed to the shape of the forward price curve for underlying metal prices.	The volatility in the London Metal Exchange price creates differences between the average price we pay for the contained metal and the price we receive for it.	Nyrstar currently engages only in transactional hedging which means that it will undertake short-term hedging transactions to cover the timing risk between raw material purchases and sales of metal and to cover its exposure on fixed-price forward sales of metal to customers.

REPORT OF THE BOARD OF DIRECTORS

FINANCIAL RISKS

Description	Impact	Mitigation
Foreign Currency Exchange rate risk Nyrstar is exposed to the effects of exchange rate fluctuations.	Movement of the U.S. Dollar, the Australian Dollar, Canadian Dollar, Swiss Franc, the Peruvian Sol, the Mexican Peso or other currencies in which Nyrstar's costs are denominated against the Euro could adversely affect Nyrstar's profitability and financial position.	Nyrstar has not entered and does not currently intend to enter into transactions that seek to hedge or mitigate its exposure to exchange rate fluctuations, other than short-term hedging transactions to cover the timing risk between concentrate purchases and sales of metal and to cover its exposure on fixed-price forward sales of metal to customers.
Interest rate risk & leverage risk Nyrstar is exposed to interest rate risk primarily on loans and borrowings. Nyrstar is exposed to risks inherent with higher leverage and compliance with debt covenants.	Changes in interest rates may impact primary loans and borrowings by changing the levels of required interest payments. Nyrstar's indebtedness increased significantly in 2011 in order to finance its expansion into mining and is now subject to risks inherent with higher leverage and compliance with debt covenants. Breaches in debt covenants will jeopardize the financing structure of Nyrstar.	Nyrstar's interest rate risk management policy is to limit the impact of adverse interest rate movements through the use of interest rate management tools. Debt covenants and required head room are monitored by Nyrstar on an on-going basis.
Credit risk Nyrstar is exposed to the risk of non-payment from any counterparty in relation to sales of goods and other transactions.	Group cash flows and income may be impacted by non-payment.	Nyrstar has determined a credit policy with credit limit requests, use of credit enhancements such as letters of credit, approval procedures, continuous monitoring of the credit exposure and dunning procedure in case of delays.
Liquidity risk Nyrstar requires a significant amount of cash to finance its debt, and fund its acquisitions, its capital investments and its growth strategy. Liquidity risk arises from the possibility that Nyrstar will not be able to meet its financial obligations as they fall due.	Liquidity is negatively impacted and this may have a material adverse effect on the funding of operations, capital investments, the growth strategy and the financial condition of the Company.	Liquidity risk is addressed by maintaining a sufficient degree of diversification of funding sources as determined by management, detailed, periodic cash flow forecasting and conservatively set limits on permanently to be available headroom liquidity as well as maintaining ongoing readiness to access financial markets within a short period of time.
Treatment charge (TC) risk Despite its further integration into mining, Nyrstar's results remain correlated to the levels of TCs that it charges zinc miners to refine their zinc concentrates and lead miners to refine their lead concentrates. TCs are cyclical in nature.	A decrease in TCs can be expected to have a material adverse effect on Nyrstar's business, results of operations and financial condition.	TCs are negotiated on an annual basis. The impact of TC levels is expected to further decrease in the future in line with Nyrstar's implementation of its strategy of selectively integrating its smelting business by expanding into mining.
Energy price risk Nyrstar's operating sites are energy intensive, with energy costs accounting for a significant part of its operating costs. Electricity in particular represents a very significant part of its production costs.	Increases in energy, particularly electricity, prices would significantly increase Nyrstar's costs and reduce its margins.	Nyrstar attempts to limit its exposure to short term energy price fluctuations through forward purchases, long term contracts and participation in energy purchasing consortia.

REPORT OF THE BOARD OF DIRECTORS

OPERATIONAL RISKS

Description	Impact	Mitigation
Operational risks In operating mines, smelters and other production facilities, Nyrstar is required to obtain and comply with licenses to operate. In addition Nyrstar is subject to many risks and hazards, some of which are out of its control, including: unusual or unexpected geological or climatic events; natural catastrophes, interruptions to power supplies; congestion at commodities transport terminals; industrial action or disputes; civil unrest, strikes, workforce limitations, technical failures, fires, explosions and other accidents; delays and other problems in major investment projects (such as the ramping-up of mining assets).	Nyrstar's business could be adversely affected if Nyrstar fails to obtain, maintain or renew necessary licenses and permits, or fails to comply with the terms of its licenses or permits. The impact of these risks could result in damage to, or destruction of, properties or processing or production facilities, may reduce or cause production to cease at those properties or production facilities. The risks may further result in personal injury or death, environmental damage, business interruption, monetary losses and possible legal litigation and liability. Negative publicity, including that generated by non- governmental bodies, may further harm Nyrstar's operations. Nyrstar may become subject to liability against which Nyrstar has not insured or cannot insure, including those in respect of past activities. Should Nyrstar suffer a major uninsured loss, future earnings could be materially adversely affected.	Nyrstar's process risk management system incorporating assessment of safety, environment, production and quality risks, which includes the identification of risk control measures, such as preventative maintenance, critical spares inventory and operational procedures. Corporate Social Responsibility and the Nyrstar Foundation projects enable Nyrstar to work closely with local communities to maintain a good relationship. Nyrstar currently has insurance coverage for its operating risks associated with its zinc and lead smelters and mining operations which includes all risk property damage (including certain aspects of business interruption), operational and product liability, marine stock and transit and directors' and officers' liability.
Supply risk Nyrstar is dependent on a limited number of suppliers for zinc and lead concentrate. Nyrstar is partially dependent on the supply of zinc and lead secondary feed materials. In addition Nyrstar's mining and smelting operations in developing or emerging countries are dependent on reliable energy supply.	A disruption in supply could have a material adverse effect on Nyrstar's production levels and financial results. Unreliable energy supply at any of the mining and smelting operations requires appropriate emergency supply or will result in significant ramp up costs after a major power outage.	Nyrstar management is taking steps to secure raw materials from other sources. These steps include Nyrstar's vertical integration into mining, its entry into off-take agreements with new mines that are due to commence production over the next several years, and its continuation of existing supply contracts. Nyrstar is continuously monitoring the energy market worldwide. This includes also considering alternate energy supply, e.g. wind power at mine sites.

REPORT OF THE BOARD OF DIRECTORS

OPERATIONAL RISKS

Description	Impact	Mitigation
Environmental, health & safety risks Nyrstar operations are subject to stringent environmental and health laws and regulations, which are subject to change from time to time. Nyrstar's operations are also subject to climate change legislation.	If Nyrstar breaches such laws and regulations, it may incur fines or penalties, be required to curtail or cease operations, or be subject to significantly increased compliance costs or significant costs for rehabilitation or rectification works.	Safety is one of the core values of Nyrstar, and currently it is implementing common safety policies across all sites along with corresponding health and safety audits. Nyrstar pro-actively monitors changes to environmental, health and safety laws and regulations.
International operations risk Nyrstar's mining and smelting operations are located in jurisdictions, including developing countries and emerging markets that have varying political, economic, security and other risks. In addition Nyrstar is exposed to nationalism and tax risks by virtue of the international nature of its activities.	These risks include, amongst others, the destruction of property, injury to personnel and the cessation or curtailment of operations, war, terrorism, kidnappings, civil disturbances and activities of governments which limit or disrupt markets and restrict the movement of funds or suppliers. Political officials may be prone to corruption or bribery, which violates Company policy and adversely affects operations.	Nyrstar performs a thorough risk assessment on a country-by-country basis when considering its investment activities. In addition Nyrstar attempts to conduct its business and financial affairs focusing to minimize to the extent reasonably practicable the political, legal, regulatory and economic risks applicable to operations in the countries where Nyrstar operates.
Reserves and resource risk Nyrstar's future profitability and operating margins depend partly upon Nyrstar's ability to access mineral reserves that have geological characteristics enabling mining at competitive costs. This is done by either conducting successful exploration and development activities or by acquiring properties containing economically recoverable reserves.	Replacement reserves may not be available when required or, if available, may not be of a quality capable of being mined at costs comparable to existing mines.	Nyrstar utilises the services of appropriately qualified experts to ascertain and verify the quantum of reserves and resources including ore grade and other geological characteristics under relevant global standards for measurement of mineral resources.
Acquisition risk Nyrstar's growth strategy relies in part on acquisitions, which involve risks.	Recent and future acquisitions, mergers or strategic alliances may affect Nyrstar's financial condition. In addition, the integration of acquired businesses involves several risks.	Nyrstar focuses on selectively pursuing opportunities in mining, favouring mines that support its smelting assets and where it has expertise and proven capabilities. Nyrstar carries out a due diligence review prior to doing acquisition as well as post acquisition reviews after or during integration of the acquired assets.

3. Important events which occurred after the end of the financial year

Please refer to note 42 (subsequent events) in the IFRS Financial Statements.

4. Information regarding the circumstances that could significantly affect the development of the Group

No information regarding the circumstances that could significantly affect the development of the Company are to be mentioned.

The principal risks and uncertainties facing the Group are covered in section 2 of this report.

5. Research and development

The Group undertakes research and development through a number of activities at various production sites of the Group.

6. Financial risks and information regarding the use by the Company of financial instruments to the extent relevant for the evaluation of its assets, liabilities, financial position and results

Please refer to note 3 (Significant accounting policies), note 5 (Financial risk management) and note 35 (Financial instruments) in the IFRS Financial Statements.

7. Information provided in accordance with articles 523 and 524 of the Belgian Company Code

Directors are expected to arrange their personal and business affairs so as to avoid conflicts of interest with the Company. Any director with a conflicting financial interest (as contemplated by article 523 of the Belgian Companies Code) on any matter before the board of directors must bring it to the attention of both the statutory auditor and fellow directors, and take no part in any deliberations or voting related thereto. Provision 1.4 of the corporate governance charter sets out the procedure for transactions between Nyrstar and the directors which are not covered by the legal provisions on conflicts of interest. Provision 3.2.4 of the corporate governance charter contains a similar procedure for transactions between Nyrstar and members of the management committee (other than the Chief Executive Officer).

There is no information regarding a conflict of interest in accordance with articles 523 and 524 of the Belgian Company Code.

8. Audit committee

The audit committee consists of three non-executive members of the board, all of which are independent members. The members of the audit committee have sufficient expertise in financial matters to discharge their functions. The Chairman of the audit committee is competent in accounting and auditing as evidenced by his current role as Chief Financial Officer of the Belgacom Group and his previous roles as Chief Financial Officer in Matav and Ameritech International.

REPORT OF THE BOARD OF DIRECTORS

9. Information that has an impact in the event of public takeovers bids

The Company provides the following information in accordance with article 34 of the Royal Decree dated November 14, 2007:

(i) The share capital of the Company amounts to EUR 397,852,752.96 and is fully paid-up. It is represented by 170,022,544 shares, each representing a fractional value of EUR 2.34 or one 170,022,544th of the share capital. The Company's shares do not have a nominal value.

(ii) Other than the applicable Belgian legislation on the disclosure of significant shareholdings and the Company's articles of association, there are no restrictions on the transfer of shares.

(iii) There are no holders of any shares with special control rights.

(iv) The awards granted to employees under the Nyrstar Long Term Incentive Plan and Co-Investment Plan will vest upon determination by the nomination and remuneration committee.

(v) Each shareholder of Nyrstar is entitled to one vote per share. Voting rights may be suspended as provided in the Company's articles of association and the applicable laws and articles.

(vi) There are no agreements between shareholders which are known by the Company and may result in restrictions on the transfer of securities and/or the exercise of voting rights.

(vii) The rules governing appointment and replacement of board members and amendment to articles of association are set out in the Company's articles of association and the Company's corporate governance charter.

(viii) The powers of the board of directors, more specifically with regard to the power to issue or redeem shares are set out in the Company's articles of association. The board of directors was not granted the authorization to purchase its own shares "to avoid imminent and serious danger to the Company" (i.e. to defend against public takeover bids). The Company's articles of association do not provide for any other specific protective mechanisms against public takeover bids.

(ix) The Company is a party to the following significant agreements which, upon a change of control of the Company or following a takeover bid can either be terminated by the other parties thereto, or give the other parties thereto (or beneficial holders with respect to bonds) a right to an accelerated repayment of outstanding debt obligations of the Company under such agreements:

- Nyrstar's Revolving Structured Commodity Trade Finance Credit Facility;
- 7% senior unsecured convertible bonds due 2014;
- 5.5% senior unsecured fixed rate non-convertible bonds due 2015;
- 5.3% senior unsecured fixed rate non-convertible bonds due 2016;
- Nyrstar's (uncommitted) multi-currency CHF 50 million bilateral credit facility with Credit Suisse AG
- Nyrstar's off-take agreement with the Glencore Group; and
- Nyrstar's streaming agreement with Talvivaara Sotkamo Limited.

(x) The CEO is currently entitled to a 12-month salary payment in case his employment is terminated upon a change of control of the Company.

No takeover bid has been instigated by third parties in respect of the Company's equity during the previous financial year and the current financial year.

Done at Brussels on 6 February 2013.

On behalf of the board of directors,

De Wilde J. Management bvba
represented by its permanent representative
Mr Julien De Wilde
Director

Roland Junck
Director

Statement of Responsibility

The undersigned, Roland Junck, Chief Executive Officer and Heinz Eigner, Chief Financial Officer, declare that, to the best of their knowledge, the consolidated financial statements for the year ended 31 December 2012, which has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and with the legal requirements applicable in Belgium, give a true and fair view of the assets, liabilities, financial position and profit or loss of Nyrstar NV and the entities included in the consolidation, and that the consolidated management report includes a true and fair overview of the development and the performance of the business and of the position of Nyrstar NV, and the entities included in the consolidation, together with a description of the principal risks and uncertainties which they are exposed to.

Brussels, 6 February 2013

Roland Junck
Chief Executive Officer

Heinz Eigner
Chief Financial Officer

Consolidated Financial Statements

For the year ended 31 December 2012

CONSOLIDATED INCOME STATEMENT

EUR million	Note	2012	2011
Revenue	7	**3,069.8**	**3,347.6**
Raw materials used		(1,627.3)	(2,000.6)
Freight expense		(86.2)	(60.8)
Gross profit		**1,356.3**	**1,286.2**
Other income		25.3	13.7
Employee benefits expense	11	(409.6)	(339.3)
Energy expenses		(332.1)	(303.6)
Stores and consumables used		(194.8)	(152.1)
Contracting and consulting expense		(170.8)	(145.8)
Other expense	14	(62.3)	(91.9)
Depreciation, amortisation and depletion	15, 16, 20	(218.4)	(145.2)
Result from operating activities before exceptional items		**(6.4)**	**122.0**
M&A related transaction expense	10	(2.6)	(14.6)
Restructuring expense	29	(16.9)	(9.0)
Impairment loss	17	(18.2)	-
Loss on the disposal of subsidiaries	9	(0.1)	-
Result from operating activities		**(44.2)**	**98.4**
Finance income	12	1.2	5.2
Finance expense	12	(91.2)	(66.3)
Net foreign exchange (loss) / gain	12	(0.9)	5.6
Net finance expense		**(90.9)**	**(55.5)**
Share of (loss) / profit of equity accounted investees	18	(1.3)	1.3
Gain on the disposal of equity accounted investees	18	26.7	-
(Loss) / profit before income tax		**(109.7)**	**44.2**
Income tax benefit / (expense)	13	14.4	(8.1)
(Loss) / profit for the year		**(95.3)**	**36.1**
ATTRIBUTABLE TO:			
Equity holders of the parent		(92.4)	36.0
Non-controlling interest		(2.9)	0.1
(Loss) / earnings per share for profit attributable to the equity holders of the Company during the period (expressed in EUR per share)			
basic	34	(0.57)	0.24
diluted	34	(0.57)	0.24

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF COMPREHENSIVE (LOSS) / INCOME

EUR million	Note	2012	2011
(Loss) / profit for the year		**(95.3)**	**36.1**
Other comprehensive (loss) / income			
Foreign currency translation differences		(11.2)	30.8
Defined benefit plans - actuarial losses	30	(14.3)	(8.5)
(Losses) / gains on cash flow hedges	21	(10.9)	25.8
Change in fair value of investments in equity securities	19	(4.9)	(2.1)
Income tax relating to the above items	13	4.6	(5.1)
Reclassifications to profit or loss:			
Reclassification of reverse acquisition reserve		7.6	-
Reclassification of foreign currency translation differences		(13.2)	-
Losses / (gains) on cash flow hedges		3.7	(7.8)
Income tax relating to the above items		-	2.3
Other comprehensive (loss) / income for the year, net of tax		**(38.6)**	**35.4**
Total comprehensive (loss) / income for the year		**(133.9)**	**71.5**
ATTRIBUTABLE TO:			
Equity holders of the parent		(131.0)	71.4
Non-controlling interest		(2.9)	0.1

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	as at Dec 31, 2012	as at Dec 31, 2011
Property, plant and equipment	15	1,730.2	1,725.7
Intangible assets	16	133.4	138.6
Investments in equity accounted investees	18	29.0	47.9
Investments in equity securities	19	37.9	32.1
Zinc purchase interest	20	237.2	249.2
Deferred income tax assets	13	77.4	75.4
Other financial assets	21	25.1	36.5
Other assets	23	3.9	5.0
Total non-current assets		**2,274.1**	**2,310.4**
Inventories	22	747.1	565.7
Trade and other receivables	24	221.1	313.9
Prepayments		14.4	22.8
Current income tax assets		6.2	4.6
Other assets	23	4.0	15.3
Other financial assets	21	47.0	52.3
Cash and cash equivalents	25	188.1	177.4
Total current assets		**1,227.9**	**1,152.0**
Total assets		**3,502.0**	**3,462.4**
Share capital and share premium	26	1,676.9	1,704.1
Reserves	27	(207.5)	(184.9)
Accumulated losses		(308.2)	(204.8)
Total equity attributable to equity holders of the parent		**1,161.2**	**1,314.4**
Non-controlling interest		-	4.3
Total equity		**1,161.2**	**1,318.7**

EUR million	Note	as at Dec 31, 2012	as at Dec 31, 2011
Loans and borrowings	28	867.2	864.4
Deferred income tax liabilities	13	142.5	202.4
Provisions	29	210.5	197.6
Employee benefits	30	85.4	75.1
Other financial liabilities	21	2.1	0.1
Other liabilities	23	59.3	47.4
Total non-current liabilities		**1,367.0**	**1,387.0**
Trade and other payables	31	641.2	415.2
Current income tax liabilities		16.8	40.0
Loans and borrowings	28	1.3	31.3
Provisions	29	24.3	32.1
Employee benefits	30	53.5	52.2
Other financial liabilities	21	11.3	38.6
Deferred income	32	218.6	127.4
Other liabilities	23	6.8	19.9
Total current liabilities		**973.8**	**756.7**
Total liabilities		**2,340.8**	**2,143.7**
Total equity and liabilities		**3,502.0**	**3,462.4**

31 DECEMBER 2011 HAS BEEN ADJUSTED FOR REVISIONS TO THE PROVISIONAL ACCOUNTING FOR THE ACQUISITION OF BREAKWATER RESOURCES LTD.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Note	Share capital	Share premium	Reserves (note 27)	Accumulated losses	Total amount attributable to shareholders	Non-controlling interest	Total equity
As at 1 Jan 2012		**1,352.0**	**352.1**	**(184.9)**	**(204.8)**	**1,314.4**	**4.3**	**1,318.7**
Loss for the year		-	-	-	(92.4)	**(92.4)**	(2.9)	**(95.3)**
Other comprehensive loss		-	-	(28.9)	(9.7)	**(38.6)**	-	**(38.6)**
Total comprehensive loss		-	-	(28.9)	(102.1)	**(131.0)**	(2.9)	**(133.9)**
Change in par value	26	-	-	1.2	(1.2)	**-**	-	**-**
Treasury shares		-	-	5.1	(3.9)	**1.2**	-	**1.2**
Net movement in non-controlling interests as result of disposal of subsidiaries	9	-	-	-	-	**-**	(1.4)	**(1.4)**
Distribution to shareholders (capital decrease)	26	(27.2)	-	-	-	**(27.2)**	-	**(27.2)**
Share-based payments		-	-	-	3.8	**3.8**	-	**3.8**
As at 31 Dec 2012		**1,324.8**	**352.1**	**(207.5)**	**(308.2)**	**1,161.2**	**-**	**1,161.2**

EUR million	Note	Share capital	Share premium	Reserves (note 27)	Accumulated losses	Total amount attributable to shareholders	Non-controlling interest	Total equity
As at 1 Jan 2011		**1,176.9**	**78.5**	**(258.3)**	**(169.0)**	**828.1**	**4.2**	**832.3**
Profit for the year		-	-	-	36.0	**36.0**	0.1	**36.1**
Other comprehensive income		-	-	41.2	(5.8)	**35.4**	-	**35.4**
Total comprehensive income		-	-	41.2	30.2	**71.4**	0.1	**71.5**
Capital increase	26	1,043.6	(569.5)	-	-	**474.1**	-	**474.1**
Change in par value		(843.1)	843.1	46.7	(46.7)	**-**	-	**-**
Treasury shares		-	-	(14.5)	(24.8)	**(39.3)**	-	**(39.3)**
Convertible bond	26	0.1	-	-	-	**0.1**	-	**0.1**
Distribution to shareholders (capital decrease)	26	(25.5)	-	-	-	**(25.5)**	-	**(25.5)**
Share-based payments		-	-	-	5.5	**5.5**	-	**5.5**
As at 31 Dec 2011		**1,352.0**	**352.1**	**(184.9)**	**(204.8)**	**1,314.4**	**4.3**	**1,318.7**

31 DECEMBER 2011 HAS BEEN ADJUSTED FOR REVISIONS TO THE PROVISIONAL ACCOUNTING FOR THE ACQUISITION OF BREAKWATER RESOURCES LTD.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	2012	2011
(Loss) / profit for the year		(95.3)	36.1
ADJUSTMENT TO:			
Depreciation, amortisation and depletion	15, 16, 20	218.4	145.2
Income tax (benefit) / expense	13	(14.4)	8.1
Net finance expense	12	90.9	55.5
Share of loss / (profit) in equity accounted investees	18	1.3	(1.3)
Impairment loss	17	18.2	-
Equity settled share based payment transactions		6.1	5.5
Other non-monetary items		6.7	(8.3)
Loss on the disposal of subsidiaries	9	0.1	-
Gain on disposal of equity accounted investees	18	(26.7)	-
Gain on sale of property, plant and equipment	15	(6.4)	(3.5)
Cash flow from operating activities before working capital changes		**198.9**	**237.3**
Change in inventories		(199.0)	31.6
Change in trade and other receivables		80.6	(69.9)
Change in prepayments		8.2	(10.1)
Change in deferred income		98.8	20.4
Change in trade and other payables		238.2	38.9
Change in other assets and liabilities		3.0	(76.2)
Change in provisions and employee benefits		(20.4)	(43.0)
Income tax paid		(46.9)	(7.8)
Cash flow from operating activities		**361.4**	**121.2**
Acquisition of property, plant and equipment	15	(246.1)	(220.2)
Acquisition of intangible assets	16	(1.7)	(8.5)
Proceeds from sale of property, plant and equipment		8.3	5.4
Proceeds from sale of intangible assets		1.3	-
Acquisition of subsidiary, net of cash acquired	8	-	(670.0)
Acquisition of investment in equity securities		(9.9)	(7.6)
Payments of loans to equity accounted investees	21	(2.7)	-
Distribution from equity accounted investees		0.7	4.9
Proceeds from sale of equity accounted investees	18	32.4	-
Proceeds from sale of subsidiary	9	2.2	-
Interest received		1.5	5.3
Cash flow used in investing activities		**(214.0)**	**(890.7)**
Capital increase	26	-	474.1
Repurchase of own shares	26	-	(44.5)
Proceeds from borrowings		8.2	541.6
Repayment of borrowings		(42.4)	(132.7)
Interest paid		(73.1)	(38.6)
Distribution to shareholders		(26.1)	(24.7)
Cash flow (used in) / from financing activities		**(133.4)**	**775.2**
Net increase in cash held		**14.0**	**5.7**
Cash at beginning of year	25	177.4	160.6
Exchange fluctuations		(3.3)	11.1
Cash at end of year	25	**188.1**	**177.4**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

Notes to the Consolidated Financial Statements

TABLE OF CONTENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Reporting entity

Nyrstar NV (the "Company") is an integrated mining and metals business, with market leading positions in zinc and lead, and growing positions in other base and precious metals. Nyrstar has mining, smelting, and other operations located in Europe, Australia, China, Canada, the United States and Latin America. Nyrstar is incorporated and domiciled in Belgium and has its corporate office in Switzerland. The address of the Company's registered office is Zinkstraat 1, 2490 Balen, Nyrstar is listed on NYSE Euronext Brussels under the symbol NYR. For further information please visit the Nyrstar website, www.nyrstar.com

The consolidated financial statements of the Company as at and for the year ended 31 December 2012 comprise the Company and its subsidiaries (together referred to as "Nyrstar" or the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities. The consolidated financial statements were authorised for issue by the board of directors of Nyrstar NV on 6 February 2013.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements of Nyrstar are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. These include International Financial Reporting Standards (IFRS) and the related interpretations issued by the International Accounting Standards Board (IASB), and the IFRS Interpretations Committee (IFRIC), effective at the reporting date and adopted by the European Union. The consolidated financial statements have been prepared on a going concern basis.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for derivative financial instruments (note 21); financial instruments at fair value through profit or loss (note 21); and available-for-sale financial assets (note 19).

(c) Functional and presentational currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional' currency). The consolidated financial statements are presented in EUR which is the Company's functional and presentation currency. All financial information has been rounded to the nearest hundred thousand EUR.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgements in the process of applying Nyrstar's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Critical accounting estimates and judgements are disclosed in note 4.

(e) Standards, amendments and interpretations

The following new standards, amendments of standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted:

New or revised standards

- IAS 27 Separate Financial Statements
- IAS 28 Investments in Associates and Joint Ventures
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Amendments to existing standards

- IAS 19 Employee Benefits
- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1)
- Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
- Government Loans (Amendments to IFRS 1)
- Annual Improvements 2009-2011 Cycle

New interpretations

- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

The impact on the Group of adopting the amendments to IAS 19 Employee Benefits will be as follows: Nyrstar will immediately recognise all past service costs in the income statements (as opposed to previously deferring unvested vested service costs) and the interest costs and expected return on plan assets components of the employee benefits expense will be replaced with a net interest amount that is calculated by applying the calculated discount rate to the net defined benefit liability.

With the exception of the amendments to IAS 19 Employee Benefits discussed above, the Group is currently assessing the impact of the adoption of the above listed new standards, amendments and interpretations on the consolidated financial statements and related disclosures.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group entities.

(a) Basis of consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group until the date that the control ceases.

Business Combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries in these consolidated financial statements. The assets, liabilities and contingent liabilities of the acquired entity are measured at their fair values at the date of acquisition. Provisional fair values allocated at a reporting date are finalised within twelve months of the acquisition date. The cost of acquisition is measured as the fair value of assets transferred to, shares issued to or liabilities undertaken on behalf of the previous owners at the date of acquisition. Acquisition-related costs are expensed in the period in which the costs are incurred and the services received.

The excess of the cost of acquisition over Nyrstar's share of the fair value of the net assets of the entity acquired is recorded as goodwill. If Nyrstar's share in the fair value of the net assets exceeds the cost of acquisition, the excess is recognised immediately in the income statement.

Investments in associates and jointly controlled entities

Associates are those entities in which the Group has significant influence but not control over the financial and operational policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions. Associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recorded at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the Group's share of the income and expense and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation to or has made payments on behalf of the investee.

Non-controlling interests

Non-controlling interests (NCI) in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. NCI consist of the amount of those interests at the date of the original business combination (see below) and the NCI's share of changes in equity since the date of the combination.

Transactions eliminated on consolidation

The consolidated financial statements include the consolidated financial information of the Nyrstar Group entities. All intercompany balances and transactions with consolidated businesses have been eliminated. Unrealised gains and losses arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. The Group accounts for the elimination of the unrealised profits resulting from intercompany transactions between the mining and smelting businesses. These transactions relate to the sales from the mining to the smelting segment which have not been realised externally.

(b) Foreign currency

Foreign currency transactions

Foreign currency transactions are recognised during the period in the functional currency of each entity at exchange rates prevailing at the date of transaction. The date of a transaction is the date at which the transaction first qualifies for recognition. For practical reasons a rate that approximates the actual rate at the date of the transaction is used at some Group entities, for example, an average rate for the week or the month in which the transactions occur.

Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate at the balance sheet date.

Gains and losses resulting from the settlement of foreign currency transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Foreign operations

The income statement and statement of financial position of each Nyrstar operation that has a functional currency different to EUR is translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rate at the end of the financial period;
- Income and expense are translated at rates approximating the exchange rates ruling at the dates of the transactions; and
- All resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising from the translation of the net investment in foreign operations are released into the income statement upon disposal.

(c) Financial instruments

Commodity hedging, via the use of metal futures, is undertaken to reduce the Group's exposure to fluctuations in commodity prices in relation to its unrecognised firm commitments arising from fixed price forward sales contracts.

Derivatives are initially recognised at their fair value on the date Nyrstar becomes a party to the contractual conditions of the instrument . The method of recognising the changes in fair value subsequent to initial recognition is dependent upon whether the derivative is designated as a hedging instrument, the nature of the underlying item being hedged and whether the arrangement qualifies for hedge accounting.

Hedge accounting requires the relationship between the hedging instrument and the underlying hedged item, as well as the risk management objective and strategy for undertaking the hedging transaction to be documented at the inception of the hedge. Furthermore, throughout the life of the hedge, the derivative is tested (with results documented) to determine if the hedge has been or will continue to be highly effective in offsetting changes in the fair value or cash flows associated with the underlying hedged item.

Fair value hedges

A hedge of the fair value of a recognised asset or liability or of a firm commitment is referred to as a fair value hedge. Changes in the fair value of derivatives that are designated and qualify as fair value hedges, are recorded in the income statement, together with changes in the fair value of the underlying hedged item attributable to the risk being hedged.

Cash flow hedges

A hedge of the cash flows to be received or paid relating to a recognized asset or liability or a highly probable forecast transaction is referred to as a cash flow hedge. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised outside of the income statement, directly in other comprehensive income in the hedging reserve. Changes in the fair value of cash flow hedges relating to the ineffective portion are recorded in the income statement. Amounts accumulated in the hedging reserve are recycled through the income statement in the same period that the underlying hedged item is recorded in the income statement. When a hedge no longer meets the criteria for hedge accounting, and the underlying hedged transaction is no longer expected to occur, any cumulative gain or loss recognised in the hedging reserve is transferred to the income statement. When a hedge is sold or terminated, any gain or loss made on termination is only deferred in the hedging reserve where the underlying hedged transaction is still expected to occur.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement. Where an embedded derivative is identified and the derivative's risks and characteristics are not considered to be closely related to the underlying host contract, the fair value of the derivative is recognised on the consolidated statement of financial position and changes in the fair value of the embedded derivative are recognised in the consolidated income statement.

Investments in equity securities

The classification of investments depends on the purpose for which the investments have been acquired. Management determines the classification of investments at initial recognition. These investments are classified as available-for-sale financial assets and are included in non-current assets unless the Group intends to dispose of the investment within 12 months of the balance sheet date.

The fair value of investments in equity securities is determined by reference to their quoted closing bid price at the reporting date. Any impairment charges are recognised in profit or loss, while other changes in fair value are recognised in other comprehensive income. When investments are sold, the accumulated fair value adjustments recognised in other comprehensive income are included in the income statement within 'gain/loss on sale of investments in equity securities'.

(d) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are carried at cost less accumulated depreciation and impairment. The cost of self-constructed assets includes the cost of materials, direct labour, and an appropriate proportion of production overheads.

The cost of self-constructed assets and acquired assets include estimates of the costs of closure, dismantling and removing the assets and restoring the site on which they are located and the area disturbed. All items of property, plant and equipment, are depreciated on a straight-line and/or unit of production basis. Freehold land is not depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Once a mining project has been established as commercially viable, expenditure other than that on land, buildings, plant and equipment is capitalised under 'Mining properties and development' together with any previously capitalised expenditures reclassified from 'Exploration and evaluation (see note 3e).

Useful lives are based on the shorter of the useful life of the asset and the remaining life of the operation, in which the asset is being utilised. Depreciation rates, useful lives and residual values are reviewed regularly and reassessed in light of commercial and technological developments. Changes to the estimated residual values or useful lives are accounted for prospectively in the period in which they are identified.

Depreciation

STRAIGHT-LINE BASIS

The expected useful lives are the lesser of the life of the assets or as follows:

- Buildings: 40 years
- Plant and equipment: 3 - 25 years

UNIT OF PRODUCTION BASIS

- For mining properties and development assets and certain mining equipment, the economic benefits from the asset are consumed in a pattern which is linked to the production level. Such assets are depreciated on a unit of production basis. However, assets within mining operations for which production is not expected to fluctuate significantly from one year to another or which have a physical life shorter than the related mine are depreciated on a straight line basis as noted above.
- In applying the unit of production method, depreciation is normally calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proved and probable reserves and, for some mines, other mineral resources. Such non reserve material may be included in depreciation calculations in circumstances where there is a high degree of confidence in its economic extraction.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Critical spare parts purchased for particular items of plant, are capitalised and depreciated on the same basis as the plant to which they relate.

Assets under construction

During the construction phase, assets under construction are classified as construction in progress within property, plant and equipment. Once commissioned these assets are reclassified to property, plant and equipment at which time they will commence being depreciated over their useful life.

Mineral properties and mine development costs

The costs of acquiring mineral reserves and mineral resources are capitalised on the statement of financial position as incurred. Capitalised costs representing mine development costs include costs incurred to bring the mining assets to a condition of being capable of operating as intended by management. Mineral reserves and in some instances mineral resources and capitalised mine development costs are depreciated from the commencement of production using generally the unit of production basis They are written off if the property is abandoned.

Major cyclical maintenance expenditure

Group entities recognise, in the carrying amount of an item of plant and equipment, the incremental cost of replacing a component part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Group entity, the cost incurred is significant in relation to the asset and the cost of the item can be measured reliably. Accordingly, major overhaul expenditure is capitalised and depreciated over the period in which benefits are expected to arise (typically three to four years). All other repairs and maintenance are charged to the consolidated income statement during the financial period in which the costs are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Exploration and evaluation assets

Exploration and evaluation expenditure relates to costs incurred on the exploration and evaluation of potential mineral reserves and resources and includes costs such as exploratory drilling and sample testing and the costs of pre-feasibility studies. Exploration and evaluation expenditure for each area of interest, other than that acquired from the purchase of another mining company, is capitalised as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped in full through successful development and exploration of the area of interest or alternatively, by its sale; or
- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing, or are planned for the future.

Acquired mineral rights comprise identifiable exploration and evaluation assets including mineral reserves and mineral resources, which are acquired as part of a business combination and are recognized at fair value at date of acquisition. The acquired mineral rights are reclassified as "mine property and development" from commencement of development and amortised on a unit of production basis, when commercial production commences.

Capitalised exploration and evaluation assets are transferred to mine development assets once the work completed to date supports the future development of the property and such development receives appropriate approvals.

(e) Intangible assets

Goodwill

Goodwill is recognised in business combinations and is measured as the excess of the aggregate consideration paid, the acquired non-controlling interest and the fair value of any pre-existing ownership interest in the acquiree less the acquisition-date fair values of the identifiable assets acquired and the liabilities assumed. Identifiable assets include those acquired mineral reserves and resources that can be reliably measured.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill in respect of associates and joint ventures is presented in the statement of financial position on the line "Investments in equity accounted investees", together with the investment itself and tested for impairment as part of the overall balance.

Goodwill is allocated to the cash-generating unit (CGU) to which it belongs. CGU is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Based on Nyrstar's operating model each mining complex and each smelting site has been identified as a separate CGU as there is an active market for zinc and other metal concentrates produced by each mining complex as well as zinc and other metal products manufactured at Nyrstar's smelting sites.

Other intangible assets

All of the following types of intangible assets are carried at historical cost, less accumulated amortisation and impairment losses:

- Software and related internal development costs: are typically amortised over a period of five years; and
- CO_2 emission rights/Carbon permits: are amortised over the period of the granted emission right, based on the usage of the emission rights.

(f) Leased assets

Leases under which the Group assumes substantially all of the risks and benefits of ownership, are classified as finance leases, while other leases are classified as operating leases. Finance leases are capitalised with a lease asset and liability equal to the present value of the minimum lease payments or fair value, if lower, being recorded at the inception of the lease. Capitalised lease assets are amortised on a straight-line basis over the shorter of the useful life of the asset or the lease term. Each finance lease repayment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

Lease payments made under operating leases are recognised in the income statement over the accounting periods covered by the lease term.

(g) Inventories

Inventories of finished metals, concentrates and work in progress are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expense. By-products inventory obtained as a result of the production process are valued at the lower of cost and net realisable value. Cost includes expenditure incurred in acquiring and bringing the stock to its existing condition and location and includes an appropriate allocation of fixed and variable overhead expense, including depreciation and amortisation. Stores of consumables and spares are valued at cost with allowance for obsolescence. Cost of purchase of all inventories is determined on a FIFO basis. In addition to purchase price, conversion costs are allocated to work-in-progress and finished goods. These conversion costs are based on the actual costs related to the completed production steps.

As the Company applies hedge accounting as referred in note 3c the hedged items of inventory are adjusted by the fair value movement with respect to the effective portion of the hedge. The fair value adjustment remains part of the carrying value of inventory and enters into the determination of earnings when the inventory is sold. This impact is compensated by the hedge derivatives which are also adjusted for fair value changes.

(h) Impairment

Financial assets

A financial asset that is not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost, is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Impairment losses on available for sale equity investments are not reversed.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated annually.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units or groups of cash generating units that are expected to benefit from the synergies of the combination.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognised in respect of goodwill cannot be reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Employee benefits

Short term benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in respect of employees' services up to the reporting date, calculated as undiscounted amounts based on remuneration wage and salary rates that the entity expects to pay at the reporting date including related on-costs, such as payroll tax.

Long-term employee benefits other than pension plans

A liability for long-term employee benefits is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of service provided by employees up to the balance sheet date. Consideration is given to expected future wage and salary levels including related on-costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national high quality corporate bonds with terms to maturity and currency that match the estimated future cash flows.

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the consolidated income statement as incurred.

Defined benefit plans

A liability or asset in respect of defined benefit superannuation or medical plans is recognised in the consolidated statement of financial position. This liability (or asset) is measured as the present value of the defined benefit obligation at the balance sheet date less the fair value of any fund assets belonging to the plan and any unrecognised past service cost. The present value of the defined benefit obligations is based on expected future payments that arise from membership of the fund to the balance sheet date. This obligation is calculated annually by independent actuaries using the projected unit credit method.

Expected future payments are discounted using market yields at the balance sheet date on high quality corporate bonds with terms to maturity and currency that match the estimated future cash flows. Any future taxes that are funded by the entity and are part of the provision of the defined benefit obligation are taken into account when measuring the net asset or liability. Any movements in the net defined benefit assets or liabilities are recognised in the consolidated income statement during the period, except for actuarial gains and losses. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they arise and charged or credited immediately to accumulated losses.

Share-based payment compensation

The Group operates an employee share acquisition plan, an executive long-term incentive plan and a co-investment plan, which, at the Group's discretion, are equity-settled or cash-settled share-based compensation plans.

The fair value of equity instruments granted under the equity-settled plans are recognised as an employee benefit expense with a corresponding increase recognised in equity. The fair value is measured at the grant date and recognised over the period during which the eligible employees become entitled to the shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The amount recognised as an employee benefit expense is the fair value multiplied by the number of equity instruments granted. At each balance sheet date, the amount recognised as an expense is adjusted to reflect the estimate of the number of equity instruments expected to vest, except where forfeiture is only due to the Company's share price not achieving the required target.

For cash-settled share-based payment transactions, the services received and the liability incurred are measured at the fair value of the liability at grant date. The initial measurement of the liability is recognised over the period that services are rendered. At each reporting date, and ultimately at settlement date, the fair value of the liability is remeasured with any changes in fair value recognised in the income statement for the period.

(j) Provisions

A provision is recognised if, as a result of a past event, when the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Restoration, rehabilitation and decommissioning provision

Provision is recognised for estimated closure, restoration and environmental rehabilitation costs. These costs include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas in the financial year when the related environmental disturbance occurs. They are based on the estimated future costs using information available at each balance sheet date. The provision is discounted using a current market-based pre-tax discount rate and the unwinding of the discount is recognised as interest expense. When the provision is established, a corresponding asset is recognised, where it gives rise to a future benefit, and depreciated over future production from the operations to which it relates.

The provision is reviewed on an annual basis for changes to costs, legislation, discount rates or other changes that impact estimated costs or lives of the operations. The carrying value of the related asset (or the income statement when no related asset exists) is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate. The adjusted carrying value of the asset is depreciated prospectively.

Restructuring provision

A constructive obligation for a restructuring arises only when two conditions are fulfilled: a) there is a formal business plan for the restructuring specifying the business or part of a business concerned, the principal locations affected, the location, function and approximate number of employees whose services will be terminated, the expenditure to be incurred and when the plan will be implemented, b) the entity has raised a valid expectation in those affected that it will carry out the plan either by starting to implement the plan or announcing its main feature to those affected by it. Restructuring provisions include only incremental costs associated directly with the restructuring.

Other provisions

Other provisions are recognised when the Group has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where the effect is material, the provision is discounted to net present value using an appropriate current market-based pre-tax discount rate and the unwinding of the discount is included in finance costs.

(k) Compound financial instruments

Compound financial instruments issued by the Company comprise convertible bonds that can be converted to share capital at the option of the holder, and the number of shares to be issued is fixed.

The liability component of a compound financial instrument is recognized initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component, and is included in shareholders' equity, net of income tax effects. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition.

(l) Revenue

Revenue associated with the sale of commodities is recognised when all significant risks and rewards of ownership of the asset sold are transferred to the customer, usually when insurance risk has passed to the customer and the commodity has been delivered to the shipping agent or the location designated by the customer. At this point Nyrstar retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the commodities and the costs incurred, or to be incurred, in respect of the sale can be reliably measured. Revenue is recognised, at fair value of the consideration receivable, to the extent that it is probable that economic benefits will flow to Nyrstar and the revenue can be reliably measured. Revenue is generally recognised based on incoterms ex-works (EXW) or carriage, insurance and freight (CIF). Revenues from the sale of by-products are also included in sales revenue. Revenue is stated on a gross basis, with freight and realisation expense included in gross profit as a deduction.

For certain commodities the sales price is determined provisionally at the date of sale, with the final price determined within mutually agreed quotation period and the quoted market price at that time. As a result, the invoice price on these sales are marked-to-market at balance sheet date based on the prevailing forward market prices for the relevant quotation period. This ensures that revenue is recorded at the fair value of consideration to be received. Such mark-to-market adjustments are recorded in sales revenue.

When Nyrstar's goods are swapped for goods that are of a similar nature and value, the swap is not regarded as a transaction that generates revenue. If any settlement in cash or cash equivalents occurs for value equalisation of such transactions, this settlement amount is recognised in cost of goods sold. When the goods swapped however are of a dissimilar nature or value from each other, the swap is regarded as a transaction that generates revenue.

(m) Finance income and expense

Finance income includes:

- Interest income on funds invested; and
- Dividend income.

Interest income is recognised as it accrues in the income statement using the effective interest rate method. Dividend income is recognised in the income statement on the date that the Group's right to receive payment is established.

Finance costs include:

- Interest on short-term and long-term borrowings;
- Amortisation of discounts or premiums relating to borrowings;
- Amortisation of ancillary costs incurred in connection with the arrangement of borrowings;
- Finance lease charges; and
- The impact of the unwind of discount on long-term provisions for restoration, rehabilitation and decommissioning provision and workers' compensation.

Finance costs are calculated using the effective interest rate method. Finance costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other finance costs are expensed as incurred.

Net finance costs represent finance costs net of any interest received on funds invested. Interest income is recognised as it accrues using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(n) Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case it is recognised in other comprehensive income or equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition a deferred income tax liability is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred income tax assets and liabilities are offset if there is a legally enforceable right to offset current income tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities but they intend to settle current income tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred income tax asset is recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred income tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised when the distribution is expected.

Mining taxes and royalties that have the characteristics of an income tax are treated and disclosed as current and deferred income taxes.

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less. Bank overdrafts are repayable on demand and are shown within borrowings in current liabilities on the consolidated statement of financial position. For the purposes of the consolidated statement of cash flows, cash includes cash on hand and deposits at call which are readily convertible to cash and are subject to an insignificant risk of changes in value, net of any outstanding bank overdrafts which are recognised at their principal amounts.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group entities prior to the end of the financial year which are unpaid. The amounts are unsecured and are typically paid within 30 days of recognition. These amounts are initially recognized at fair value and are subsequently carried at amortised cost.

(q) Deferred income

Deferred income consists of payments received by the Company in consideration for future physical deliveries of metal inventories and future physical deliveries of metals contained in concentrate at contracted prices. As deliveries are made, the Company recognises sales and decreases the deferred income on the basis of actual physical deliveries of the products.

(r) Trade receivables

Trade receivables represent amounts owing for goods and services supplied by the Group entities prior to the end of the financial period which remain unpaid. They arise from transactions in the normal operating activities of the Group.

Trade receivables are carried at amortised cost, less any impairment losses for doubtful debts. An impairment loss is recognised for trade receivables when collection of the full nominal amount is no longer certain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(s) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effect(s).

(t) Earnings per share

Nyrstar presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit for the period attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(u) Segment reporting

Operating segments are components of the Group for which discrete financial information is available and is evaluated regularly by Nyrstar's Management Committee (NMC) in deciding how to allocate resources and assess performance. The NMC has been identified as the chief operating decision maker.

The segment information reported to the NMC is prepared in conformity with the accounting policies consistent with those described in these financial statements and presented in the format outlined in note 7.

Revenues, expenses and assets are allocated to the operating segments to the extent that items of revenue, expense and assets can be directly attributed or reasonably allocated to the operating segments. The interrelated segment costs have been allocated on a reasonable pro rata basis to the operating segments.

(v) Treasury shares

When Nyrstar reacquires its own equity instruments, the par value of treasury shares purchased is deducted from reserves. The difference between the par value of the treasury shares purchased and the amount of consideration paid, which includes directly attributable costs, is recognised as a deduction from accumulated losses. Reacquired shares are classified as treasury shares and may be acquired and held by the entity or by other members of the consolidated group. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting gain or loss on the transaction is recognised in accumulated losses.

(w) Zinc purchase interests

Streaming agreements for the acquisition of zinc concentrates are presented on the statement of financial position as zinc purchase interests. The useful life is determined with reference to the number of metric tonnes to be delivered under the contract. The asset is depleted through the income statement using the unit-of-production method, as the asset is recovered with each metric ton of zinc delivered under the contract.

(x) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(y) Exceptional items

Exceptional items are those relating to restructuring expense, M&A related transaction expense and impairment of assets which the Group believes should be disclosed separately on the face of the consolidated income statement to assist in the understanding of the financial performance achieved by the Group.

4 Critical accounting estimates and judgements

Estimates and judgements used in developing and applying the accounting policies are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Nyrstar makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and underlying assumptions are reviewed on an ongoing basis.

The critical estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are listed below.

Fair value

The Group has applied estimates and judgments in accounting for business combinations (note 8), revenue recognition, inventories (note 22) and for its financial assets and liabilities (note 21). Fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However such information is by nature subject to uncertainty, particularly where comparable market based transactions rarely exist.

Determination of ore reserves and resources estimates

Estimated recoverable reserves and resources are used to determine the depreciation of mine production assets (note 15), in accounting for deferred costs (note 15) and in performing impairment testing (note 17). Estimates are prepared by appropriately qualified persons, but will be impacted by forecast commodity prices, exchange rates, production costs and recoveries amongst other factors. Changes in assumptions may impact the carrying value of assets and depreciation and impairment charges recorded in the income statement.

Restoration, rehabilitation and decommissioning provision (note 29)

Provision is recognised for estimated closure, restoration and environmental rehabilitation costs. These costs include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas in the financial year when the related environmental disturbance occurs. They are based on the estimated future costs using information available at each balance sheet date. The provision is discounted using a current market-based pre-tax discount rate and the unwinding of the discount is recognised as interest expense. The calculation of these provision estimates requires assumptions such as application of environmental legislation, plant closure dates, available technologies and engineering cost estimates. A change in any of the assumptions used may have a material impact on the carrying value of restoration provisions.

Retirement benefits (note 30)

The expected costs of providing pensions and post employment benefits under defined benefit arrangements relating to employee service during the period are determined based on financial and actuarial assumptions. Nyrstar makes these assumptions in respect to the expected costs in consultation with qualified actuaries. When actual experience differs to these estimates, actuarial gains and losses are recognized in other comprehensive income. Refer to note 30 for details on the key assumptions.

Impairment of assets (note 15 and 16)

The recoverable amount of each cash-generating unit is determined as the higher of the asset's fair value less costs to sell and its value in use. These calculations require the use of estimates and assumptions such as discount rates, exchange rates, commodity prices, future capital requirements and future operating performance. For cash-generating units that comprise mining related assets, the estimates and assumptions also relate to the ore reserves and resources estimates (see above). For further information refer to note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Recovery of deferred tax assets (note 13)

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits are available to utilise those temporary differences and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recovery. In evaluating whether it is probable that taxable profits will be earned in future accounting periods, all available information is considered. The forecasts used in this evaluation are consistent with those prepared and used internally for business planning and impairment testing purposes.

5 Financial risk management

(a) Overview

In the normal course of business, Nyrstar is exposed to credit risk, liquidity risk and market risk, i.e. fluctuations in commodity prices, exchange rates as well as interest rates, arising from its financial instruments. Listed below is information relating to Nyrstar's exposure to each of these risks and the Group's objectives, policies and processes for measuring and managing risk and measuring capital.

The board of directors has overall responsibility for the establishment and oversight of Nyrstar's risk management framework. Nyrstar's risk management policies are established to identify and analyse the risks faced by Nyrstar, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The audit committee is responsible for overseeing how management monitors compliance with Nyrstar's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by Nyrstar. The audit committee is supported in its oversight role by the Group's internal audit function.

(b) Credit risk

Credit risk is the risk of non-payment from any counterparty in relation to sales of goods. In order to manage the credit exposure, Nyrstar has determined a credit policy with credit limit requests, approval procedures, continuous monitoring of the credit exposure and dunning procedure in case of delays.

Trade and other receivables

Nyrstar's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Each new customer is analysed individually for creditworthiness before the standard terms and conditions are offered. Customers that fail to meet Nyrstar's benchmark creditworthiness may transact with Nyrstar only on a prepayment basis.

Nyrstar provides an allowance for trade and other receivables that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Guarantees

Nyrstar's policy is to provide financial guarantees only on behalf of wholly-owned subsidiaries. At 31 December 2012, no guarantees were outstanding to external customers (31 December 2011: nil).

(c) Liquidity risk

Liquidity risk arises from the possibility that Nyrstar will not be able to meet its financial obligations as they fall due. Liquidity risk is being addressed by maintaining, what management considers to be, a sufficient degree of diversification of funding sources. These include committed and uncommitted short and medium term bank facilities as well as bonds (e.g. convertible bonds and fixed rate bonds).

Nyrstar is actively managing the liquidity risk in order to ensure that at all times it has access to sufficient cash resources at a cost in line with market conditions for companies with a similar credit standing. Liquidity risk is measured by comparing projected net debt levels against total amount of available committed facilities. These forecasts are being produced on a rolling basis and include cash flow forecasts of all operational subsidiaries. Also the average remaining life of the committed funding facilities is monitored, at least on a quarterly basis.

The financial covenants of the existing loan agreements are monitored as appropriate in order to ensure compliance. No breach of covenants has occurred during the year.

(d) Market risk

Market risk is the risk that changes in market prices will affect Nyrstar's income or the value of its investments in financial instruments. The objective of market risk management is to manage and control market exposures within acceptable parameters while optimising the return.

Commodity price risk

In the normal course of its business, Nyrstar is exposed to risk resulting from fluctuations in the market prices of commodities. Nyrstar currently engages primarily in transactional hedging which means that it undertakes short-term hedging transactions to cover the timing risk between raw material purchases and sales of metal and to cover its exposure on fixed-price forward sales of metal to customers. Transactional hedging arrangements are accounted for in the "Other Financial Assets" and the "Other Financial Liabilities" line items of the statement of financial position. Any gains or losses realised from hedging arrangements are recorded within operating result. Nyrstar generally does not undertake any structural or strategic hedging which means that its results are largely exposed to fluctuations in zinc, lead and other metal prices. Nyrstar reviews its hedging policy on a regular basis.

Foreign Currency Exchange Risk

Nyrstar's assets, earnings and cash flows are influenced by movements in exchange rates of several currencies, particularly the U.S. Dollar, the Euro, the Australian Dollar, the Canadian Dollar, the Peruvian Sol, the Chilean Peso, the Mexican Peso, the Honduran Lempira and the Swiss Franc. Nyrstar's reporting currency is the Euro, zinc, lead and other metals are sold throughout the world principally in U.S. Dollars, while Nyrstar's costs are primarily in Euros, Australian Dollars, Canadian Dollars, U.S. Dollars, Peruvian Sols, Chilean Pesos, Mexican Pesos, Honduran Lempiras and Swiss Francs. As a result, movement of the U.S. Dollar, the Australian Dollar, the Canadian Dollar, Peruvian Sol, Chilean Peso, Mexican Peso, Honduran Lempira, Swiss Franc or other currencies in which Nyrstar's costs are denominated against the Euro could adversely affect Nyrstar's profitability and financial position.

Nyrstar has not entered and does not currently intend to enter into transactions that seek to hedge or mitigate its exposure to exchange rate fluctuations, other than short-term hedging transactions to cover the timing risk between concentrate purchases and sales of metal and to cover its exposure on fixed-price forward sales of metal to customers.

(e) Interest rate risk

Nyrstar incurs interest rate risk primarily on loans and borrowings. This risk is limited as a result of the interest rate on borrowings such as convertible bond and fixed rate bond being fixed. Nyrstar's current borrowings are split between fixed rate and floating rate basis. All variable interest rate loans and borrowings have EURIBOR or LIBOR based interest rates. The interest rate and terms of repayment of Nyrstar's loans are disclosed in note 35f. Changes in interest rates may impact primary loans and borrowings by changing the levels of required interest payments.

Nyrstar's interest rate risk management policy is to limit the impact of adverse interest rate movements through the use of interest rate management tools. Interest rate risk is measured by maintaining a schedule of all financial assets, financial liabilities and interest rate hedging instruments. At current Nyrstar's interest rate exposure resulting from interest bearing borrowings is minimal due to the fact that the majority of its long term debt commitments are with fixed interest rate. Nyrstar has not entered into interest rate derivatives.

(f) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and so to sustain future development of the business. The board of directors monitors the return on capital, which Nyrstar defines as profit after tax divided by total shareholders' equity, excluding non-controlling interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The board of directors also monitors the level of dividends to ordinary shareholders. Nyrstar's dividend policy is to ensure that whilst maintaining adequate cash flows for growth and the successful execution of its strategy, Nyrstar aims to maximize total shareholder return through a combination of share price appreciation and dividends. Pursuant to Belgian law, the calculation of amounts available for distribution to shareholders, as dividends or otherwise, must be determined on the basis of the Company's non-consolidated Belgian GAAP financial statements. In accordance with Belgian company law, the Company's articles of association also require that the Company allocate each year at least 5% of its annual net profits to its legal reserve, until the legal reserve equals at least 10% of the Company's share capital. As a consequence of these factors, there can be no assurance as to whether dividends or similar payments will be paid out in the future or, if they are paid, their amount.

The Company has established an Executive Long Term Incentive Plan (LTIP) with a view to attracting, retaining and motivating the employees and senior management of the Company and its wholly owned subsidiaries. The key terms of the LTIP are set out below in note 33, with vesting terms aligned to the Company's capital management policy.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

6 Exchange rates

The principal exchange rates used in the preparation of 2012 financial statements are (in EUR):

	Annual average		Year end	
	2012	**2011**	**2012**	**2011**
United States dollar	1.2848	1.3920	1.3194	1.2939
Australian dollar	1.2407	1.3484	1.2712	1.2723
Canadian dollar	1.2842	1.3761	1.3137	1.3215
Swiss franc	1.2053	1.2326	1.2072	1.2156

7 Segment reporting

The Group's operating segments (Smelting and Mining) reflect the approach of the Nyrstar Management Committee (NMC) towards evaluating the financial performance and allocating resources to the Group's operations. The NMC has been identified as the chief operating decision making group. The NMC assesses the performance of the operating segments based on a measure of 'Underlying EBITDA'.

'Underlying EBITDA' is a non-IFRS measure of earnings, which is used internally by management to access the underlying performance of Group's operations and is reported by Nyrstar to provide greater understanding of the underlying business performance of its operations. Underlying EBITDA excludes items related to restructuring expense, M&A related transaction expense, material income or expense arising from embedded derivatives recognized under IAS 39: 'Financial Instruments: Recognition and Measurement' and other items arising from events or transactions that management considers to be clearly distinct from the ordinary activities of Nyrstar.

The components of gross profit are non-IFRS measures which are used internally by management and are the following:

Mining's Payable/ free metal contribution is the metal price received for the payable component of the primary metal contained in concentrate before it is further processed by a smelter.

Smelting's Payable/free metal contribution is the value of the difference received between the amount of metal that is paid for in a concentrate and the total zinc recovered from the sale by a smelter.

Treatment charges are the fees charged for the processing of primary (concentrates) and secondary raw materials for the production of metal which is a positive gross profit element for the smelters and a deduction in the gross profit for mines.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Smelters' premiums Contribution is the premium charged on top of the base LME price for the sales of refined zinc and lead metals.

By-products are secondary products obtained in the course of producing zinc or lead and include primarily sulphuric acid, silver, gold, indium, copper and cadmium.

Other are other costs and revenues associated with smelting or mining operations that do not relate to the above categories.

The 'Smelting' segment comprises of the Group's Smelting operations. The 'Mining' segment comprises of the Group's Mining operations and the zinc streaming agreement with the Talvivaara mine (Finland). 'Other & Eliminations' contains Galva 45 (France), corporate activities as well as the eliminations of the intra-group transactions including any unrealised profits resulting from intercompany transactions.

For the twelve months ended Dec 2012, EUR million	Mining	Smelting	Other and eliminations	Total
Revenue from external customers	400.3	2,683.7	(14.2)	**3,069.8**
Inter-segment revenue	80.9	-	(80.9)	**-**
Total segment revenue	**481.2**	**2,683.7**	**(95.1)**	**3,069.8**
Payable metal / free metal contribution	403.0	242.1	-	**645.1**
Treatment charges	(100.2)	338.5	-	**238.3**
Premiums	**-**	115.2	**-**	**115.2**
By-products	226.1	220.9	-	**447.0**
Other	(20.2)	(64.3)	(4.8)	**(89.3)**
Gross profit	**508.7**	**852.4**	**(4.8)**	**1,356.3**
Employee expenses	(134.6)	(218.0)	(57.0)	**(409.6)**
Energy expenses	(47.5)	(274.8)	(0.9)	**(323.2)**
Other expenses	(198.6)	(191.6)	(35.5)	**(425.7)**
Direct operating costs	**(380.7)**	**(684.4)**	**(93.4)**	**(1,158.5)**
Non-operating and other	0.6	(32.6)	53.8	**21.8**
Underlying EBITDA	**128.6**	**135.4**	**(44.4)**	**219.6**
Depreciation, amortisation and depletion				**(218.4)**
M&A related transaction expense				**(2.6)**
Restructuring expense				**(16.9)**
Impairment loss				**(18.2)**
Embedded derivatives				**(8.9)**
Loss on the disposal of subsidiaries				**(0.1)**
Gain on the disposal of equity accounted investees				**26.7**
Net finance expense				**(90.9)**
Income tax benefit				**14.4**
Loss for the year				**(95.3)**
Capital expenditure	(129.9)	(112.5)	(5.4)	**(247.8)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months ended Dec 2011, EUR million	Mining	Smelting	Other and eliminations	Total
Revenue from external customers	229.6	3,096.4	21.6	**3,347.6**
Inter-segment revenue	128.4	-	(128.4)	**-**
Total segment revenue	**358.0**	**3,096.4**	**(106.8)**	**3,347.6**
Payable metal / free metal contribution	288.6	245.5	-	**534.1**
Treatment charges	(70.4)	386.5	-	**316.1**
Premiums	-	119.6	-	**119.6**
By-products	135.4	282.3	-	**417.7**
Other	(8.6)	(97.2)	4.5	**(101.3)**
Gross profit	**345.0**	**936.7**	**4.5**	**1,286.2**
Employee expenses	(76.7)	(201.5)	(61.1)	**(339.3)**
Energy expenses	(28.6)	(277.4)	(1.1)	**(307.1)**
Other expenses	(129.7)	(180.9)	(33.2)	**(343.8)**
Direct operating costs	**(235.0)**	**(659.8)**	**(95.4)**	**(990.2)**
Non-operating and other	(38.0)	(42.0)	49.0	**(31.0)**
Underlying EBITDA	**72.0**	**234.9**	**(41.9)**	**265.0**
Depreciation, amortisation and depletion				**(145.2)**
M&A related transaction expense				**(14.6)**
Restructuring expense				**(9.0)**
Embedded derivatives				**3.5**
Net finance expense				**(55.5)**
Income tax expense				**(8.1)**
Profit for the year				**36.1**
Capital expenditure	(103.5)	(111.7)	(13.5)	**(228.7)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Geographical information

(a) Revenues from external customers

EUR million	2012	2011
Belgium	297.4	665.0
Rest of Europe	1,260.7	1,150.4
Americas	291.1	325.5
Australia	916.7	858.6
Asia	287.7	337.6
Other	16.2	10.5
Total	**3,069.8**	**3,347.6**

The revenue information above is based on the location (shipping address) of the customer.

Sales to each individual customer (group of customers under the common control) of the Group did not exceed 10% with the exception of sales to Glencore International plc and Umicore NV/SA, which accounted for 44.4% (2011: 40.8%) and 11.5% (2011: 9.6%) respectively, of the total Group's sales, reported in the Smelting segment.

(b) Non-current assets

EUR million	Dec 31, 2012	Dec 31, 2011
Belgium	84.4	73.9
Rest of Europe	505.9	524.2
North America	479.8	483.5
Central America (incl Mexico)	543.2	554.4
South America	257.7	265.7
Australia	229.8	211.3
Other	-	0.5
Total	**2,100.8**	**2,113.5**

Non-current assets for this purpose consist of property, plant and equipment, intangible assets and the zinc purchase interests.

8 Acquisition of business

2011

Acquisition of subsidiary: Breakwater Resources Ltd

On 25 August 2011 Nyrstar acquired a 92.27% interest in Breakwater Resources Ltd ("Breakwater"), a mining, exploration and development company which produces and sells zinc, copper, lead and gold concentrates and completed the compulsory acquisition of the remaining shares by 31 August 2011. After the compulsory acquisition Breakwater became a 100% subsidiary of the Group. Breakwater's operations consist of four zinc poly-metallic mines: El Toqui in Chile, El Mochito in Honduras, Myra Falls in British Columbia, Canada, and Langlois in Quebec, Canada. In line with Nyrstar strategy, the acquisition of Breakwater provides the opportunity to significantly progress on upstream zinc integration and further diversify the multi-metals profile.

As at 31 December 2011, the accounting for the acquisition was done on a provisional basis due to the complexity of the acquired operations. In 2012, the acquisition accounting was completed within the one year measurement period as follows:

EUR million	Provisional fair values on acquisition as previously reported	Fair value adjustments	Fair values on acquisition
Property, plant and equipment	440.0	(2.7)	437.3
Deferred income tax assets	18.2	19.3	37.5
Inventories	55.0	(4.2)	50.8
Trade receivables	12.8	-	12.8
Cash and cash equivalents	53.8	-	53.8
Other financial assets	0.8	-	0.8
Investments in equity securities	23.1	-	23.1
Provisions	(69.8)	(21.0)	(90.8)
Employee benefits	(17.8)	-	(17.8)
Loans and borrowings	(7.3)	-	(7.3)
Deferred income tax liabilities	(96.1)	23.5	(72.6)
Trade and other payables	(23.8)	1.2	(22.6)
Net identifiable assets and liabilities	**388.9**	**16.1**	**405.0**
Goodwill on acquisition	54.4	(16.1)	38.3
Total	**443.3**	**-**	**443.3**
Consideration paid, satisfied in cash	442.2	-	442.2
Hedge loss	1.1	-	1.1
Cash acquired	(53.8)	-	(53.8)
Net cash outflow	**389.5**	**-**	**389.5**

The fair value of the acquired receivables is approximating the contractual value. It is expected that all receivables are collected.

The fair value adjustments arose due to the revisions to the valuation of property, plant & equipment (primarily related to acquired mineral interests), valuation of restoration, rehabilitation and decommissioning provisions related to operating and non-operating mine sites and the related impact on deferred taxes and goodwill. The goodwill balance recognised on acquisition is a result of the recognised deferred taxes related to the total fair value adjustments on net assets within the acquisition accounting and is non-deductible for tax purposes.

The amounts of revenue and profit since the acquisition date included in the consolidated income statement for the reporting period ended 31 December 2011 was EUR 117.0 million and EUR 5.8 million respectively. If the acquisition had occurred on 1 January 2011, management estimates that consolidated revenue and the consolidated profit for the year ended 31 December 2011 would have been EUR 140.4 million respectively 28.5 million higher. The profit since the date of the acquisition as well as the estimated profit if the acquisition had occurred at 1 January 2011 was negatively impacted by restructuring costs of EUR 1.0 million and the requirement to fair value the acquired inventories EUR 10.7 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on 1 January 2011.

The 2011 comparative information has been adjusted to reflect this measurement period adjustment.

Acquisition of subsidiary: Farallon Mining Limited

On 5 January 2011 Nyrstar acquired a 93.75% interest in Farallon Mining Ltd., the owner of the Campo Morado zinc polymetallic mining operation in Mexico (the "Campo Morado Operation") and completed the compulsory acquisition of the remaining shares by 15 March 2011. After the compulsory acquisition the Campo Morado Operation became a 100% subsidiary of the Group. The Campo Morado Operation comprises approximately 12,000 hectares in six mining concessions, located 160 kilometers south-southwest of Mexico City. The ore deposit currently being mined is the G-9 deposit which achieved commercial production in April 2009 and comprises high grade zinc, copper, lead, gold and silver (the "G-9 Mine"). In addition to the G-9 Mine, there are four additional deposits that have been delineated (Reforma, El Largo, El Rey, Naranjo). The Campo Morado Operation was acquired to increase Nyrstar's capacity for zinc in concentrate production from its own mines relative to its total zinc metal production (when fully ramped up) and also to reduce the Group mining C1 cash costs.

The accounting for the Farallon Mining acquisition was completed before 31 December 2011 within the one year measurement period as follows:

EUR million	**Fair values on acquisition**
Property, plant and equipment	377.0
Inventories	9.7
Trade receivables	7.0
Deferred income tax assets	10.3
Cash and cash equivalents	15.9
Other current assets	2.4
Provisions	(6.5)
Other non-current liabilities	(78.9)
Loans and borrowings	(23.8)
Deferred income tax liabilities	(74.4)
Trade and other payables	(13.2)
Net identifiable assets and liabilities	225.5
Goodwill on acquisition	70.9
Total	**296.4**
Consideration paid, satisfied in cash	299.7
Hedge gain	(3.3)
Cash acquired	(15.9)
Net cash outflow	**280.5**

The fair value of the acquired receivables is approximating the contractual value. It is expected that all receivables are collected.

The amounts of revenue and profit since the acquisition date included in the consolidated income statement for the reporting period ended 31 December 2011 was EUR 93.4 million and EUR 0.3 million respectively. If the acquisition had occurred on 1 January 2011, management estimates that consolidated revenue for the current period and the consolidated profit for the current period would not be materially different to the actual revenue and profit recognised in the Group's financial statements for the year ended 30 December 2011. The profit for the year ended 31 December 2011 as well as the estimated profit if the acquisition had occurred at 1 January 2011 was negatively impacted by restructuring costs of EUR 3.1 million and the requirement to fair value the acquired inventories EUR 1.6 million. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on 1 January 2011. The goodwill balance is a result of the recognised deferred taxes which solely relate to the total fair value adjustments on net assets within the acquisition accounting and is non-deductible for tax purposes.

9 Disposal of subsidiaries

On 9 October 2012 Nyrstar sold its entire 66% share in Galva 45 SA, a French company specialising in galvanizing manufactured steel parts for cash proceeds of EUR 2.2 million resulting in a loss of EUR 0.1 million.

10 M&A related transaction expense

Merger and acquisition (M&A) related expense include the acquisition and disposal related direct transaction costs (e.g. advisory, accounting, tax, legal or valuation fees paid to external parties). The M&A related transaction expense in the 2012 income statement amount to EUR 2.6 million (2011: EUR 14.6 million). In 2012, there are no costs related to successfully completed acquisitions (2011: EUR 7.9 million).

11 Employee benefits expense

EUR million	2012	2011
Wages and salaries	(363.6)	(293.0)
Compulsory social security contributions	(26.4)	(27.0)
Contributions to defined contribution plans	(4.6)	(3.9)
Expenses related to defined benefit plans	(8.8)	(7.1)
Equity and cash settled share based payment transactions, incl. social security	(6.2)	(8.3)
Total employee benefits expense	**(409.6)**	**(339.3)**

12 Finance income and expense

EUR million	2012	2011
Interest income	1.2	5.2
Total finance income	**1.2**	**5.2**
Interest expense	(63.1)	(50.7)
Unwind of discount in provisions	(15.7)	(7.3)
Other finance charges	(12.4)	(8.3)
Total finance expense	**(91.2)**	**(66.3)**
Net foreign exchange (loss) / gain	**(0.9)**	**5.6**
Net finance expense	**(90.9)**	**(55.5)**

13 Income tax

(a) Income tax recognised in the income statement

EUR million	2012	2011
Current income tax expense	(35.0)	(30.6)
Deferred income tax benefit	49.4	22.5
Total income tax benefit / (expense)	**14.4**	**(8.1)**

(b) Reconciliation of effective tax rate

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

EUR million	2012	2011
(Loss) / profit before income tax	(109.7)	44.2
Tax at aggregated weighted average tax rate	25.6	(13.4)
Aggregated weighted average income tax rate	23.3%	30.3%
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Notional interest deduction	-	5.3
(Non-deductible) / non-taxable amounts	(4.2)	3.4
(Non-recognition) / recognition of tax losses and temporary differences	(10.0)	3.0
Overprovision / (underprovision) for previous years	9.4	(6.4)
Unrecoverable withholding tax	(5.7)	(4.6)
Net adjustment to deferred tax balances due to tax rate change in foreign jurisdiction	(0.5)	3.5
Share of income tax of equity accounted investees	0.1	(0.2)
Foreign exchange differences	1.0	4.0
Other	(1.3)	(2.7)
Total income tax benefit / (expense)	**14.4**	**(8.1)**
Effective income tax rate	13.1%	18.3%

The change in the aggregate weighted average income tax rate compared to the year ended 31 December 2011 is due to the variation in the weight of subsidiaries' profits.

Nyrstar recognised an income tax benefit for the year ended 31 December 2012 of EUR 14.4 million representing an effective income tax rate of 13.1% (for the year ended 31 December 2011: 18.3%). The tax rate is impacted by losses and temporary differences incurred by the Group for the year ended 31 December 2012 for which no tax benefit has been recognised. In addition, the Group benefitted from the use of previously unrecognised tax losses and temporary differences.

(c) Income tax recognised directly in other comprehensive income

EUR million	2012	2011
Income tax expense recognised on cash flow hedges	-	(5.4)
Income tax benefit recognised on defined benefits pension schemes	4.6	2.6
Total income tax recognised directly in other comprehensive income	**4.6**	**(2.8)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(d) Recognised deferred income tax assets and liabilities

Deferred tax assets and liabilities consist of temporary differences attributable to:

EUR million	2012	2011
Assets:		
Employee benefits	31.7	29.2
Provisions	33.4	39.4
Property, plant and equipment	36.1	34.1
Payables / receivables	10.6	7.1
Tax losses carried forward	68.4	31.0
Other	4.6	4.4
Total	**184.8**	**145.2**
Set off of tax	(107.4)	(69.8)
Deferred tax assets	**77.4**	**75.4**
Liabilities:		
Embedded derivatives	(5.3)	(9.2)
Property, plant and equipment	(224.5)	(243.8)
Payables / receivables	(18.0)	(13.9)
Other	(2.1)	(5.3)
Total	**(249.9)**	**(272.2)**
Set off of tax	107.4	69.8
Deferred tax liabilities	**(142.5)**	**(202.4)**
Deferred tax - net	**(65.1)**	**(127.0)**
Reconciliation of deferred tax - net:		
As at 1 Jan	(127.0)	(40.5)
Deferred income tax benefit	49.4	22.5
Recognised in OCI	4.6	(2.8)
Change in consolidation scope	1.6	(99.2)
Currency translation effects	6.3	(7.0)
As at 31 Dec	**(65.1)**	**(127.0)**

EUR 36.2 million (31 December 2011: EUR 2.5 million) of the net deferred tax assets on tax losses carried forward arise in entities that have been loss making in 2012 and 2011. In evaluating whether it is probable that taxable profits will be earned in future accounting periods, all available evidence was considered. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes. Following this evaluation, it was determined there would be sufficient taxable income generated to realise the benefit of the deferred tax assets.

(e) Unrecognised deductible temporary differences and tax losses

EUR million	Net deductible temporary differences	Tax loss carry forward	Total Dec 31, 2012	Net deductible temporary differences	Tax loss carry forward	Total Dec 31, 2011
No expiration date	185.3	247.1	432.4	193.4	182.8	376.2
Expiration date 4 to 7 years	-	179.2	179.2	-	133.7	133.7
Expiration date over 7 years	-	-	-	-	164.8	164.8
Total	**185.3**	**426.3**	**611.6**	**193.4**	**481.3**	**674.7**

(f) Unremitted earnings

As at 31 December 2012, unremitted earnings of EUR 204.4 million (31 December 2011: EUR 271.6 million) have been retained by subsidiaries and associates for reinvestment. No provision is made for income taxes that would be payable upon the distribution of such earnings.

(g) Tax audit

Nyrstar periodically assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. For those matters where it is probable that an adjustment will be made, the Group recorded its best estimate of these tax liabilities, including related interest charges. The final outcome of tax examinations may result in a materially different outcome compared to the recorded tax liabilities and contingencies.

14 Other expense

EUR million	2012	2011
Stock movement conversion costs	8.0	(34.6)
Other tax expense	(9.9)	(6.3)
Travel expense	(12.1)	(11.5)
Operating lease	(12.3)	(12.6)
Insurance expense	(8.2)	(7.6)
Royalties	(7.0)	(6.6)
Communication expenses	(4.2)	(2.8)
IT costs	(1.9)	(0.7)
Memberships/subscriptions	(2.3)	(2.2)
Training	(2.1)	(1.9)
Other	(10.3)	(5.1)
Total other expenses	**(62.3)**	**(91.9)**

15 Property, plant and equipment

EUR million	Note	Land and buildings	Plant and equipment	Mining properties and development	Under construction	Cyclical maintenance and other	Total
Cost		207.8	1,763.1	1,055.2	82.2	173.2	3,281.5
Accumulated depreciation and impairment		(56.1)	(1,055.2)	(327.8)	-	(112.2)	(1,551.3)
Carrying amounts		**151.7**	**707.9**	**727.4**	**82.2**	**61.0**	**1,730.2**
As at 1 Jan 2012		124.1	707.6	689.4	145.3	59.3	1,725.7
Disposal of subsidiaries		-	(3.9)	-	(0.1)	(0.1)	(4.1)
Additions		14.7	72.0	50.2	78.9	30.3	246.1
Restoration provision adjustments	29	-	-	(5.0)	-	-	(5.0)
Transfers		37.4	44.1	63.7	(141.0)	(4.2)	-
Disposals		(1.1)	(0.6)	(0.1)	-	(0.1)	(1.9)
Depreciation expense		(14.7)	(106.1)	(62.8)	-	(23.7)	(207.3)
Impairment	17	(7.2)	(1.1)	-	-	-	(8.3)
Currency translation effects		(1.5)	(4.1)	(8.0)	(0.9)	(0.5)	(15.0)
As at 31 Dec 2012		**151.7**	**707.9**	**727.4**	**82.2**	**61.0**	**1,730.2**

EUR million	Note	Land and buildings	Plant and equipment	Mining properties and development	Under construction	Cyclical maintenance and other	Total
Cost		169.9	1,541.2	767.8	145.3	158.8	2,783.0
Accumulated depreciation and impairment		(45.8)	(833.6)	(78.4)	-	(99.5)	(1,057.3)
Carrying amounts		**124.1**	**707.6**	**689.4**	**145.3**	**59.3**	**1,725.7**
As at 1 January 2011		78.3	454.0	129.6	61.4	35.9	759.2
Acquired in business combination	8	27.6	188.0	543.5	28.1	27.1	814.3
Additions		3.2	75.5	35.8	91.9	13.8	220.2
Restoration provision adjustments	29	-	-	5.3	-	-	5.3
Transfers		14.9	56.1	(36.0)	(39.1)	4.4	0.3
Disposals		(0.1)	(1.2)	-	(0.5)	(0.1)	(1.9)
Depreciation expense		(3.9)	(72.8)	(35.9)	-	(22.8)	(135.4)
Currency translation effects		4.1	8.0	47.1	3.5	1.0	63.7
As at 31 Dec 2011		**124.1**	**707.6**	**689.4**	**145.3**	**59.3**	**1,725.7**

The carrying amount of property, plant and equipment accounted for as finance lease assets at 31 December 2012 is EUR 3.2 million and is classified as plant and equipment (2011: EUR 3.5 million). The carrying amount of exploration and evaluation expenditure at 31 December 2012 is EUR 14.3 million and is included in mining properties and development (2011: EUR 10.7 million). The additions to the carrying amount of the exploration and evaluation expenditure during 2012 were EUR 9.9 million (2011: EUR 4.4 million).

The total gain on sale of property, plant and equipment in the 2012 income statement amount to EUR 6.4 million (2011: EUR 3.5 million).

16 Intangible assets

EUR million	Note	Goodwill	Emission and carbon rights	Software and other	Total
Cost		124.9	4.0	20.2	149.1
Accumulated amortisation and impairment		-	(2.9)	(12.8)	(15.7)
Carrying amounts		**124.9**	**1.1**	**7.4**	**133.4**
As at 1 January 2012		127.6	0.6	10.4	138.6
Additions*		-	26.7	1.4	28.1
Disposals		-	(26.5)	-	(26.5)
Amortisation expense		-	(0.3)	(4.7)	(5.0)
Currency translation effects		(2.7)	0.6	0.3	(1.8)
As at 31 Dec 2012		**124.9**	**1.1**	**7.4**	**133.4**

* EUR 26.4 MILLION RELATE TO NON-CASH RECOGNITION OF EMISSION AND CARBON RIGHTS.

EUR million	Note	Goodwill	Emission and carbon rights	Software and other	Total
Cost		127.6	4.0	23.1	154.7
Accumulated depreciation and impairment		-	(3.4)	(12.7)	(16.1)
Carrying amounts		**127.6**	**0.6**	**10.4**	**138.6**
As at 1 January 2011		12.1	3.0	3.6	18.7
Acquired in business combination	8	109.2	-	-	109.2
Additions		-	-	8.5	8.5
Transfers		-	(1.4)	0.1	(1.3)
Amortisation expense		-	(1.0)	(2.0)	(3.0)
Currency translation effects		6.3	-	0.2	6.5
As at 31 Dec 2011		**127.6**	**0.6**	**10.4**	**138.6**

17 Impairment

Impairment loss

The impairment losses of EUR 18.2 million incurred in 2012 impacted property, plant and equipment (note 15) and investments in equity accounted investees (note 18) and relate to two non-core operations of the Group. The impairment losses have been recognised due to the prevailing metal price environment and increasing operating costs combined with objective evidence that the recoverable value for the operations is lower than the Group's carrying value. The impairments have been determined on the basis of value in use (VIU) and fair value less cost to sell (FVLCS). The discount rate of 8% was used in the VIU calculation. The FVLCS calculation was based on the indicative selling price included in the signed non-binding agreement with a potential purchaser.

The two non-core operations are not allocated to the Mining or Smelting segments and the impairment losses therefore are not allocated to segment results.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Goodwill impairment assessment

Goodwill acquired through business combinations has been allocated to the cash-generating units (CGUs) that are expected to benefit from the related acquisitions. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Each mining complex and each smelting site has been identified as a separate CGU.

The following goodwill balances result from the requirement on an acquisition to recognise deferred taxes, calculated as the difference between the tax effect of the fair value of the acquired assets and liabilities and their tax bases. For the purposes of testing this goodwill for impairment, any of the related deferred tax liabilities recognised on acquisition that remain at balance date are treated as part of the relevant CGU.

EUR million	Dec 31, 2012	Dec 31, 2011
Peruvian mines	12.1	12.1
Campo Morado	71.1	72.5
El Toqui	6.8	7.3
El Mochito	5.0	5.5
Myra Falls	8.5	8.2
Langlois	21.4	22.0
Total Goodwill	**124.9**	**127.6**

The Group performs goodwill impairment testing on an annual basis and at the reporting date if there are indicators of impairment. The most recent test was undertaken at 31 December 2012. In assessing whether goodwill has been impaired, the carrying amount of the CGU is compared with its recoverable amount. The recoverable amount for all CGUs has been determined based on FVLCS calculations.

FVLCS is based on the cash flows expected to be generated from mines included within the CGUs. Cash flows are projected for periods up to the date that mining operations are expected to cease, based on management's expectations at the time of testing. This date depends on a number of variables, including realisation of recoverable reserves and resources, the forecast selling prices for such production and the treatment charges received from the smelting and refining operations.

There has been no goodwill impairment expense recognised in 2012 and 2011. Cash flows have been projected for the life of each mine with a maximum of 16 years.

The key assumptions used in the FVLCS calculations are:

- recoverable reserves and resources;
- commodity prices;
- operating costs;
- treatment charges payable to smelters and refiners;
- capital expenditure; and
- discount rates.

Economically recoverable reserves and resources represent management's expectations at the time of completing the impairment testing, based on reserves and resource statements and exploration and evaluation work undertaken by appropriately qualified persons.

Long-term commodity prices and treatment charges are determined by reference to external market forecasts. Specific prices are determined using information available in the market after considering the nature of the commodity produced and long-term market expectations. Forecast prices vary in accordance with the year the sale is expected to occur. The commodity prices used in the impairment review are management estimates and are within the range of the available analyst forecasts at 31 December 2012.

Operating cost assumptions are based on management's best estimate at the date of impairment testing of the costs to be incurred. Costs are determined after considering current operating costs, future cost expectations and the nature and location of the operation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Smelting and refining treatment and refining charges vary in accordance with the commodity processes and time of processing.

Future capital expenditure is based on management's best estimate of required future capital requirements, which generally is for the extraction of existing reserves and resources. It has been determined by taking into account all committed and anticipated capital expenditure adjusted for future cost estimates.

Post-tax asset specific discount rates have been used for the FVLCS calculations. The discount rate is based on the risk adjusted weighted average cost of capital of the Company and the currency of the cash flows generated. The weighted average cost of capital reflects the current market assessment of the time value of money and equity market volatility. These rates were calculated with reference to market information from third party advisers. The cash flows have been adjusted for the risks specific to the CGU which have not been considered in the discount rate.

2012	Impairment method	Discount rate
Peruvian mines	FVLCS	6.5%
Campo Morado	FVLCS	6.6%
El Toqui	FVLCS	6.8%
El Mochito	FVLCS	9.9%
Myra Falls	FVLCS	6.5%
Langlois	FVLCS	6.4%

Sensitivity to changes in assumptions

There is a significant amount of commodity price and foreign exchange volatility in the market. Adverse changes in key assumptions as described below could result in impairment charges to be required as shown below.

A summary of the ore reserves and mineral resources can be found in the Nyrstar Mineral Resource and Mineral Reserves Statement published on www.nyrstar.com.

Commodity prices – commodity price forecasts were referenced on externally available forecasts by market commentators. The prices used in the impairment assessment varied in accordance with the year the sale was expected to occur. The prices ranged from USD 1,900 per tonne to USD 2,490 per tonne for zinc, USD 2,000 per tonne to USD 2,451 per tonne for lead, USD 7,500 per tonne to USD 8,129 per tonne for copper, USD 27 per troy ounce to USD 32 per troy ounce for silver and USD 1,549 per troy ounce to USD 1,750 per troy ounce for gold.

Treatment charges received from smelting and refining – in performing the FVLCS calculations treatment charges were estimated to be in the range of USD 189 per tonne to USD 209 per tonne for zinc and USD 200 per tonne to USD 225 per tonne for lead refining fees, based on the year of processing. As outlined above, these prices were based on externally available forecast published by the market commentators.

The impairment tests are particularly sensitive to changes in commodity prices, discount rates and foreign exchange rates. Changes to these assumptions could have resulted in changes to impairment charges. The table below summarises the change required to key assumptions that would result in the carrying value equalling the recoverable values:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2012	Excess of recoverable amount over carrying value (EUR million)	Change in key assumption that would result in the recoverable amount equalling the carrying value	
		Commodity prices	Discount rate*
Peruvian mines	29.6	5%	3%
Campo Morado	39.3	5%	3%
El Toqui	11.2	3%	2%
El Mochito	30.2	7%	5%
Myra Falls	120.6	13%	16%
Langlois	27.9	4%	3%

*Amounts relate to absolute movements in discount rate.

18 Investments in equity accounted investees

EUR million		Dec 31, 2012	Dec 31, 2011
Simstar JV	50.0%	-	18.3
Genesis Alloys (Ningbo) Ltd	50.0%	1.1	1.3
Foehl China Co. Ltd	50.0%	11.0	10.7
Ironbark Zinc Ltd	26.5%	16.8	17.4
Other	49.0%	0.1	0.2
Total		**29.0**	**47.9**

Summary financial information for equity accounted investees, adjusted for the percentage ownership held by the Group, is as follows:

EUR million	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Revenues	(Loss) / profit
As at 31 Dec 2012	10.5	102.9	(2.4)	(0.2)	22.7	(1.3)
As at 31 Dec 2011	9.3	99.8	(6.0)	(0.2)	47.0	1.3

In 2012, the joint venture between Nyrstar and SimsMM (ARA joint venture) sold Australian Refined Alloys' secondary lead producing facility in Sydney, Australia (ARA Sydney) to companies associated with Renewed Metal Technologies Pty Ltd for a total sale price of EUR 60 million (AUD 80 million) plus working capital. Nyrstar's share of the sales proceeds was EUR 32.4 million, including a working capital adjustment, with a gain on the sale of EUR 26.7 million. Nyrstar continues to operate the former ARA's production facility in Melbourne under the name of Simstar Joint Venture with Sims Metal Management Limited.

The fair value (based on the share price) of Nyrstar's share of Ironbark Zinc Ltd as of 31 December 2012 is EUR 10.8 million.

The Group has provided a guarantee of CNY 20 million (EUR 2.4 million) in favour of KBC in China, who provided a credit facility to Genesis Alloys (Ningbo) Ltd.

19 Investments in equity securities

EUR million	Dec 31, 2012	Dec 31, 2011
Herencia Resources Ltd	1.4	3.7
Qualified Environmental Trust	18.1	16.8
Exeltium SAS	4.2	4.2
Other	14.2	7.4
Total	**37.9**	**32.1**

All these investments are measured at level 1 under the fair value measurements (refer to note 35g for further explanation), with the exception of Exeltium SAS, which is measured at level 3 and carried at cost.

20 Zinc purchase interests

In February 2010, Nyrstar agreed to acquire 1.25 million tonnes of zinc in concentrate to be delivered over a number of years beginning in 2011 from Talvivaara Sotkamo Limited (a member of the Talvivaara Mining Company Plc group) for a purchase price of USD 335 million (EUR 242.6 million).

The useful life is determined with reference to the number of metric tonnes to be delivered. The asset is depleted through the income statement using the unit-of-production method, as the asset is recovered with each metric tonnes of zinc delivered under the contract.

EUR million	2012	2011
As at 1 Jan	249.2	247.2
Depletion	(6.1)	(6.8)
Currency translation effects	(5.9)	8.8
As at 31 Dec	**237.2**	**249.2**

Talvivaara will deliver 100% of its zinc concentrate production to Nyrstar until the 1.25 million tonnes of zinc in concentrate has been delivered.

21 Other financial assets and liabilities

EUR million	Dec 31, 2012	Dec 31, 2011
Embedded derivatives (b)	11.6	28.3
Restricted cash (c)	8.2	8.2
Held to maturity (d)	2.6	-
Loans to equity accounted investees (e)	2.7	-
Total non-current financial assets	**25.1**	**36.5**
Commodity contracts - fair value hedges (a)	33.8	45.6
Foreign exchange contracts - held for trading	7.7	4.2
Embedded derivatives (b)	5.5	2.5
Total current financial assets	**47.0**	**52.3**
Commodity contracts - fair value hedges (a)	-	0.1
Embedded derivatives (b)	2.1	-
Total non-current financial liabilities	**2.1**	**0.1**

Commodity contracts - fair value hedges (a)	10.6	20.1
Foreign exchange contracts - held for trading	0.5	18.5
Embedded derivatives (b)	0.2	-
Total current financial liabilities	**11.3**	**38.6**

(a) Instruments used by Nyrstar to manage exposure to currency and commodity price risk exposures

The fair value of derivatives (commodity contracts) hedging inventories and fixed forward sales contracts resulted in a net asset of EUR 23.2 million (31 December 2011: net asset of EUR 25.4 million) being recognised on the statement of financial position.

Carrying amounts of the hedged items of inventory as well as the firm commitments for fixed forward sales contracts are disclosed in note 22 and 23, respectively.

The fair value of foreign exchange derivatives that are commercially effective hedges but do not meet the strict IFRS hedge effective criteria, are classified as held for trading and resulted in a net asset of EUR 7.2 million (31 December 2011 net liability: EUR 14.3 million).

The Group's exposure to currency and commodity risk related to other financial assets and liabilities is disclosed in note 35.

(b) Embedded derivatives

The change in fair value on the effective portion of the Group's embedded derivatives during the year ended 31 December 2012 with a negative impact of EUR 7.2 million (31 December 2011: positive impact of EUR 18.0 million) was recognised in the cash flow hedge reserve whilst changes in fair value on the ineffective portion and amortisation of the swap's fair value at inception of EUR 8.7 million (31 December 2011: EUR 3.5 million) were recognised in the income statement within energy expense.

(c) Restricted cash

The restricted cash balance of EUR 8.2 million as at 31 December 2012 (31 December 2011: EUR 8.2 million) represents amounts placed on deposit to cover certain reclamation costs.

(d) Held to maturity

The held to maturity instrument is a government bond that is required to be maintained as a security deposit.

(e) Loans to equity accounted investees

During the year, the Group provided an interest free loan of USD 3.5 million (EUR 2.7 million) to Genesis, its equity accounted investee. The initial term of the loan is 3 years, however is automatically extended for consecutive periods of 3 years unless a written repayment notice is served to Genesis Alloys (Ningbo) Ltd.

22 Inventories

EUR million	Dec 31, 2012	Dec 31, 2011
Raw materials	308.6	230.8
Work in progress	322.0	223.0
Finished goods	39.3	61.5
Stores and consumables	81.6	73.3
Fair value adjustment*	(4.4)	(22.9)
Total inventories	**747.1**	**565.7**

* AS THE GROUP APPLIES HEDGE ACCOUNTING AS DESCRIBED IN NOTE 3G, THE HEDGED ITEMS OF INVENTORIES ARE VALUED AT FAIR VALUE.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

During the year ended 31 December 2012 Nyrstar identified, processed and sold silver bearing inventory that has previously not been recognised on the balance sheet. This inventory relates to historical silver losses in the Port Pirie smelter that have been identified as recoverable during 2012. The estimated pre-tax benefit from the identification, recovery and sale of the silver bearing material recognised in the income statement for the period ended 31 December 2012 is EUR 23.6 million (31 December 2011: EUR 78.4 million).

23 Other assets and liabilities

EUR million	Dec 31, 2012	Dec 31, 2011
Fair value of underlying hedged risk - non-current (a)	-	0.1
Deferred debt issuance cost - non-current (b)	3.4	4.9
Other - non-current	0.5	-
Total other non-current assets	**3.9**	**5.0**
Fair value of underlying hedged risk - current (a)	4.0	15.3
Total other current assets	**4.0**	**15.3**
Commodity delivery obligation - non-current (c)	59.3	47.4
Total other non-current liabilities	**59.3**	**47.4**
Fair value of underlying hedged risk - current (a)	2.7	-
Commodity delivery obligation - current (c)	4.1	19.9
Total other current liabilities	**6.8**	**19.9**

(a) Other assets

The fair value of fixed forward sales contracts (the underlying hedged items) resulted in a net asset of EUR 1.3 million (2011: net asset of EUR 15.4 million), being offset by an amount of EUR 2.0 million (2011: EUR 15.6 million) representing the fair value of hedging derivatives on these fixed forward sales contracts and included in note 21 other financial assets and liabilities.

(b) Deferred debt issuance cost

Transaction cost of the SCTF credit facility (see note 28) not yet amortised of EUR 3.4 million (2011: EUR 4.9 million).

(c) Other liabilities

On 5 January 2011 Nyrstar acquired Farallon Mining Ltd., the owner of the Campo Morado mining operation in Mexico (see note 8). In May 2008, Farallon entered into a contractual agreement with Silver Wheaton Corp. ("Silver Wheaton") to sell 75% of its silver production from the Campo Morado operation over the life of mine for an upfront payment of USD 80.0 million. Upon physical delivery of the silver, Silver Wheaton will also pay Nyrstar a fixed price payment per ounce of silver produced equal to the lesser of USD 3.90 and the spot price at the time of sale (subject to a 1% annual adjustment starting in the third year of silver production).

As a part of the purchase price allocation accounting for the Campo Morado acquisition, the obligation to deliver silver to Silver Wheaton has been fair valued based on the present value of the forgone revenue resulting from the Silver Wheaton obligation as of the acquisition date. The obligation is depleted through the income statement using the unit-of-production method, as the mineral reserves related to the Silver Wheaton liability are mined and delivered under the contract. The amortisation of the Silver Wheaton liability in 2012 amounts to EUR 2.5 million (2011: EUR 10.7 million).

24 Trade and other receivables

EUR million	Dec 31, 2012	Dec 31, 2010
Trade receivables	207.3	301.1
Less provision for receivables	(2.5)	(3.3)
Net trade receivables	**204.8**	**297.8**
Other receivables	16.3	16.1
Total trade and other receivables	**221.1**	**313.9**

The movement in the provision for receivables is detailed in the table below:

EUR million	2012	2011
As at 1 Jan	3.3	3.7
Disposal of subsidiaries	(0.2)	-
Additions / (reversals)	(0.6)	(0.5)
Currency translation effects	-	0.1
As at 31 Dec	**2.5**	**3.3**

The Group's exposure to currency and liquidity risk related to trade and other receivables is disclosed in note 35.

25 Cash and cash equivalents

EUR million	Dec 31, 2012	Dec 31, 2011
Cash at bank and on hand	74.0	81.1
Short-term bank deposits	114.1	96.3
Total cash and cash equivalents	**188.1**	**177.4**

Cash at bank or on hand and short-term deposits earned a combined weighted average interest rate of 0.2% for calendar year 2012 (2011: 0.5% per annum).

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 35.

26 Capital

Share capital and share premium

As at 31 December 2012 the number of issued ordinary shares is 170,022,544 (31 December 2011: 170,022,544) with a par value of EUR 2.34 (2011: EUR 2.50). The reduction in par value is due to decisions taken at the extraordinary shareholders' meeting on 22 May 2012 to reduce the Company's share capital through the distribution to the shareholders of an amount of EUR 0.16 per outstanding share, EUR 27.2 million (for further detail see below). The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

In addition to the issued share capital, the board of directors of Nyrstar NV has the authority to issue up to 68,009,017 shares based on a par value of EUR 2.34 per share. Apart from the issued share capital and authorised capital, Nyrstar NV has outstanding convertible bonds in an aggregate principal amount of EUR 119.9 million. Based on a conversion price of EUR 5.91 per share, if all convertible bonds are converted, a maximum of 20,287,648 new shares are to be issued.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Distribution to shareholders (capital decrease)

The extraordinary shareholders' meeting on 22 May 2012 approved a distribution of EUR 0.16 per share, amounting to a total distribution of EUR 27.2 million (net of treasury shares EUR 26.1 million) The distribution was structured as a capital reduction with reimbursement of paid-up capital.

At the annual general shareholders' meeting of 24 April 2013, the board of directors will propose a distribution of EUR 0.16 per share, amounting to a total distribution of EUR 27.2 million, and to structure this distribution as a capital reduction with reimbursement of paid-up capital. These financial statements do not reflect this distribution.

Issued shares	2012	2011
Shares outstanding	162,676,718	160,609,406
Treasury shares	7,345,826	9,413,138
As at 31 Dec	**170,022,544**	**170,022,544**

Movement in shares outstanding	2012	2011
As at 1 Jan	160,609,406	90,103,442
Capital increase	-	70,009,282
Convertible bond	-	13,262
Employee share based payment plan	2,067,312	483,420
As at 31 Dec	**162,676,718**	**160,609,406**

Movement in treasury shares	2012	2011
As at 1 Jan	9,413,138	3,631,558
Purchases	-	6,265,000
Employee share based payment plan	(2,067,312)	(483,420)
As at 31 Dec	**7,345,826**	**9,413,138**

In 2012 no convertible bonds were converted in ordinary shares of the Company (2011: convertible bonds in an aggregate principal amount of EUR 0.1 million were converted into 13,262 new ordinary shares of the Company, at a conversion price of EUR 7.54 per share).

Disclosure of the shareholders' structure

The Group's major shareholders (holding greater than 3% of the Group's outstanding shares) based on notifications of significant shareholdings available as at 31 December 2012 were:

Shareholder's name	Shareholder's address	Date of notification	Number of voting rights	in %
Glencore International AG	Baarmattstrasse 3, 6340 Baar, Switzerland	9 Feb 2009	13,245,757.0	7.79%
BlackRock Group	33 King William Street, London EC4R 9AS, UK	13 Dec 2012	6,505,459.0	3.83%
Umicore S.A. / N.V.	Broekstraat 31, 1000 Brussels, Belgium	23 Mar 2011	5,251,856.0	3.09%
Total			**25,003,072.0**	**14.71%**

27 Reserves

Reconciliation of movement in reserves

EUR million	Treasury shares	Translation reserve	Reverse acquisition reserve	Cash flow hedge reserve	Convertible bond	Investments reserve	Total
As at 1 Jan 2012	(23.5)	93.9	(273.0)	6.9	8.8	2.0	**(184.9)**
Losses on cash flow hedges	-	-	-	(7.2)	-	-	**(7.2)**
Foreign currency translation differences	-	(24.4)	-	-	-	-	**(24.4)**
Change in fair value of investments in equity securities	-	-	-	-	-	(4.9)	**(4.9)**
Reclassification of reversed acquisition reserve	-	-	7.6	-	-	-	**7.6**
Change in par value	1.2	-	-	-	-	-	**1.2**
Acquisition / distribution of treasury shares	5.1	-	-	-	-	-	**5.1**
As at 31 Dec 2012	**(17.2)**	**69.5**	**(265.4)**	**(0.3)**	**8.8**	**(2.9)**	**(207.5)**

EUR million	Treasury shares	Translation reserve	Reverse acquisition reserve	Cash flow hedge reserve	Convertible bond	Investments reserve	Total
As at 1 Jan 2011	(55.7)	63.1	(273.0)	(5.6)	8.8	4.1	**(258.3)**
Gains on cash flow hedges	-	-	-	18.0	-	-	**18.0**
Foreign currency translation differences	-	30.8	-	-	-	-	**30.8**
Change in fair value of investments in equity securities	-	-	-	-	-	(2.1)	**(2.1)**
Income tax relating to the above items	-	-	-	(5.5)	-	-	**(5.5)**
Change in par value	46.7	-	-	-	-	-	**46.7**
Acquisition / distribution of treasury shares	(14.5)	-	-	-	-	-	**(14.5)**
As at 31 Dec 2011	**(23.5)**	**93.9**	**(273.0)**	**6.9**	**8.8**	**2.0**	**(184.9)**

Treasury shares

The treasury shares reserve comprises the par value of the Company's share held by the Group. As at 31 December 2012, the Group held a total of 7,345,826 of the Company's shares (31 December 2011: 9,413,138).

During 2012 the Group partially settled its LTIP Grant 2. A total of 2,067,312 shares were allocated to the employees as a part of this settlement.

During the period 4 May 2011 to 22 September 2011, Nyrstar acquired on Euronext Brussels 6,265,000 of its own shares. The difference between the par value of the total treasury shares purchased during 2011 (EUR 15.7 million) and the consideration paid (EUR 52.1 million), which includes directly attributable costs, amounts to (EUR 36.4 million) and has been recognised directly in accumulated losses.

In March 2011 Nyrstar sold the subscription rights related of its treasury shares held at the time of the capital increase. The consideration received of EUR 7.6 million was recognised directly in accumulated losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate, foreign currency and liquidity risks see note 35.

EUR million	Dec 31, 2012	Dec 31, 2010
Convertible bonds	115.9	113.5
Fixed rate bonds	748.8	748.4
SCTF Credit Facility	-	-
Other loans	0.3	-
Finance lease liabilities	2.2	2.5
Total non-current loans and borrowings	**867.2**	**864.4**
Unsecured bank loans	0.3	30.5
Finance lease liabilities	1.0	0.8
Total current loans and borrowings	**1.3**	**31.3**
Total loans and borrowings	**868.5**	**895.7**

Convertible bonds

EUR 120 million 7% convertible bonds listed on the Luxembourg Stock Exchange's Euro MTF market, due July 2014.

The bonds are convertible at the option of the holder, at any time from 1 September 2009 until 1 July 2014 (ten days prior to final maturity date being 10 July 2014), or if the bonds are called by the Group for redemption prior to the final maturity date, until the seventh day before the date fixed for redemption. The conversion price as at 31 December 2012 is EUR 5.91 per share (31 December 2011: EUR 6.17 per share).

The bonds consist of a liability component and an equity component. The fair values of the liability component (EUR 108.7 million) and the equity component (EUR 8.8 million) were determined, using the residual method, at issuance of the bonds. The liability component is measured at amortised cost at an effective interest rate of 9.09% per annum.

The bonds have been issued at 100% of their principal amount and have a coupon of 7% per annum, payable semi-annually in arrears.

In 2012 no convertible bonds were converted in ordinary shares of the company (2011: convertible bonds in an aggregate principal amount of EUR 0.1 million were converted into 13,262 new ordinary shares of the Company, at a conversion price of EUR 7.54 per share).

SCTF credit facility

SCTF credit facility is a secured multi-currency revolving structured commodity trade finance credit facility with a limit of EUR 400 million. The facility was refinanced mid of November 2012 and has a maturity of four years (with run-off period during the fourth year leading to a maturity of 16 November 2016). The facility includes an accordion to increase its size to EUR 750 million on a pre-approved but uncommitted basis

Funds drawn under the facility bear interest at EURIBOR plus a margin of 1.85%.

Directly attributable transaction costs have been deducted at initial recognition and are amortized over the term of the credit facility. Transaction cost not yet amortized at the balance sheet date amount to EUR 3.4 million (31 December 2011: EUR 4.9 million). These costs are disclosed under other assets (see note 23). The costs of the previous SCTF credit facility were written off at the time of renewal, leading to finance charges of EUR 3.0 million.

Borrowings under this facility are secured by Nyrstar's inventories and receivables. In addition to standard representations, warranties and undertakings, including restrictions on mergers and disposals of assets, the facility provides for financial covenants which are linked to certain balance sheet ratios.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Fixed rate bonds

At 31 December 2012, the Company has two outstanding fixed rate bonds; 5.5% fixed rate bond of EUR 225 million (maturity: April 2015) and 5.375% fixed rate bond of EUR 500 million (maturity: April 2016). Directly attributable transaction costs have been deducted at initial recognition and are amortised over the term of the bonds.

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

EUR million	Currency	Nominal interest rate	Year of maturity	Dec 31, 2012 Face value	Dec 31, 2012 Carrying amount	Dec 31, 2011 Face value	Dec 31, 2011 Carrying amount
Convertible bonds*	EUR	7.0%	2014	119.9	115.9	119.9	113.5
Fixed rate bonds	EUR	5.5%	2015	225.0	224.8	225.0	224.7
Fixed rate bonds	EUR	5.4%	2016	525.0	524.0	525.0	523.7
Other	-	-	-	3.9	3.8	33.8	33.8
Total interest bearing liabilities				**873.8**	**868.5**	**903.7**	**895.7**

* THE COMPANY MAY, AT ANY TIME ON OR AFTER 10 JULY 2012, REDEEM THE CONVERTIBLE BONDS TOGETHER WITH ACCRUED BUT UNPAID INTEREST, IF ON NOT LESS THAN 20 OUT 30 DAYS CONSECUTIVE DEALING DAYS, THE VOLUME WEIGHTED AVERAGE PRICE OF THE SHARES EXCEEDS 150% OF THE CONVERSION PRICE.

EUR million	Finance leases Dec 31, 2012	Finance leases Dec 31, 2011
Within 1 year	1.0	0.8
Between 2 and 5 years	2.3	2.6
Total undiscounted minimum lease payments	**3.3**	**3.4**
Less: amounts representing finance lease charges	0.1	0.1
Present value of minimum lease payments	**3.2**	**3.3**

29 Provisions

EUR million	Note	Restoration, rehabilitation and decommissioning	Restructuring	Other	Total
As at 1 Jan 2012		183.0	2.6	44.1	**229.7**
Disposal of subsidiaries		-	-	(0.2)	**(0.2)**
Payments		(10.9)	(3.7)	(7.6)	**(22.2)**
Additions / (reversals)		(4.2)	6.2	17.8	**19.8**
PPE asset adjustment	15	(5.0)	-	-	**(5.0)**
Transfers		-	-	(4.2)	**(4.2)**
Unwind of discount		15.4	-	0.3	**15.7**
Currency translation effects		1.2	-	-	**1.2**
As at 31 Dec 2012		**179.5**	**5.1**	**50.2**	**234.8**
whereof current		11.5	5.1	7.7	**24.3**
whereof non-current		168.0	-	42.5	**210.5**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EUR million	Note	Restoration, rehabilitation and decommissioning	Restructuring	Other	Total
As at 1 Jan 2011		126.8	15.3	16.5	**158.6**
Acquired in business combination		69.7	-	27.6	**97.3**
Payments		(13.8)	(10.5)	(2.3)	**(26.6)**
Additions / (reversals)		(16.1)	(0.7)	4.1	**(12.7)**
PPE asset adjustment	15	5.3	-	-	**5.3**
Transfers		-	(1.5)	(4.6)	**(6.1)**
Unwind of discount		7.0	-	0.3	**7.3**
Currency translation effects		4.1	-	2.5	**6.6**
As at 31 Dec 2011		**183.0**	**2.6**	**44.1**	**229.7**
whereof current		13.1	2.6	16.4	**32.1**
whereof non-current		169.9	-	27.7	**197.6**

Restoration, rehabilitation and decommissioning

Restoration, rehabilitation and decommissioning work on the projects provided for is estimated to occur progressively over the next 117 years, of which the majority will be used within the next 21 years. The provision is discounted using a current market based pre-tax discount rate and the unwinding of the discount is included in interest expense. Refer to note 4 for a discussion of the significant estimations and assumptions applied in the measurement of this provision.

Restructuring

During 2012 Nyrstar commenced a detailed and comprehensive group wide review of its corporate offices, mining operations and smelting operations to identify opportunities to sustainably reduce operating costs. This included benchmarking the sites against one another, and against external indices, on an activity based level to assess the optimal level of resources required to perform core operating and support tasks. In 2012 Nyrstar incurred restructuring costs of EUR 16.9 million (2011: EUR 9.0 million). The remaining provision of EUR 5.1 million (31 December 2011: EUR 2.6 million) is mainly related to the implementation of the restructuring measure that are expected to be finalised during 2013. The estimates may vary as a result of changes in cost estimates and timing of the costs to be incurred.

Other

Other provisions primarily relate to workers compensation benefits, legal claims and other liabilities. The current portion of these costs is expected to be utilised in the next 12 months and the non-current portion of these costs is expected to be utilised over a weighted average life of 2 years (2011: 2 years). The estimates may vary as a result of changes in cost estimates and timing of the costs to be incurred.

30 Employee benefits

EUR million	Dec 31, 2012	Dec 31, 2011
Long service leave	4.1	4.2
Retirement plans	73.8	61.6
Other	7.5	9.3
Total non-current employee provisions	**85.4**	**75.1**
Annual leave and long service leave	31.3	30.6
Other	22.2	21.6
Total current employee provisions	**53.5**	**52.2**
Total employee provisions	**138.9**	**127.3**

Retirement and post-retirement plans

Nyrstar participates in a number of superannuation and retirement benefit plans. The plans provide benefits on retirement, disablement, death, retrenchment or withdrawal from service, the principal types of benefits being lump sum defined benefits and lump sum defined contribution benefits.

Defined benefit plans

- Nyrstar Clarksville Inc: Hourly Employees' Pension Plan, Salaried Employees' Retirement Plan, Pension Plan for Bargaining Unit Employees, NCI/JCZ Pension Plan for Bargaining Unit Employees, Supplemental Executive Retirement Plan reviewed as at 31 December 2012.
- Employees of Nyrstar Budel BV are members of a multi-employer Metal and Electricity industry defined benefit pension plan (PME). PME are unable to provide the necessary information for defined benefit accounting to be applied and consequently the PME plan has been accounted for as a defined contribution plan.
- Nyrstar Budel BV Excedent Pension Plan reviewed as at 31 December 2012.
- Nyrstar Belgium SA/NV: Staff Old Defined Benefit plan funded through pension fund, Staff Cash Balance Plan, Staff Complementary Savings Plan, Staff Insured Old Defined Benefit plan, Staff "appointements continués", Salaried Employees Old Defined Benefit Plan, Salaried Employees "appointements continués", reviewed as at 31 December 2012.
- Nyrstar NV: Staff Cash Balance Plan, Staff Complementary Savings Plan, reviewed as at 31 December 2012 .
- Nyrstar France Régime d'Indemnités de Fin de Carrière and Régime du Mutuelle, reviewed as at 31 December 2012.
- Nyrstar Germany GmbH, closed Defined Benefit plan, reviewed as at 31 December 2012.
- Galva 45 SA Régime d'Indemnités de Fin de Carrière, reviewed as at 31 December 2012.
- Nyrstar Sales & Marketing AG: Pension Plan Staff and Pension Plan Staff NMC funded through the Helvetia Group Foundation, reviewed as at 31 December 2012.
- Nyrstar Finance International AG: Pension Plan funded through the Helvetia Group Foundation, reviewed as at 31 December 2012.
- Nyrstar Myra Falls Ltd.: Hourly-Paid Employees' Pension Plan, Thirty-Year Retirement Supplement and Voluntary Early retirement Allowance, reviewed as at 31 December 2012.

Medical benefit plans

- Nyrstar Clarksville Inc. Post Retirement Medical Benefit and Life Insurance Plan (PRMB&LI), reviewed as at reviewed as at 31 December 2012. Defined benefit accounting is applied for the PRMB&LI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- Nyrstar France Mutuelle, reviewed as at reviewed as at 31 December 2012.
- Nyrstar Myra Falls Ltd.: Non-Pension post-retirement benefits plan, reviewed as at 31 December 2012.

The amounts recognised on the statement of financial position have been determined as follows:

EUR million	Dec 31, 2012	Dec 31, 2011
Present value of funded obligations	123.5	106.7
Present value of unfunded obligations	40.5	36.1
Total present value of obligations	**164.0**	**142.8**
Fair value of plan assets	(91.4)	(82.4)
Total deficit	**72.6**	**60.4**
Unrecognised past service gains	1.0	0.9
Limitiation on recognition of surplus due to asset ceiling	0.2	0.3
Total recognised retirement benefit obligations	**73.8**	**61.6**

Plan assets comprise:

EUR million	Dec 31, 2012	Dec 31, 2011
Cash	0.3	0.9
Equity instruments	36.1	34.4
Debt instruments	29.0	25.4
Other assets	26.0	21.7
Total plan assets	**91.4**	**82.4**

The majority of other assets consists of insured plans (Group insurances). The changes in the present value of the defined benefit obligations are as follows:

EUR million	Dec 31, 2012	Dec 31, 2011
Defined benefit obligations at start of period	142.8	81.0
Current service cost	7.2	5.7
Interest cost	6.3	4.4
Actuarial losses recognised in other comprehensive income	18.9	5.1
Contributions paid into the plans by participants	1.1	1.0
Benefits paid by the plans	(11.2)	(6.1)
Plan amendment	0.2	(0.7)
Plan settlement / curtailments	-	0.1
Foreign exchange translation	(0.7)	1.5
Acquired in business combination	-	48.0
Other	(0.6)	2.8
Defined benefit obligations at end of period	**164.0**	**142.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The changes in the present value of plan assets are as follows:

EUR million	Dec 31, 2012	Dec 31, 2011
Fair value of plan assets at start of period	82.4	45.0
Expected return on plan assets	4.9	3.1
Actuarial gains / (losses) recognised in other comprehensive income	4.0	(3.2)
Contribution paid into the plans by employer	7.6	6.6
Contribution paid into the plans by participants	1.1	1.0
Benefits paid by the plans	(7.9)	(3.2)
Foreign exchange translation	(0.3)	0.6
Acquired in business combination	-	30.2
Other	(0.4)	2.3
Fair value of plan assets at end of period	**91.4**	**82.4**

The expense recognised in the income statement is as follows:

EUR million	Dec 31, 2012	Dec 31, 2011
Current service cost	(7.2)	(5.7)
Interest cost	(6.3)	(4.4)
Past service losses	(0.2)	-
Amortisation of curtailment	-	(0.1)
Expected return on plan assets	4.9	3.1
Total amounts included in employee benefits expense	**(8.8)**	**(7.1)**

The actuarial gains and losses and the limitations on recognition of a surplus recognised directly in other comprehensive income are as follows:

EUR million	Dec 31, 2012	Dec 31, 2011
Cumulative at start of period	(10.3)	(1.8)
Recognised during the period	(14.3)	(8.5)
Cumulative at end of period	**(24.6)**	**(10.3)**

Principal actuarial assumptions

The principal actuarial assumptions used at the reporting date (expressed as weighted averages):

	Dec 31, 2012	Dec 31, 2011
Discount rate (range; weighted average in %)	1.4 - 4.0; 3.4	2.3 - 4.8; 4.4
Expected return on plan assets (range; weighted average in %)	3.5 - 7.0; 5.8	3.5 - 7.0; 5.8
Expected future salary increases (range; weighted average in %)	1.5 - 2.5; 2.3	1.5 - 3.0; 2.7
Expected inflation rate (range; weighted average in %)	2.0 - 2.3; 2.1	2.0 - 2.3; 2.1
Actual return on plan assets (EUR million)	8.9	(0.1)
Initial trend rate (range; weighted average in %)	2.0 - 8.5; 6.0	2.8 - 9.0; 5.9
Ultimate trend rate (range; weighted average in %)	2.0 - 5.0; 4.2	2.8 - 5.0; 4.1
Years until ultimate is reached	0 - 7; 3.7	0 - 8; 3.6

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. These tables imply expected future lifetimes (in years) for employees aged 65 as at the 31 December 2012 of 18 to 24 for males (2011: 16 to 24) and 21 to 28 (2011: 20 to 28) for females. The assumption for each country are reviewed each year and are adjusted where necessary to reflect changes in fund experience and actuarial recommendations. If applicable, the longevity risk is covered by using appropriate prospective mortality rates.

The expected long-term rate of return has been determined as the weighted average of the expected returns on the major asset categories in each portfolio. The expected rate of return is based on general market expectations for the long term.

The effect of a 1% movement in the assumed medical cost trend rate is as follows:

EUR million	Dec 31, 2012	Dec 31, 2011
Effect on the aggregate of the current service and interest cost	0.3	(0.2)
Effect on the defined benefit obligation	4.5	(3.5)

History of funded status and experience adjustments

The defined benefit obligation, plan assets, funded status, changes in actuarial assumptions, and experience adjustments compared to the actuarial assumptions for the years 2008 to 2012 are as follows:

EUR million	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010	Dec 31, 2009	Dec 31, 2008
Defined benefit obligation	164.0	142.8	81.0	80.8	77.9
Fair value of plan assets	(91.4)	(82.4)	(45.0)	(41.2)	(45.4)
Total deficit	**72.6**	**60.4**	**36.0**	**39.6**	**32.5**
Changes in actuarial assumptions	19.6	4.0	3.6	5.7	(7.7)
Experience adjustments increasing / (reducing) plan liabilities	(0.7)	1.1	(1.0)	0.4	0.9
Experience adjustments on plan assets: actual returns (greater) / less than expected	(4.0)	3.2	(2.9)	(2.8)	11.7
Total	**14.9**	**8.3**	**(0.3)**	**3.3**	**4.9**

Expected contributions 2013

The expected contributions to post-employment benefit plans for the year ending 31 December 2013 are EUR 7.6 million.

31 Trade and other payables

EUR million	Dec 31, 2012	Dec 31, 2011
Trade payables	591.1	377.7
Other payables	50.1	37.5
Total trade and other payables	**641.2**	**415.2**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 35.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 Deferred income

EUR million	Dec 31, 2012	Dec 31, 2011
Current	218.6	127.4
Total deferred income	**218.6**	**127.4**

Deferred income consists of payments received by the Company from customers for future physical deliveries of metal inventories that are expected to be settled in normal course of business.

33 Share-based payments

EUR million	2012	2011
Share based payment expenses, including social security	(6.2)	(8.3)

The Company has established an Employee Share Acquisition Plan (ESAP), an Executive Long Term Incentive Plan (LTIP) and a Co-Investment Plan (together referred to as the "Plans") with a view to attracting, retaining and motivating the employees and senior management of the Company and its wholly owned subsidiaries. The key terms of each Plan are disclosed below:

Employee Share Acquisition Plan

Both ESAP Grant 1 and Grant 2 were fully cash settled in 2010 and 2011 respectively, with no further shares outstanding as at 31 December 2012 and 2011.

Long Term Incentive Plan

LTIP Grants 2 to 5 were granted between 2009 and 2012 in accordance with the rules and conditions of the Executive Long Term Incentive Plan (LTIP). The table below summarises the details of the grants.

	Grant 1	Grant 2	Grant 4	Grant 5
Number of instruments granted at the grant date	2,003,351	604,407	1,149,398	2,261,628
Effective grant date	30 Jun 2009	30 Jun 2010	30 Jun 2011	30 Jun 2012
Performance period	1 Jan 2009 to 31 Dec 2011	1 Jan 2010 to 31 Dec 2012	1 Jan 2011 to 31 Dec 2013	1 Jan 2012 to 31 Dec 2014
Vesting date	31 Dec 2011	31 Dec 2012	31 Dec 2013	31 Dec 2014
Settlement (b)	Share	Share	Share	Share
Fair value at grant date (EUR per share) *	2.78	4.25	6.23	1.01

* THE FAIR VALUE IS THE WEIGHTED AVERAGE FAIR VALUE FOR BOTH PERFORMANCE MEASURES: PRICE OF ZINC AND MSCI AS EXPLAINED BELOW

(a) Performance criteria

To ensure that the LTIP is aligned with maximizing shareholder returns, the board has set two performance conditions, which are weighted equally. For both performance conditions an equal number of awards has been granted. For an award to vest, Nyrstar's annual share price performance is measured relative to the implied change in a notional share price that is based upon the historical performance of the price of zinc and the MSCI World Metals and Mining Index

Shares are awarded to eligible employees to the extent that predetermined scaling thresholds for each of the performance conditions are met and that the employee remains in service to vesting date of the respective grant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(b) Settlement

The board has the discretion to settle LTIP Grant 2, Grant 3, Grant 4 and Grant 5 award in shares or cash. However it intends to settle all plans in shares. As such, all LTIP plans are treated as equity settled share based payments.

The significant inputs into the valuation model for the LTIP plans granted in 2012 and 2011 are:

	2012	2011
Dividend yield	3.0%	3.0%
Expected volatility - Nyrstar share price	46.0%	46.0%
Expected volatility - zinc price	30.0%	34.0%
Expected volatility - MSCI metals and mining index	23.0%	25.0%
Risk free interest rate	2.2%	2.1%
Share price at grant date (in EUR)	4.48	7.47
Expected forfeiture rate	0.0%	0.0%
Valuation model used	Monte Carlo	Monte Carlo

The expected volatilities are based on the historic volatility during the period prior to the grant date (that is equivalent to the expected life of the award, subject to historical data remaining relevant). The performance conditions are both market-related and were accounted for in calculating the fair value of the awards.

The following table sets out the movements in the number of equity instruments granted during the period in relation to the LTIP plans:

	Grant 2	Grant 3	Grant 4	Grant 5	Total
As at 1 Jan 2012	2,764,817	823,243	1,196,168	-	**4,784,228**
Initial allocation 30 Jun 2012	-	-	-	2,261,628	**2,261,628**
Forfeitures	-	(114,325)	(245,655)	(157,389)	**(517,369)**
Additions	-	62,042	103,388	-	**165,430**
Settlements	(2,675,946)	-	-	-	**(2,675,946)**
As at 31 Dec 2012	**88,871**	**770,960**	**1,053,901**	**2,104,239**	**4,017,971**

	Grant 2	Grant 3	Grant 4	Grant 5	Total
As at 1 Jan 2011	2,105,305	560,516	-	-	**2,665,821**
Dilutive impact / adjustment	415,415	110,600	-	-	**526,015**
Initial allocation 30 Jun 2011	-	-	1,149,398	-	**1,149,398**
Forfeitures	(195,730)	(65,270)	(24,748)	-	**(285,748)**
Additions	439,827	217,397	71,518	-	**728,742**
As at 31 Dec 2011	**2,764,817**	**823,243**	**1,196,168**	**-**	**4,784,228**

In 2012 and 2011, certain employees who joined Nyrstar during the year received LTIP awards under Grants 2, 3 and 4. The fair value of these rights amounted to EUR 0.2 million for 2012 (2011: EUR 1.1 million). There have been no changes to the terms and conditions of the grants.

Management Committee Co-Investment Plan

A co-investment plan for the members of the NMC was approved by the annual general shareholders' meeting held on 28 April 2010. The effective accounting grant date is 5 May 2010 and the conditions are assessed from the grant date till 15 July 2013, which is the vesting date. For each Nyrstar share that a member of the NMC purchased between 30 April 2010 and 28 June 2010, Nyrstar will grant the respective participant on the vesting date, a number of additional Nyrstar shares provided that (a) the participant is still employed by Nyrstar on the vesting date and (b) the participant still holds the co-investment shares on the vesting date. During the period between 30 April 2010 and 28 June 2010 the members of the NMC purchased 190,000 co-investment shares.

In line with the resolution of the annual general shareholders meeting held at 27 April 2011 the Co-investment Plan has reflected the impact of the March 2011 rights issue by the Company. It was also agreed that additional 95,510 shares of the Company subscribed for by the respective participants in the Co-Investment Plan are considered "Co-investment Shares" for purposes of the Co-Investment Plan. At 30 June 2011 an additional participant has purchased 25,000 shares as participation in the Co-investment plan. The terms and conditions of this participation are consistent with the terms and conditions of the previous Co-investment Plan participations.

The number of matching shares is determined at three measurement dates, i.e. (a) 1 July 2011 (Measurement Date 1), (b) 1 July 2012 (Measurement Date 2) and (c) 1 July 2013 (Measurement Date 3). The number of Matching Shares is the product of the total number of the Co-Investment Shares of the respective Participant and the multiplier determined at the measurement dates. The multiplier is set between zero (lowest multiplier) and four (the highest multiplier) in conjunction with pre-set price points, i.e. pre-set average closing prices of Nyrstar shares during any given full calendar week in the measurement periods (refer to Corporate Governance statement for further details).

The weighted average fair value at the grant dates per share was EUR 14.52.

Movement of Co-Investment Shares:

	2012	2011
As at 1 Jan	348,000	190,000
Additions	-	120,510
As at 31 Dec	**348,000**	**348,000**

No further Co-Investment shares have been granted in 2012. The significant inputs into the valuation model for the Co-Investment shares granted in 2011 were:

	2011
Dividend yield	3.0%
Expected volatility - Nyrstar share price	50.0%
Risk free interest rate	1.4%
Share price at grant date (in EUR)	9.98
Expected forfeiture rate	0.0%
Valuation model used	Monte Carlo

The volatility is measured based on the statistical analysis of the Nyrstar's share price during the 15 months prior to the grant date. The performance conditions are both market-related and were accounted for in calculating the fair value of the awards.

The fair value of services received in return for the shares qualifying under the co-investment plan is based on the fair value of the awards granted which for financial year 2012 amounts to EUR nil (2011: EUR 1.6 million).

Deferred Share Awards or Phantom Awards - annual incentive plan (AIP)

For 2012, the NMC and certain other senior managers are entitled to a target opportunity under the AIP of:

- 75% of the annual base salary for the Chief Executive Officer (150% at maximum)
- 60% of the annual base salary for the other members of NMC (120% at maximum)
- 50% of the annual base salary for certain other senior managers (100% at maximum)

Any award made under the AIP in relation to the details above, will be delivered as a combination of cash and Nyrstar shares (Share Awards) or their equivalent in cash (Phantom Awards), with any delivery of these Awards deferred for 12 months. The award will be delivered as follows:

- CEO – 100% cash and 50% Share Awards or Phantom Shares (at maximum opportunity)
- Other members of the NMC – 80% cash and 40% Share Awards or Phantom Shares (at maximum opportunity)
- Other senior managers – 70% cash and 30% Share Awards or Phantom Shares (at maximum opportunity)

The delivery of any AIP award to management is at all times subject to the performance of the Company (for further details on the performance criteria refer to the Remuneration Report included in the Corporate Governance Statement) and the employee remaining employed with the Company at the end of the vesting period. The maximum number of the Share Awards granted is equal to the value of the maximum opportunity multiplied by EUR base salary and divided by the applicable share price at the start of the performance period (generally the fiscal year).

The fair value of the service received in return for these Awards for financial year 2012 amounts to EUR 0.4 million (2011: EUR nil).

34 (Loss) / earnings per share

(a) Basic (loss) / earnings per share

The basic EPS is calculated as follows:

EUR million	2012	2011
(Loss) / profit attributable to ordinary shareholders (basic)	(92.4)	36.0
Weighted average number of ordinary shares (basic, in million)	162.1	149.2
(Loss) / earnings per share (basic, in EUR)	**(0.57)**	**0.24**

(b) Diluted (loss) / earnings per share

Diluted (loss) / earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential ordinary shares. At 31 December 2012 neither the share based payments nor the convertible bond have been dilutive. At 31 December 2011 the dilutive impact of the long term incentive plan was included in the weighted average number of ordinary shares for the calculation of the dilutive EPS, however, the convertible bond has been assumed to be anti-dilutive.

The diluted EPS is calculated as follows:

EUR million	2012	2011
(Loss) / profit attributable to ordinary shareholders (basic)	(92.4)	36.0
(Loss) / profit attributable to ordinary shareholders (diluted)	**(92.4)**	**36.0**
Weighted average number of ordinary shares (basic, in million)	162.1	149.2
Effect of long term incentive plan	-	2.9
Weighted average number of ordinary shares (diluted, in million)	**162.1**	**152.1**
(Loss) / earnings per share (diluted, in EUR)	**(0.57)**	**0.24**

35 Financial instruments

In the normal course of business, Nyrstar is exposed to fluctuations in commodity prices and exchange rates, interest rate risk, credit risk and liquidity risk. In accordance with Nyrstar's risk management policies, derivative financial instruments are used to hedge exposures to commodity prices and exchange fluctuations, but may not be entered into for speculative purposes.

(a) Credit risk

(i) Exposure to credit risk

Credit risk represents the loss that would be recognised if the counterparties to financial instruments fail to perform as contracted. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

EUR million	Dec 31, 2012	Dec 31, 2011
Trade and other receivables	221.1	313.9
Cash and cash equivalents	188.1	177.4
Commodity contracts used for hedging: assets	33.8	45.6
Embedded derivatives: assets	17.1	30.8
Foreign exchange contracts used for trading: assets	7.7	4.2
Restricted cash	8.2	8.2
Held to maturity	2.6	-
Loans to equity accounted investees	2.7	-
Total	**481.3**	**580.1**

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

EUR million	Dec 31, 2012	Dec 31, 2011
Euro-zone countries	77.9	165.9
Asia	25.2	41.6
United States	25.1	11.9
Other European countries	43.2	56.8
Other regions	49.7	37.7
Total	**221.1**	**313.9**

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of customer was:

EUR million	Dec 31, 2012	Dec 31, 2011
Wholesale customers	190.3	276.3
End-user customers	30.8	37.6
Total	**221.1**	**313.9**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(ii) Ageing analysis

Trade and other receivables including ageing of trade and other receivables which are past due but not impaired at the reporting date was:

EUR million	Dec 31, 2012	Dec 31, 2011
Not past due	192.5	263.8
Past due 0-30 days	19.3	24.7
Past due 31-120 days	7.5	10.6
Past due 121 days – one year	0.4	14.0
More than one year	1.4	0.8
Total	**221.1**	**313.9**

Credit risk in trade receivables is also managed in the following ways:

- The Company has a duty to exercise reasonable care and prudence in granting credit to and withholding credit from existing and potential customers. The Company takes all reasonable steps and uses its best endeavours to minimize any losses arising from bad debts. The Company's Credit Risk Management Policy describes the structure and systems put in place in order to efficiently and effectively manage the risks related to the credit granted to business partners.
- Payment terms can vary from 0 to 90 days, after the month of delivery. Payment terms are dependent on whether the sale is a cash sale or a sale with an attached letter of credit stating the payment terms.
- A risk assessment is undertaken before granting customers a credit limit. Where no credit limit is granted sales have to be covered by other securities (i.e. bank guarantee, parent guarantee) and/or by documentary collection.
- If sales are covered by a letter of credit, this will in principle be irrevocable, confirmed with approved financial institutions.

(iii) Banks and financial institutions

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

(b) Liquidity risk management

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

EUR million	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	5 years or more
Finance lease liabilities	(3.2)	(3.3)	(0.5)	(0.5)	(1.1)	(1.2)	-
Loans and borrowings	(865.3)	(1,037.3)	(45.1)	(4.2)	(168.9)	(818.8)	(0.3)
Trade and other payables	(641.2)	(641.2)	(631.7)	(4.0)	(6.0)	0.5	-
Commodity contracts – fair value hedges	(10.6)	(10.6)	(10.6)	-	-	-	-
Foreign exchange contracts – held for trading	(0.5)	(0.5)	(0.5)	-	-	-	-
Embedded derivatives	(2.3)	(2.3)	(0.1)	(0.1)	(2.1)	-	-
Total, 31 Dec 2012	**(1,523.1)**	**(1,695.2)**	**(688.5)**	**(8.8)**	**(178.1)**	**(819.5)**	**(0.3)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

EUR million	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	5 years or more
Finance lease liabilities	(3.3)	(3.4)	(0.4)	(0.4)	(0.8)	(1.8)	-
Loans and borrowings	(892.4)	(1,085.2)	(40.1)	(4.2)	(49.3)	(987.7)	(3.9)
Trade and other payables	(415.2)	(415.2)	(402.4)	(10.1)	(0.2)	(2.4)	(0.1)
Commodity contracts – fair value hedges	(20.2)	(20.2)	(17.0)	(3.1)	(0.1)	-	-
Foreign exchange contracts – held for trading	(18.5)	(18.5)	(18.5)	-	-	-	-
Total, 31 Dec 2011	**(1,349.6)**	**(1,542.5)**	**(478.4)**	**(17.8)**	**(50.4)**	**(991.9)**	**(4.0)**

(c) Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

EUR million	EUR	USD	AUD	CAD	Other	Total
Trade and other receivables	94.6	98.0	6.4	2.9	19.2	**221.1**
Loans and borrowings	(865.4)	(0.5)	(2.2)	(0.4)	-	**(868.5)**
Trade and other payables	(166.0)	(292.8)	(77.1)	(19.3)	(86.0)	**(641.2)**
Gross balance sheet exposure	**(936.8)**	**(195.3)**	**(72.9)**	**(16.8)**	**(66.8)**	**(1,288.6)**
Foreign exchange contracts	227.2	(129.9)	70.2	(160.5)	0.2	**7.2**
Commodity contracts	-	23.2	-	-	-	**23.2**
Net exposure, 31 Dec 2012	**(709.6)**	**(302.0)**	**(2.7)**	**(177.3)**	**(66.6)**	**(1,258.2)**

EUR million	EUR	USD	AUD	CAD	Other	Total
Trade and other receivables	116.7	134.2	37.7	-	25.3	**313.9**
Loans and borrowings	(862.0)	(29.8)	(3.7)	-	(0.2)	**(895.7)**
Trade and other payables	(173.5)	(94.5)	(69.5)	-	(77.7)	**(415.2)**
Gross balance sheet exposure	**(918.8)**	**9.9**	**(35.5)**	**-**	**(52.6)**	**(997.0)**
Foreign exchange contracts	804.4	(690.1)	86.8	(111.4)	(104.0)	**(14.3)**
Commodity contracts	-	25.4	-	-	-	**25.4**
Net exposure, 31 Dec 2011	**(114.4)**	**(654.8)**	**51.3**	**(111.4)**	**(156.6)**	**(985.9)**

Sensitivity analysis

Nyrstar's results are significantly affected by changes in foreign exchange rates. Sensitivities to variations in foreign exchange rates are depicted in the following table, which sets out the estimated impact on Nyrstar's full year results and equity (in EUR million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Parameter	Variable	2012	2011
USD / EUR	+ / - EUR 0.01	+ / - 17.9	+ / - 11.0
AUD / EUR	+ / - EUR 0.01	- / + 2.6	- / + 3.0

The above sensitivities were calculated by modelling Nyrstar's 2012 and 2011 underlying operating performance. Exchange rates are based on an average value observed during that period and are varied in isolation to determine the impact on Nyrstar's full year results and equity.

(d) Commodity price risk management

Nyrstar is exposed to commodity price volatility on commodity sales and raw materials purchased. Nyrstar may enter into zinc, lead and silver futures and swap contracts to hedge certain forward fixed price sales to customers in order to achieve the relevant metal price at the date that the transaction is settled. Nyrstar may enter into zinc, lead and silver futures and swap contracts to more closely align the time at which the price for externally sourced concentrate purchases is set to the time at which the price for the sale of metal produced from that concentrate is set. These instruments are referred to as 'metal at risk' hedges and the terms of these contracts are normally between one and three months.

The following table sets out a summary of the notional value of derivative contracts hedging commodity price risks at 31 December 2012.

EUR million	Average price in USD	6 months or less	6-12 months	12-18 months	more than 18 months	Total
Zinc	per tonne					
Contracts purchased	1,945	(38.1)	(7.5)	-	-	**(45.6)**
Contracts sold	1,998	149.6	0.3	-	-	**149.9**
Net position		**111.5**	**(7.2)**	**-**	**-**	**104.3**
Lead	per tonne					
Contracts purchased	2,249	(2.0)	-	-	-	**(2.0)**
Contracts sold	2,187	79.2	-	-	-	**79.2**
Net position		**77.2**	**-**	**-**	**-**	**77.2**
Silver	per ounce					
Contracts purchased	31.3	(29.6)	-	-	-	**(29.6)**
Contracts sold	32.6	353.0	-	-	-	**353.0**
Net position		**323.4**	**-**	**-**	**-**	**323.4**
Gold	per ounce					
Contracts purchased	1,689.0	(2.3)	-	-	-	**(2.3)**
Contracts sold	1,711.0	91.4	-	-	-	**91.4**
Net position		**89.1**	**-**	**-**	**-**	**89.1**
Copper	per tonne					
Contracts purchased	-	-	-	-	-	**-**
Contracts sold	7,902.0	18.4	-	-	-	**18.4**
Net position		**18.4**	**-**	**-**	**-**	**18.4**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following table sets out a summary of the notional value of derivative contracts hedging commodity price risks at 31 December 2011.

EUR million	Average price in USD	6 months or less	6-12 months	12-18 months	more than 18 months	Total
Zinc	per tonne					
Contracts purchased	1,995	(117.6)	(43.1)	(3.5)	-	**(164.2)**
Contracts sold	1,941	129.8	0.3	1.6	-	**131.7**
Net position		**12.2**	**(42.8)**	**(1.9)**	**-**	**(32.5)**
Lead	per tonne					
Contracts purchased	1,987	(5.1)	-	-	-	**(5.1)**
Contracts sold	2,252	24.5	19.0	-	-	**43.5**
Net position		**19.4**	**19.0**	**-**	**-**	**38.4**
Silver	per ounce					
Contracts purchased	31.0	(48.6)	-	-	-	**(48.6)**
Contracts sold	33.0	239.3	-	-	-	**239.3**
Net position		**190.7**	**-**	**-**	**-**	**190.7**

Sensitivity analysis

Nyrstar's results are significantly affected by changes in metal prices and treatment charges (TC). Sensitivities to variations in metal prices and treatment charges are depicted in the following table, which sets out the estimated impact on Nyrstar's full year results and equity (in EUR million).

Parameter	Variable	2012	2011
Zinc price	+ / - USD 100 / tonne	+ / - 35.2	+ / - 31.4
Lead price	+ / - USD 100 / tonne	+ / - 1.7	+ / - 1.1
Zinc TC	+ / - USD 25 / tonne	+ / - 25.1	+ / - 29.7
Lead TC	+ / - USD 25 / tonne	+ / - 4.4	+ / - 5.7

The above sensitivities were calculated by modelling Nyrstar's 2012 and 2011 underlying operating performance. Metal prices are based on an average value observed during that period and are varied in isolation to determine the impact on Nyrstar's full year results and equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(e) Financial Instruments by category

EUR million	Loans and receivables	Fair value through profit and loss	Held to maturity	Available for sale	Derivatives used for hedging	At amortised costs	Total
Derivative financial instruments	-	41.5	-	-	17.1	-	**58.6**
Trade and other receivables excl prepayments	221.1	-	-	-	-	-	**221.1**
Cash and cash equivalents	188.1	-	-	-	-	-	**188.1**
Restricted cash	8.2	-	-	-	-	-	**8.2**
Held to maturity	-	-	2.6	-	-	-	**2.6**
Loans to equity accounted investees	2.7	-	-	-	-	-	**2.7**
Investments in equity securities	-	-	-	37.9	-	-	**37.9**
Borrowings excl finance lease liabilities	-	-	-	-	-	(865.3)	**(865.3)**
Finance lease liabilities	-	-	-	-	-	(3.2)	**(3.2)**
Derivative financial instruments	-	(11.1)	-	-	(2.3)	-	**(13.4)**
Trade and other payables	-	-	-	-	-	(641.2)	**(641.2)**
Net position	**420.1**	**30.4**	**2.6**	**37.9**	**14.8**	**(1,509.7)**	**(1,006.5)**

EUR million	Loans and receivables	Fair value through profit and loss	Held to maturity	Available for sale	Derivatives used for hedging	At amortised costs	Total
Derivative financial instruments	-	49.8	-	-	30.8	-	**80.6**
Trade and other receivables excl prepayments	313.9	-	-	-	-	-	**313.9**
Cash and cash equivalents	177.4	-	-	-	-	-	**177.4**
Restricted cash	8.2	-	-	-	-	-	**8.2**
Investments in equity securities	-	-	-	32.1	-	-	**32.1**
Borrowings excl finance lease liabilities	-	-	-	-	-	(892.4)	**(892.4)**
Finance lease liabilities	-	-	-	-	-	(3.3)	**(3.3)**
Derivative financial instruments	-	(38.7)	-	-	-	-	**(38.7)**
Trade and other payables	-	-	-	-	-	(416.4)	**(416.4)**
Net position	**499.5**	**11.1**	**-**	**32.1**	**30.8**	**(1,312.1)**	**(738.6)**

Nyrstar Hobart has entered into two electricity fixed price contracts, in the form of swaps, to reduce its exposure to the electricity price risk to which it is exposed. The contracts end in 2014 and 2017 respectively. The swaps have been designated as qualifying cash flow hedges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(f) Interest rate risk management

Nyrstar's exposure to interest rate risk and along with sensitivity analysis on a change of 100 basis points in interest rates at balance date on interest bearing assets and liabilities is set out below:

EUR million	31 December 2012			Sensitivity analysis, in 100 bp			
	Interest rate			Income statement		Equity	
	Floating	Fixed	Total	increase	decrease	increase	decrease
Financial assets:							
Cash and cash equivalents	188.1	-	**188.1**	1.9	(0.3)	1.9	**(0.3)**
Restricted cash	-	8.2	**8.2**	-	-	-	-
Held to maturity	-	2.6	**2.6**	-	-	-	-
Loan associates	-	2.7	**2.7**	-	-	-	-
Financial liabilities:							
Loan facility	-	(0.6)	**(0.6)**	-	-	-	-
Borrowings - fixed rate bonds	-	(748.8)	**(748.8)**	-	-	-	-
Borrowings - convertible bonds	-	(115.9)	**(115.9)**	-	-	-	-
Finance lease liabilities	-	(3.2)	**(3.2)**	-	-	-	-
Net interest bearing financial assets / (liabilities)	**188.1**	**(855.0)**	**(666.9)**	**1.9**	**(0.3)**	**1.9**	**(0.3)**

EUR million	31 December 2011			Sensitivity analysis, in 100 bp			
	Interest rate			Income statement		Equity	
	Floating	Fixed	Total	increase	decrease	increase	decrease
Financial assets:							
Cash and cash equivalents	177.4	-	**177.4**	1.8	(0.9)	1.8	**(0.9)**
Restricted cash	-	8.2	**8.2**	-	-	-	**-**
Financial liabilities:							
Loan facility	-	(30.5)	**(30.5)**	-	-	-	**-**
Borrowings - fixed rate bonds	-	(748.4)	**(748.4)**	-	-	-	**-**
Borrowings - convertible bonds	-	(113.5)	**(113.5)**	-	-	-	**-**
Finance lease liabilities	-	(3.3)	**(3.3)**	-	-	-	**-**
Net interest bearing financial assets / (liabilities)	**177.4**	**(887.5)**	**(710.1)**	**1.8**	**(0.9)**	**1.8**	**(0.9)**

(g) Fair value of financial assets and financial liabilities

The carrying amount of all financial assets and liabilities recognised at amortised cost on the combined statement of financial position approximate their fair value, with the exception of the fixed rate bonds and the convertible bonds of EUR 748.8 million (2011: EUR 748.4 million), respectively EUR 115.9 million (2011: EUR 113.5 million) with fair values of EUR 788.0 million (2011: EUR 756.6 million), respectively EUR 130.0 million (2011: EUR 126.7 million).

The following table presents the fair value measurements by level of the following fair value measurement hierarchy for derivatives:

- quoted prices in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or directly (level 2); and
- input for the asset or liability that are not based on observable market data (level 3).

EUR million	Level 1	Level 2	Level 3	Total Dec 31, 2012
Commodity contracts – fair value hedges	-	33.8	-	33.8
Foreign exchange contracts – held for trading	-	7.7	-	7.7
Embedded derivative	-	17.1	-	17.1
Total	**-**	**58.6**	**-**	**58.6**
Commodity contracts – fair value hedges	-	(10.6)	-	(10.6)
Foreign exchange contracts – held for trading	-	(0.5)	-	(0.5)
Embedded derivative	-	(2.3)	-	(2.3)
Total	**-**	**(13.4)**	**-**	**(13.4)**

EUR million	Level 1	Level 2	Level 3	Total Dec 31, 2011
Commodity contracts – fair value hedges	-	45.6	-	45.6
Foreign exchange contracts – held for trading	-	4.2	-	4.2
Embedded derivative	-	30.8	-	30.8
Total	**-**	**80.6**	**-**	**80.6**
Commodity contracts – fair value hedges	-	(20.2)	-	(20.2)
Foreign exchange contracts – held for trading	-	(18.5)	-	(18.5)
Total	**-**	**(38.7)**	**-**	**(38.7)**

36 Capital commitments

The value of commitments for acquisition of plant and equipment contracted for but not recognised as liabilities at the reporting date are set out in the table below.

EUR million	Dec 31, 2012	Dec 31, 2011
Within one year	20.2	17.1
Total	**20.2**	**17.1**

37 Operating leases

The value of commitments in relation to operating leases contracted for but not recognised as liabilities at the reporting date are set out in the table below.

EUR million	Dec 31, 2012	Dec 31, 2011
Within one year	4.5	3.5
Between one and five years	12.1	11.5
More than five years	3.0	5.2
Total	**19.6**	**20.2**

38 Contingencies

Guarantees

The Group has provided a guarantee of CNY 20 million (EUR 2.4 million) in favour of KBC in China, who provided a credit facility to Genesis Alloys (Ningbo) Ltd (2011: CNY: 150 million, EUR 18.2 million). Refer to note 18 for further detail on the Group's investment in Genesis Alloys (Ningbo) Ltd.

Legal actions

Nyrstar is the subject of a number of claims and legal proceedings incidental to the normal conduct of its business. Management does not believe that such claims and proceedings are likely, on aggregate, to have a material adverse effect on the financial condition of Nyrstar.

39 Related parties

(a) Transactions with related parties

No transactions with related parties occurred in the years ended 31 December 2012 and 2011 with the exception of the loan to Genesis Alloys (Ningbo) Ltd (note 21e).

(b) Key management compensation

Board of Directors

EUR million	2012	2011
Salaries and other compensation	0.5	0.5

Nyrstar Management Committee

EUR million	2012	2011
Salaries and other compensation	4.1	6.2
Long term benefits	2.1	1.6
Share based payments	2.8	3.1

Long term benefits include housing allowances and pension contributions. Share based payments reflect the cost to the Group related to share based awards granted to the members of the NMC. These costs do not represent actual monetary or non-monetary benefits received by the members of the NMC.

40 Audit and non-audit services by the Company's statutory auditor

During the period, the auditor received fees for audit and audit related services provided to the Group as follows:

EUR thousand	2012	2011
Audit services	102.0	246.0
Audit related services	1.2	398.1
Tax services	113.5	-
Total Deloitte (2011: PWC) Bedrijfsrevisoren	**216.7**	**644.1**
Audit services	795.7	523.0
Audit related services	2.4	152.3
Tax services	28.2	-
Non-audit services	38.0	-
Total other offices in the Deloitte (2011: PWC) network	**864.3**	**675.3**

Deloitte Bedrijfsrevisoren has been the auditor for the Group for the year ended 31 December 2012 (2011: PricewaterhouseCoopers Bedrijfsrevisoren).

41 Group entities

The holding company and major subsidiaries included in the Group's consolidated financial statements are:

Entity	Belgian company number	Country of incorporation	Ownership Dec 31, 2012	Ownership Dec 31, 2011
Nyrstar NV	RPR 0888.728.945	Belgium	Holding entity	Holding entity
Nyrstar Australia Pty Ltd		Australia	100%	100%
Nyrstar Hobart Pty Ltd		Australia	100%	100%
Nyrstar Port Pirie Pty Ltd		Australia	100%	100%
Nyrstar Trading GmbH		Austria	100%	100%
Nyrstar Resources (Barbados) Ltd		Barbados	100%	100%
Nyrstar Belgium NV	RPR 0865.131.221	Belgium	100%	100%
Nyrstar Finance International NV	RPR 0889.716.167	Belgium	100%	100%
Nyrstar Sales & Marketing NV	RPR 0811.219.314	Belgium	100%	100%
Breakwater Resources Ltd		Canada	100%	100%
Canzinco Ltd		Canada	100%	100%
Nyrstar Mining Ltd		Canada	100%	100%
Nyrstar Canada (Holdings) Ltd		Canada	100%	100%
Nyrstar Myra Falls Ltd		Canada	100%	100%
Sociedad Contractual Minera El Toqui		Chile	100%	100%
Galva 45 SA		France	0%	66%
GM-Metal SAS		France	100%	100%
Nyrstar France SAS		France	100%	100%
Nyrstar France Trading SAS		France	100%	100%
Nyrstar Germany GmbH		Germany	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Entity	Belgian company number	Country of incorporation	Ownership Dec 31, 2012	Ownership Dec 31, 2011
American Pacific Honduras SA de CV		Honduras	100%	100%
Servicios de Logistica de Centroamerica SA de CV		Honduras	100%	100%
Nyrstar Campo Morado SA de CV		Mexico	100%	100%
Nyrstar Budel BV		The Netherlands	100%	100%
Nyrstar International BV		The Netherlands	100%	100%
Nyrstar Netherlands (Holdings) BV		The Netherlands	100%	100%
Nyrstar Coricancha S.A.		Peru	100%	100%
Nyrstar Ancash S.A.		Peru	100%	100%
Nyrstar Peru S.A.		Peru	100%	100%
Nyrstar Spain & Portugal S.L.		Spain	100%	100%
Nyrstar Finance International AG		Switzerland	100%	100%
Nyrstar Sales & Marketing AG		Switzerland	100%	100%
Breakwater Tunisia SA		Tunisia	100%	100%
Nyrstar Clarksville Inc		United States	100%	100%
Nyrstar Holdings Inc		United States	100%	100%
Nyrstar IDB LLC		United States	100%	100%
Nyrstar Tennessee Mines - Gordonsville LLC		United States	100%	100%
Nyrstar Tennessee Mines - Strawberry Plains LLC		United States	100%	100%
Nyrstar US Inc		United States	100%	100%
Nyrstar US Trading Inc		United States	100%	100%

42 Subsequent events

There have been no material reportable events since 31 December 2012.

Statutory auditor's report on the consolidated financial statements

as at 31 December 2012

Deloitte.

Nyrstar NV

Statutory auditor's report to the shareholders' meeting on the consolidated financial statements for the year ended 31 December 2012

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

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Nyrstar NV

Statutory auditor's report on the consolidated financial statements for the year ended 31 December 2012 to the shareholders' meeting

To the shareholders

As required by law, we are pleased to report to you on the statutory audit assignment which you have entrusted to us. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Audit opinion on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Nyrstar NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union. Those consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2012, the consolidated income statement, the consolidated statement of comprehensive (loss) / income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated statement of financial position shows total assets of 3,502.0 million EUR and the consolidated income statement shows a consolidated loss (group share) for the year then ended of 92.4 million EUR.

Responsibility of the board of directors for the Consolidated Financial Statements

The board of directors of the company is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

STATUTORY AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Deloitte.

Unqualified audit opinion

In our opinion, the consolidated financial statements of Nyrstar NV give a true and fair view of the group's financial position as of 31 December 2012, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Additional comment

The preparation and the assessment of the information that should be included in the directors' report on the consolidated financial statements are the responsibility of the board of directors.

In the framework of our mandate, our responsibility is to verify, for all significant aspects, the respect of some legal and regulatory obligations. On this basis, we include in our report the following additional declaration which does not change the scope of our audit opinion on the consolidated financial statements:

- The directors' report on the consolidated financial statements includes the information required by law, is, for all significant aspects, in agreement with the consolidated financial statements and is not in obvious contradiction with any information obtained in the context of our mandate.

Diegem, 6 February 2013

The statutory auditor

DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Gert Vanhees

Nyrstar NV summarised (non-consolidated) financial statements as at 31 December 2012

The annual accounts prepared under Belgian GAAP are presented below in summarized form. In accordance with the Belgian Company Code, the annual accounts of Nyrstar NV together with the management report and the statutory auditor's report will be deposited with the National Bank of Belgium.

These documents may also be obtained on request from: Nyrstar NV, Zinkstraat 1, B- 2490 Balen (Belgium).

The statutory auditor, Deloitte Bedrijfsrevisoren BV o.v.v.e. CVBA, represented by Gert Vanhees has expressed an unqualified opinion on the annual statutory accounts of Nyrstar NV.

Balance sheet

EUR thousand	As at 31 December 2012	As at 31 December 2011
ASSETS		
Non-current assets	**2,201,364**	**2,206,253**
Formation expenses	6,698	11,954
Intangible assets	-	-
Property, plant and equipment	81	612
Financial assets	2,194,585	2,193,687
Current assets	**866,848**	**862,186**
Total assets	**3,068,212**	**3,068,439**
LIABILITIES		
Shareholders' equity	**2,152,417**	**2,138,295**
Issued share capital	397,853	425,056
Share premium	1,539,183	1,539,183
Legal reserve	14,173	12,107
Undistributable reserves	32,983	57,420
Retained earnings	168,225	104,529
Provisions for risks and charges	**5,704**	**1,416**
Liabilities	**910,091**	**928,728**
Non-current Liabilities	864,731	861,983
Current Liabilities	45,360	66,745
Total equity and liabilities	**3,068,212**	**3,068,439**

Income Statement

EUR thousand	As at 31 December 2012	As at 31 December 2011
Operating income	10,869	12,484
Operating charges	(15,187)	(24,630)
Operating result	**(4,318)**	**(12,146)**
Financial income	121,069	104,225
Financial charges	(71,816)	(58,552)
Ordinary result before taxes	**44,935**	**33,527**
Exceptional result	-	15,615
Income taxes	(3,611)	(2,446)
Net result	**41,324**	**46,696**
Result allocation		
Retained earnings from prior year	104,529	86,576
Addition to the legal reserves	2,066	2,335
Addition to the other reserves	-	26,408
Transfer from the undistributable reserves	24,437	-
Profit/loss to be carried forward	168,224	104,529

Glossary of key industry terms

Alloy Metal containing several components.

Backwardation Market condition where price of a forward or futures contract is trading below the expected spot price

Base Metal Non precious metal, usually refers to copper, lead, and zinc.

Blast furnace A tall shaft furnace used to smelt sinter and produce crude lead bullion and a slag.

Bullion Crude metal that contains impurities; needs to be refined to make market quality metal.

Cadmium A soft bluish white ductile malleable toxic bivalent metallic element; occurs in association with zinc ores.

C1 cash costs The costs of mining, milling and concentrating, onsite administration and general expenses, property and production royalties not related to revenues or profits, metal concentrate treatment charges, and freight and marketing costs less the net value of the by-product credits.

CAGR Compound Annual Growth Rate.

Calcine Product of roasting zinc sulphide concentrates; mainly zinc oxide, also with silica and iron compounds, lead compounds, minor elements and residual combined sulphur.

Casting Manufacturing method in which a molten metal is poured into a mould to form an object of the desired shape; typically ingots or blocks (jumbos)

Cathode Negatively charged electrode in electrolysis; in zinc and cadmium electrolysis, the cathode is a flat sheet of aluminum.

Cell house The location in the production process where zinc metal is electrolytically plated onto aluminum cathodes.

CGG Continuous Galvanizing Grade zinc; contains alloying agents such as aluminum. lead and selenium in specific qualities desired by customers; used in continuous strip galvanizing plants.

Cobalt A hard, lustrous, silver-grey metal.

Coke Product made by devolatilization of coal in the absence of air at high temperature.

Commodity grade metal Nyrstar produces two types of commodity grade metal, see CGG and SHG

Concentrate Material produced from metalliferous ore by mineral processing or beneficiation; commonly based on sulphides of zinc, lead and copper; in a concentrate, the abundance of a specific mineral is higher than in the ore.

Contango Market condition where price of a forward or futures contract is trading above the expected spot price

Continuous galvanizing A system for providing a continuous supply of material to be galvanized.

Conversion Price Operating cost for a smelter to produce market quality metal, not including the cost of raw materials.

Copper cementate Metallic copper obtained by cementation.

Copper sulphate A copper salt made by the action of sulphuric acid on copper oxide.

Die casting A process for producing parts in large quantities, by injecting molten metal under pressure into a steel die.

dmt Dry metric tonne.

doré Unrefined gold and silver bullion bars, usually consisting of approximately 90% precious metals, which are to be further refined to almost pure metal.

Electrolysis The process by which metals (here zinc, cadmium, and copper) are 'won' or deposited from solution onto a cathode by the passage of an electric current through the solution between anode and cathode.

Electrolyte Solution containing metals (here zinc, cadmium, copper and silver) circulating in an electrolysis cell.

Electrolytic smelting Smelting that roasts and then leaches concentrates to produce a zinc bearing solution. Zinc is subsequently recovered from the solution using electro winning and then melted and cast into slabs.

Electrowinning The process of removing metal from a metal bearing solution by passing an electric current through the solution.

EPA Environment Protection Authority of a state, provincial or federal government.

Flotation A method of mineral concentration, usually of sulphide ores, by which valuable mineral particles adhere to froth bubbles for collection as a concentrate; waste particles remain in the slurry for eventual disposal as a tailing.

Fuming, fume A process for recovering of zinc and lead from molten lead blast furnace slag by injecting coal; the metals are removed as vapors in the gas stream, and are deoxidized to form a fume that is collected.

g/t Grams per tonne

Galvanizing Process of coating steel sheet or fabricated products with a thin layer of zinc for corrosion protection.

Germanium A brittle grey crystalline element that is a semiconducting metalloid (resembling silicon).

Grade Quantity of metal per unit weight of host rock.

Greenhouse gases Gaseous components of the atmosphere that contribute to the greenhouse effect.

Grinding Size reduction to relatively fine particles.

Gypsum Calcium sulphate, hydrated.

Indium A rare, soft silvery metallic element.

JORC Code The 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia.

kt Thousand tonnes.

lb Pound.

LBMA London Billion Market Association

Leaching A process using a chemical solution to dissolve solid matters.

Life-of-mine Number of years that an operation is planning to mine and treat ore, taken from the current mine plan.

LME London Metal Exchange.

Lost time injury rate (LTR) Twelve month rolling averages of the number of lost time injuries per million hours worked, and include all employees and contractors across all operations.

NI 43-101 The Canadian Securities Administrators National Instrument 43-101 Standards of Disclosure for Mineral Projects.

Ore Mineral bearing rock.

Oxidation The process by which minerals are altered by the addition of oxygen in the crystal structures.

Oxide washing Process to remove halides from zinc secondaries.

Recordable environmental incident An event at any operation (including Nyrstar's joint ventures) requiring reporting to a relevant environmental authority relating to non-compliance with license conditions. Statistics are correct as of the date an accident is reported, but may be subject to adjustment based on subsequent internal audit or regulatory review.

Recordable injuries Any injury requiring medical treatment beyond first aid.

Recordable injury rate (RIR) Twelve month rolling averages of the number of recordable injuries per million hours worked, and include all employees and contractors across all operations.

Refining Charge or RC An annually negotiated fee that may be linked to metal prices, paid by the miner or seller of precious metals to a smelter as a concession on the cost of the metal concentrate or secondary feed materials that the smelter purchases.

RLE process Roast Leach Electrowin; technology used for the production of zinc and which combines the roasting, leaching and electrowinning processes. See also definition of each individual process.

Roaster In zinc production, a fluid-bed furnace used to oxidize zinc sulphide concentrates; operates typically at 930-970°C; air injected through the furnace bottom 'fluidizes' the bed of fine combusting solids.

Roasting The process of burning concentrates in a furnace to convert the contained metals into a more readily recovered form.

Secondaries See: Secondary feed materials.

Secondary feed materials Byproducts of industrial processes such as smelting and refining that are then available for further treatment/recycling. It also includes scrap from metal machining processes and from end-of-life materials.

SHFE Shanghai Futures Exchange

SHG Special High Grade Zinc; minimum 99.995% zinc; premium quality, used by die casters; traded on the LME; attracts a price margin over lower grades.

Slag Mixture of oxides produced in molten form in a furnace at high temperature. Smelting Chemical reduction of a metal from its ore by fusion.

Sulphides Minerals consisting of a chemical combination of sulphur with metals.

t Metric tonne.

t oz Troy ounce

Tailings Material rejected from a treatment plant after the recoverable valuable minerals have been extracted.

Treatment Charge or TC An annually negotiated fee that may be linked to metal prices, paid by the miner or seller to a smelter as a concession on the cost of the metal concentrate or secondary materials that the smelter purchases.

Notes

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ANNUAL REPORT

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