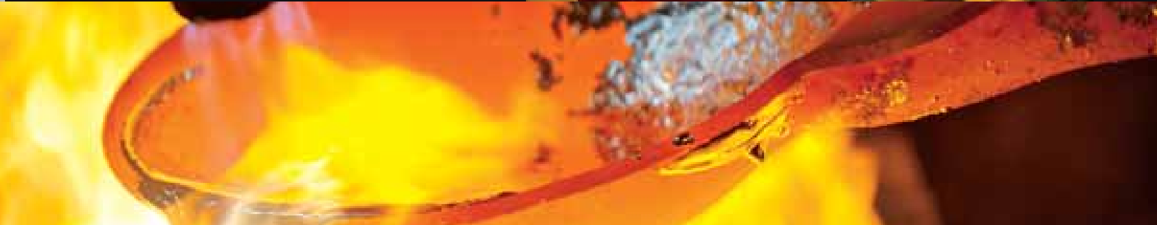
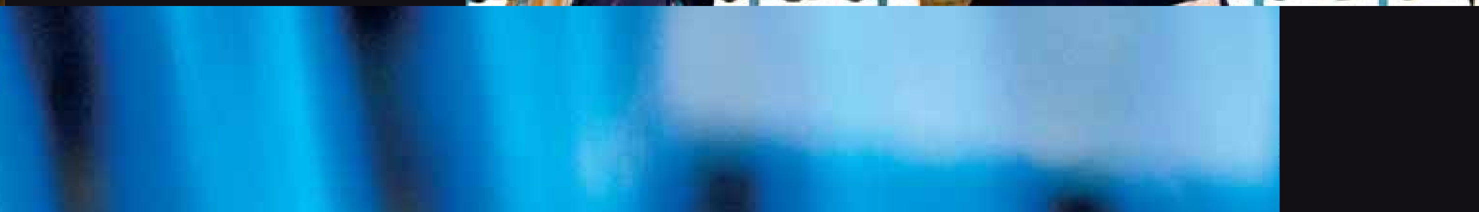
Nyrstar Rights Offering

February 2011

Resources for a changing world





Nyrstar Global Operations

About Nyrstar

Nyrstar is a leading global multi-metals business, producing significant quantities of zinc and lead as well as other products, such as silver, copper and gold.

Nyrstar's primary focus is zinc production and it is the world's largest zinc smelting company, based on 2010 production volumes according to Brook Hunt. Having produced approximately 1.1 million tonnes of zinc in 2010, Nyrstar's share of the global zinc market in 2010 was 8.6% according to Brook Hunt.

Zinc provides excellent corrosion resistance to steel and is primarily used in steel galvanizing. Zinc is also a relatively hard metal with a low melting point, making it suitable for die casting, but still soft enough to be formed, rolled or extruded. Zinc has diverse applications and uses, from construction and infrastructure, to transport, industrial machinery, communications and electronics, consumer products and even human health. This makes it an essential and highly sought after resource in an ever demanding world.

Nyrstar was originally formed in 2007, predominantly as a zinc and lead smelting company. Since 2009, Nyrstar has been undergoing a significant strategic transformation by expanding upstream into mining both to secure raw material supply for its smelters and to gain exposure to the more profitable part of the zinc value chain (zinc mining being historically more profitable than zinc smelting).

Since 2009, Nyrstar has acquired mines in the United States, Peru, and Mexico and has entered into an innovative zinc streaming agreement with the Talvivaara mine in Finland. Nyrstar expects that these mines, once fully ramped-up (as expected by the end of 2012) will be capable of producing the equivalent of approximately 31% of Nyrstar's zinc raw material requirements (based on smelting operations at full capacity).

At such level, Nyrstar's zinc mining operations (including the Talvivaara zinc streaming agreement) would be one of the ten largest in the world based on 2010 production according to Brook Hunt. Nyrstar has a medium-term goal of being capable of producing the equivalent of 50% of its zinc raw material requirements (zinc concentrates and secondary feed materials) from its own mining operations and streaming agreements.

Strengths

Management believes that Nyrstar benefits from the following principal competitive strengths:

- Well positioned to leverage off strong zinc market fundamentals resulting from the combination of forecast increasing demand for zinc metal (primarily the urbanization of China's growing economy) and mine supply constraints (a number of larger zinc mines expected to deplete over the next five years);
- A clear strategy to expand into mining, where producing one tonne of zinc in concentrate is on average more than two times more profitable than smelting one tonne of zinc;
- Large scale, overall and on both the mining and smelting sides of the industry, positioning it well to take a leading role in shaping the zinc industry's future;
- Large and geographically diversified portfolio of assets;
- High environmental standards and management systems to maintain environmental and safety track records;
- An experienced management team with a proven track record of executing its strategy; and
- Strong operational capabilities and expertise.

KEY FIGURES	€ millions unless otherwise indicated	
	FY 2010	FY 2009
MINING PRODUCTION [1]		
Zinc in concentrate ('000 tonnes)	**84**	–
SMELTING PRODUCTION [1]		
Zinc metal ('000 tonnes)	**1,076**	809
Lead metal ('000 tonnes)	**198**	227
Copper cathode ('000 tonnes)	**4**	4
Silver ('000 troy ounces)	**13,399**	16,665
Gold ('000 troy ounces)	**22**	24
Sulphuric acid ('000 tonnes)	**1,444**	1,119
MARKET		
Average LME zinc price (US$/t)	**2,159**	1,659
Average exchange rate (€/US$)	**1.33**	1.39
KEY FINANCIAL DATA		
Revenue	**2,696**	1,664
Underlying Smelting EBITDA	**198**	97
Underlying Mining EBITDA	**24**	(3)
Underlying Other & Eliminations EBITDA	**(15)**	(2)
Underlying EBITDA [2]	**207**	93
Results from operating activities before exceptional items	**110**	32
Profit/(loss) for the period	**72**	10
Basic EPS (€)	**0.74**	0.10
Capital Expenditure	**147**	68
CASH FLOW AND NET DEBT		
Net operating cash flow	**210**	(19)
Net debt, end of period	**296**	38
Gearing, end of period[3] (%)	**26%**	5%

1 INCLUDES PRODUCTION FROM MINES AND PRIMARY AND SECONDARY SMELTERS ONLY. INTERNAL TRANSFERS OF CATHODE FOR SUBSEQUENT MELTING AND CASTING ARE EXCLUDED (APPROXIMATELY 30,000 TONNES IN 2010 AND 106,000 TONNES IN 2009). 2009 PRODUCTION RE-STATED TO EXCLUDE NYRSTAR YUNNAN ZINC ALLOYS (DISPOSED OF IN AUGUST 2009). LEAD PRODUCTION AT ARA REFLECTS NYRSTAR'S OWNERSHIP (50%). PRODUCTION AT FÖHL, GALVA 45, GENESIS AND GM METAL (CLOSED IN 2010) ARE NOT INCLUDED.

2 UNDERLYING MEASURES EXCLUDE EXCEPTIONAL ITEMS RELATED TO RESTRUCTURING MEASURES, 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.

3 GEARING: NET DEBT TO NET DEBT PLUS EQUITY AT END OF PERIOD.

SUMMARY OF KEY OFFERING DATES		
Determination of the Subscription Price and Ratio	T-1	February 23, 2011
Separation from the Shares of coupon No. 3 (representing the Right) after closing of Euronext Brussels	T	February 24, 2011
Availability to the public of the Prospectus	T	February 24, 2011
Start of the trading of Shares "ex Right"	T+1	February 25, 2011
Listing of the Rights on the regulated market of Euronext Brussels	T+1	February 25, 2011
Opening date of the Rights Subscription Period	T+1	February 25, 2011
End of the Rights Subscription Period	T+15	4.00 pm CET on March 11, 2011
End of the listing of the Rights on the regulated market of Euronext Brussels	T+15	March 11, 2011
Announcement via press release of the results of the Rights Offering (before market opening)	T+19	March 15, 2011
Scrips Offering	T+19	March 15, 2011
Announcement via press release of the results of the Scrips Offering	T+19	March 15, 2011
Publication in the Financial Press of the results of the Offering and the amount due to holders of unexercised Rights	T+20	March 16, 2011
Payment by investors	T+22	March 18, 2011
Completion of the Offering and realization of the capital increase	T+22	March 18, 2011
Listing and delivery of the new Shares and VVPR Strips subscribed with Rights and with Scrips	T+22	March 18, 2011
Payment of the Excess Amount to holders of unexercised Rights (as the case may be)	T+22	As of March 18, 2011

NOTE: "T +" A GIVEN NUMBER REFERS TO THE CALENDAR DAY THAT FALLS THAT NUMBER OF CALENDAR DAYS FOLLOWING THE CALENDAR DAY THAT CORRESPONDS TO "T" (THAT IS, FEBRUARY 24, 2011).

Nyrstar NV

(incorporated in Belgium on April 13, 2007 registered office: Zinkstraat 1, 2490 Balen, Belgium enterprise number 0888.728.945)

7 for 10 Rights Offering of 70,009,282 new Shares

Subscription price: €7.00 per new Share

Nyrstar NV (the ''**Company**'' or the ''**Issuer**'') is offering new Nyrstar shares without nominal value (the ''**Shares**''), each with a Nyrstar VVPR strip (a ''**VVPR Strip**''). The new Shares are being offered initially to shareholders who may lawfully subscribe for new Shares pro rata to their shareholdings at a subscription price per new Share of €7.00 (the ''**Subscription Price''**), subject to applicable securities laws and on the terms set out in this Prospectus. For such a purpose, and subject to applicable securities laws, all Nyrstar shareholders as at the closing of Euronext Brussels on February 24, 2011 (the ''**Record Date**'') are being granted one non-statutory preference right per existing Share held (the ''**Rights**''). The Rights will entitle the holders thereof, subject to applicable securities laws, to subscribe for new Shares at the Subscription Price at the ratio of 7 new Shares for 10 Rights (the ''**Ratio**''). The offering of new Shares to be issued upon the exercise of Rights is referred to in this Prospectus as the ''**Rights Offering**''.

The Rights, represented by coupon No. 3 of the Shares, will be separated from the underlying Shares on February 24, 2011 after the closing of Euronext Brussels. Application has been made to admit the Rights to trading on Euronext Brussels. Trading in the Rights is expected to commence on February 25, 2011 and will continue until March 11, 2011. The Rights will be admitted to trading under the symbol NYR3 on Euronext Brussels. Holders of Shares being granted Rights (or subsequent transferees of Rights) will be entitled, subject to applicable securities laws, to subscribe for new Shares at the Subscription Price and in accordance with the Ratio from February 25, 2011 until March 11, 2011 (by 4.00 pm CET) (the ''**Rights Subscription Period**''). If you are a holder of Shares being granted Rights (or a subsequent transferee of Rights) and you have not validly exercised such Rights by the last day of the Rights Subscription Period, you will no longer be able to exercise those Rights. Once you have exercised your Rights, you will not be able to revoke that exercise except as described in ''The Offering—Terms and conditions of the Offering—Revocation of the acceptance—Supplement to the Prospectus'' below.

After the Rights Subscription Period has expired, any Rights that are not exercised during the Rights Subscription Period will be converted into an equal number of scrips (the ''**Scrips**'') which will be offered by the Underwriters (as defined below) in an institutional offering (i) by way of an exempt private placement in Belgium and elsewhere outside the United States pursuant to Regulation S of the United States Securities Act of 1933, as amended (the ''**U.S. Securities Act**''), and (ii) within the United States solely to qualified institutional buyers (''**QIBs**'' as defined in Rule 144A (''**Rule 144A**'') under the U.S. Securities Act) in transactions exempt from registration under the U.S. Securities Act (the ''**Scrips Offering**'', and together with the Rights Offering, the ''**Offering**''). The Underwriters of the Offering have agreed to subscribe for any new Shares and VVPR Strips not taken up in the Offering, subject to the terms and conditions of the Underwriting Agreement. Please refer to ''The Offering—Placing and underwriting—Underwriting—Underwriting Agreement'' below. The net proceeds of the Scrips (if any) will be divided proportionally between all holders of Rights that have not been exercised during the Rights Subscription Period, unless the net proceeds of the sale of Scrips divided by the number of unexercised rights is less than €0.01. Purchasers of Scrips will have the obligation to subscribe for new Shares and VVPR Strips corresponding to the Scrips acquired by them in accordance with the Ratio. References herein to the new Shares include the new Shares issued as a result of the Scrips Offering. The Scrips Offering is expected to start on March 15, 2011 and is expected to end on the same day (the ''**Scrips Subscription Period**''). The results of the Offering are expected to be announced on or around March 16, 2011.

Investing in the new Shares, VVPR Strips and the Scrips and trading in the Rights involve certain risks. See ''Risk Factors'' beginning on page 17 of this Prospectus to read about factors which should be carefully considered before investing in the new Shares and VVPR Strips or trading in the Rights.

The Rights, the Scrips, the new Shares and the VVPR Strips have not been and will not be registered under the U.S. Securities Act and may only be offered or sold (i) within the United States to QIBs in reliance on an exemption from the requirements of the U.S. Securities Act and (ii) outside the United States to certain persons in offshore transactions in reliance on Regulation S under the U.S. Securities Act. The Rights, the Scrips, the new Shares and the VVPR Strips are also subject to transfer and selling restrictions in certain other jurisdictions. Prospective investors should read the restrictions described in ''The Offering—Plan of distribution and allocation of the securities—Categories of potential investors—Countries in which the Offering will be open—Restrictions applicable to the Offering'' below.

The statutory preference right of existing shareholders of Nyrstar has been disapplied with respect to the Offering, but the Rights, each conferring a non-statutory preference right, are granted as described above.

Nyrstar is not taking any action to permit a public offering of the Rights, the new Shares or the VVPR Strips in any jurisdiction outside Belgium. The distribution of this Prospectus and the offer or sale of the new Shares and the VVPR Strips (including through the exercise of Rights or Scrips) in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer to sell, or the solicitation of an offer to buy, any securities including the Rights, the new Shares and the VVPR Strips to which they relate in any circumstances in which such offer or solicitation is unlawful.

The Shares and VVPR Strips are listed and admitted to trading on Euronext Brussels under the symbol NYR and NYRS respectively, and application has been made to admit the new Shares and VVPR Strips to trading on Euronext Brussels under the symbols of NYR and NYRS respectively. The Rights, the new Shares and the VVPR Strips have been separately accepted for clearance through Euroclear Bank SA/NV, as operator of the Euroclear system, under ISINs BE0970124278, BE0003876936 and BE0005644183 respectively. It is expected that payment for and delivery of the new Shares and VVPR Strips will be made on or around March 18, 2011. On February 23, 2011 the closing price of the Shares on Euronext Brussels was €11.39.

This document constitutes a prospectus for the purposes of Article 3 of the EU Prospectus Directive and has been prepared in accordance with the Belgian Act of June 16, 2006 on the public offering of securities and the admission of securities to be traded on a regulated market. This Prospectus was approved by the Belgian Banking, Finance and Insurance Commission (*Commission Bancaire, Financière et des Assurances / Commissie voor het Bank, Financie- en Assurantiewezen*) (the ''**CBFA**'') on February 23, 2011.

Global Coordinator

Goldman Sachs International

Joint Bookrunners

Goldman Sachs International | **Deutsche Bank**

Co-Lead Managers

Fortis Bank | **ING** | **KBC Securities**

PROSPECTUS DATED FEBRUARY 23, 2011

APPROVAL OF THE PROSPECTUS

On February 23, 2011, the CBFA approved the English version of this Prospectus in accordance with the Belgian Act of June 16, 2006 on the public offering of securities and the admission of securities to be traded on a regulated market. This approval does not imply any opinion by the CBFA on the suitability and the quality of the transaction or of the position of the persons who are making this Offering.

AVAILABILITY OF THE PROSPECTUS

This Prospectus has been prepared in English and has been translated into Dutch and French. The Issuer is responsible for the consistency between the English, the Dutch, and the French version of the Prospectus. In connection with the Offering, in case of inconsistencies between the language versions, the English version shall prevail.

Subject to certain restrictions described in ''The Offering—Plan of distribution and allocation of the securities—Categories of potential investors—Countries in which the Offering will be open—Restrictions applicable to the Offering'', copies of this Prospectus are available without charge, as from February 24, 2011, upon request in Belgium from BNP Paribas Fortis on 02/433.40.32 (French) and 02/433.40.31 (Dutch); ING on 02/464.60.02 (French), 02/464.60.01 (Dutch) and 02/464.60.04 (English); and KBC on 0800.92.020 (French) and 03/283.29.70 (Dutch).

Subject to certain restrictions, the Prospectus may be accessed on the websites of BNP Paribas Fortis (www.bnpparibasfortis.be/saveandinvest (English), www.bnpparibasfortis.be/epargneretplacer (French), www.bnpparibasfortis.be/sparenenbeleggen (Dutch)), ING (www.ing.be) and KBC (www.kbc.be, www.kbcsecurities.be or www.cbc.be), as well as on the website of Nyrstar (www.nyrstar.com) as from February 24, 2011.

Moreover and subject to the same restrictions, copies of this Prospectus are available, without charge, at Zinkstraat 1, B-2490 Balen, Belgium, telephone number: +32 (14) 44.95.00, as from February 24, 2011.

GENERAL INFORMATION

Certain key industry terms used in this Prospectus are defined in ''Annex A—Glossary of Key Industry Terms''. In this Prospectus references to:

- the ''**Company**'' or the ''**Issuer**'' means Nyrstar NV;
- ''**Farallon**'' means Farallon Mining Ltd.;
- ''**Farallon Acquisition**'' means the acquisition by Nyrstar Canada (Holdings) Ltd., an indirect wholly-owned subsidiary of the Issuer, of all of the issued and outstanding common shares of Farallon; and
- ''**Nyrstar**'' means the Company together with its subsidiaries and other companies consolidated in its consolidated IFRS financial statements at the relevant time and, following the Farallon Acquisition, together with Farallon and its subsidiaries, as the context requires.

No person has been authorized to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer or the Underwriters. This Prospectus speaks as of its date. In the event of any material changes to the information in this Prospectus during the period between the approval of this Prospectus by the CBFA and the start of trading of the new Shares, expected to take place on or around March 18, 2011, such changes will be published as a supplement to this Prospectus pursuant to applicable laws and regulations. If a supplement to the Prospectus is published, subscribers in the Offering will have the right to withdraw subscriptions made by them prior to the publication of the supplement. Such withdrawal must be done within the time limits set forth in the supplement (which shall not be shorter than two business days after the publication of the supplement). See also ''The Offering—Terms and conditions of the Offering—Revocation of the acceptance—Supplement to the Prospectus''.

The distribution of this Prospectus, the allocation of Rights, the exercise of Rights, the offering, sale and exercise of Scrips and the Offering may, in certain jurisdictions, be restricted by law, and this Prospectus may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. This Prospectus does not constitute an offer of, or an invitation to, purchase any Rights, Scrips, new Shares or VVPR Strips in any jurisdiction in which such offer or invitation would be unlawful. Nyrstar and the Underwriters require persons into whose possession this Prospectus comes to inform themselves of and observe all such restrictions. Neither Nyrstar nor the Underwriters accepts any legal responsibility for any violation by any person, whether or not such person is a prospective subscriber to or purchaser of Rights, Scrips, new Shares or VVPR Strips, of any such restrictions. For a more detailed description of certain restrictions in connection with the Offering, see ''The Offering—Plan of distribution and allocation of the securities—Categories of potential investors—Countries in which the Offering will be open—Restrictions applicable to the Offering''.

Nyrstar and the Underwriters reserve the right in their own absolute discretion to reject any subscription for new Shares or VVPR Strips or offer to purchase Scrips that Nyrstar, the Underwriters or their agents believe may give rise to a breach or violation of any laws, rules or regulations.

In connection with the Offering, either of Goldman Sachs International and Deutsche Bank AG, London Branch (the ''**Joint Bookrunners**''), directly or through their affiliates, may, in agreement with the Company and to the extent permitted by applicable laws and regulations, engage in transactions on Euronext Brussels, in over-the-counter market or otherwise, that stabilize or maintain the market price of the Rights and/or Shares at levels that might not otherwise exist.

NOTICES TO PROSPECTIVE INVESTORS OUTSIDE OF BELGIUM

This section should be carefully read by prospective investors outside of Belgium. This Prospectus is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES (''RSA 421-B'') WITH THE STATE OF NEW HAMPSHIRE, NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT, NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

None of the Rights, the Scrips, the new Shares or the VVPR Strips have been, or will be, registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and they may not be offered, sold, pledged or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. Accordingly, none of the Rights, the Scrips, the new Shares or the VVPR Strips may be offered or sold in the United States, and the Rights and Scrips may not be exercised, except to or by persons reasonably believed to be QIBs in transactions exempt from registration under the U.S. Securities Act; provided that any such QIB that exercises Rights in the United States executes and delivers an investor letter satisfactory to Nyrstar and the Underwriters; and provided further that any such QIB that exercises Scrips in the United States shall be deemed to make substantially similar representations and agreements satisfactory to Nyrstar and the Underwriters. Any Rights, Scrips, new Shares or VVPR Strips offered or sold in the United States will be subject to certain transfer restrictions as set forth in ''The Offering—Plan of distribution and allocation of the securities—Categories of potential investors—Countries in which the Offering will be open—Restrictions applicable to the Offering''.

None of the Rights, the Scrips, the new Shares or the VVPR Strips have been approved or disapproved by the U.S. Securities and Exchange Commission (''**SEC**''), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of them passed upon or endorsed the merits of the Offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

In the United States this Prospectus is being furnished on a confidential basis solely for the purpose of enabling a prospective investor to consider subscribing for the particular securities described herein. The information contained in this Prospectus has been provided by Nyrstar and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Underwriters or their representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorized, and any disclosure of its contents, without prior written consent of Nyrstar, is prohibited. Any reproduction or distribution of this Prospectus in the United States, in whole or in part, and any disclosure of its contents to any other person is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase Scrips or subscribe for or otherwise acquire the new Shares.

Prospective purchasers are hereby notified that sellers of Scrips and sellers of Shares or VVPR Strips may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

In addition, until the expiration of the 40-day period beginning on the date of this Prospectus, an offer to sell or sale of the Rights, the Scrips, the new Shares or the VVPR Strips within the United States

by a broker/dealer (whether or not it is participating in the Offering) may violate the registration requirements of the U.S. Securities Act unless such offer to sell or sale is made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This Prospectus is being distributed only to and is directed solely at (i) persons outside the United Kingdom, (ii) persons who have professional experience in matters relating to investments who fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the ''**Order**'') or (iii) high net worth entities and other persons to whom it may otherwise lawfully be communicated falling within Article 49(2)(A) to (D) of the Order (all such persons together being referred to as ''**Relevant Persons**''). Any investment or investment activity to which this Prospectus relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

Nyrstar has not authorized any offer to the public of new Shares, VVPR Strips, Rights or Scrips in any Member State of the European Economic Area (each, a ''**Member State**''), other than Belgium. With respect to each Member State that has implemented the EU Prospectus Directive (each, a ''**Relevant Member State**''), no action has been undertaken or will be undertaken to make an offer to the public of new Shares, VVPR Strips, Rights or Scrips requiring a publication of a prospectus in that Relevant Member State. As a result, the new Shares, VVPR Strips, Rights or Scrips may only be offered in a Relevant Member State under the following exemptions of the EU Prospectus Directive, if they have been implemented in that Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive), subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the EU Prospectus Directive;

provided that no such offer of new Shares or VVPR Strips shall result in a requirement for the publication by Nyrstar or any Underwriter of a prospectus pursuant to Article 3 of the EU Prospectus Directive.

For the purposes of this paragraph, the expression an ''offer to the public'' of new Shares, VVPR Strips, Rights or Scrips in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the new Shares, VVPR Strips, Rights or Scrips to be offered so as to enable an investor to decide to purchase or subscribe to any such securities, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State and the expression ''EU Prospectus Directive'' means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

PRESENTATION OF FINANCIAL INFORMATION

The financial information included in this Prospectus is not intended to comply with the requirements of the SEC. Compliance with such requirements would generally require the modification or exclusion of certain information presented in this Prospectus and the presentation of certain other information not included in this Prospectus.

Financial information of the Issuer

The consolidated historical financial information of the Issuer presented in this Prospectus as of December 31, 2008, 2009 and 2010 and for the years then ended has been derived from the Issuer's audited consolidated financial statements as of and for the years ended December 31, 2008, 2009 and 2010 (the ''**Nyrstar Financial Statements**'') as set out beginning on page F-1, which were prepared in accordance with International Financial Reporting Standards (''**IFRS**''), as adopted by the European Union.

The financial statements and other financial information of the Issuer included in this Prospectus were prepared in Euro.

The Issuer's consolidated financial statements for the financial years ended December 31, 2009 and 2010 have been audited by the Issuer's current statutory auditor, PricewaterhouseCoopers Bedrijfsrevisoren/Réviseurs d'Entreprises BCVBA/SCCRL, represented by Peter Van den Eynde, who rendered an unqualified audit report on these financial statements. The consolidated financial statements for the financial year ended December 31, 2008 have been audited by the Issuer's former joint statutory auditors, Klynveld Peat Marwick Goerdeler Bedrijfsrevisoren/Réviseurs d'Entreprises BCVBA/SCCRL, represented by Benoit Van Roost, and PricewaterhouseCoopers Bedrijfsrevisoren/ Réviseurs d'Entreprises BCVBA/SCCRL, represented by Peter Van den Eynde, who rendered an unqualified audit report on these financial statements.

To assess underlying performance Nyrstar focuses on the non-IFRS measure ''underlying EBITDA'' as a measure of earnings, which management believes provides greater understanding of the underlying business performance of Nyrstar's operations. Underlying EBITDA excludes items related to restructuring measures, impairment losses, material income or expenses arising from embedded derivatives recognized under International Accounting Standard (''**IAS**'') 39 and other items arising from events or transactions that management considers to be clearly distinct from the ordinary activities of Nyrstar.

Investors should not consider underlying EBITDA in isolation or as a substitute for Result from operating activities and Profit for the period reported in the Nyrstar Financial Statements and related notes beginning on page F-1, or other statement of operations or cash flow data prepared in accordance with IFRS as a measure of Nyrstar's profitability or liquidity. Other companies in Nyrstar's industry may calculate underlying EBITDA differently or may use it for different purposes.

Financial information of Farallon

The consolidated historical financial information of Farallon presented in this Prospectus as of and for the year ended June 30, 2008, the six months ended December 31, 2008 and the years ended December 31, 2009 and 2010 has been derived from audited consolidated financial statements of Farallon as of and for the year ended June 30, 2008, the six months ended December 31, 2008 and the years ended December 31, 2009 and 2010 (the ''**Farallon Financial Statements**'') as set out beginning on page FF-1. The Farallon Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles (''**Canadian GAAP**'') and audited by KPMG LLP. In addition, the Farallon Financial Statements include supplemental financial information in respect of significant differences between Canadian GAAP and IFRS (as promulgated by the International Accounting Standards Board (''**IASB**'')) as of and for the year ended December 31, 2010 as set out in note 18. Farallon changed its financial year from June 30 to December 31 in 2008 and, as a result, the tables included herein with respect to Farallon include a six month fiscal period (for the six months ended December 31, 2008).

Canadian GAAP differ in certain respects from IFRS. Farallon's financial statements for 2010 are presented in Canadian GAAP. For further information on these differences see note 18 to the Farallon Financial Statements as of and for the year ended December 31, 2010. Accordingly, the financial information of Farallon presented elsewhere in this Prospectus is not directly comparable to the financial information of the Issuer presented in this Prospectus, since, among other things, the Issuer prepares its

financial information in accordance with IFRS as adopted by the European Union. As Farallon uses the U.S. Dollar as its reporting currency, amounts given as Farallon's financial information are set forth in U.S. Dollars unless otherwise indicated.

In financial periods ending after the date of consummation of the Farallon Acquisition, the Issuer and its subsidiaries and Farallon and its subsidiaries will be consolidated into a common group. Therefore, the consolidated financial statements of the Issuer after the date of consummation of the Farallon Acquisition will differ from the historical financial statements of the Issuer and Farallon presented in this Prospectus. See also the introductory considerations to the discussion of the unaudited illustrative financial impact on the Issuer of the Farallon Acquisition, as contained in the section ''Recent Development—Farallon Acquisition—Discussion of unaudited illustrative financial impact on Nyrstar of the acquisition of Farallon''.

PRESENTATION OF MARKET, INDUSTRY AND OTHER INFORMATION

Nyrstar obtained the market data used in this Prospectus from industry sources and currently available information. This market data is primarily presented in the sections ''Risk Factors'', ''Operating and Financial Review and Prospects'', ''The Mining and Smelting Industry'' and ''Business Description''. The main source for information on the zinc and lead industries was Brook Hunt & Associates Ltd (''**Brook Hunt**''), metal industry consultants. Nyrstar also obtained foreign exchange data from the European Central Bank. The Issuer accepts responsibility for having correctly reproduced information from industry publications or public sources, and, so far as the Issuer is aware and has been able to ascertain from information published by those industry publications or public sources, no facts from such industry publications or public sources have been omitted which would render the reproduced information inaccurate or misleading. However, each prospective investor should keep in mind that the Issuer has not independently verified information that it has obtained from industry and government sources. Certain market share information and other statements in this Prospectus regarding the zinc and lead industries and Nyrstar's position relative to its competitors may not be based on published statistical data or information obtained from independent third parties. Rather, such information and statements reflect Nyrstar's best estimates based upon information obtained from trade and business organizations and associations and other contacts within the zinc and lead industries. This information from Nyrstar's internal estimates and surveys has not been verified by any independent sources.

In this Prospectus, Nyrstar presents averages of zinc, lead and copper prices using average London Metal Exchange daily cash settlement prices, and silver and gold prices are averages of LBMA daily AM fixing prices. Periodic average prices provided by other sources may slightly vary. For example, Brook Hunt data presented in the section ''The Mining and Smelting Industry'' uses the average of the monthly average prices (monthly average prices calculated using the daily AM bid-ask price).

RESERVES INFORMATION

In this Prospectus, reserves and mineral resources information is contained in ''Business Description—Mining'' and ''Recent Development—Farallon Acquisition''.

In this Prospectus, reserves and mineral resources information with respect to the Young, Coy and Immel mines (part of Nyrstar Tennessee Mines) has been compiled in accordance with the terms and definitions of the 2004 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the ''**JORC Code**'') 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. For further information on the JORC Code, see www.jorc.org. No information on such website is part of this Prospectus.

In this Prospectus (including the information incorporated by reference into this Prospectus), reserves and mineral resources information with respect to the Middle Tennessee mine complex (part of Nyrstar Tennessee Mines), the Coricancha, Contanga and Pucarrajo mines and the Campo Morado operation has been compiled in accordance with the Canadian Securities Administrators National Instrument 43-101 Standards of Disclosure for Mineral Projects (''**NI 43-101**''). The term ''Ore Reserves'' as defined in the JORC Code has the same meaning as ''Mineral Reserves'' as defined in the Canadian Institute of Mining, Metallurgy and Petroleum ''Definition Standards for Mineral Resources Mineral Reserves''. The Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards are incorporated, by reference, in NI 43-101 For further information on NI 43-101, see www.albertasecurities.com. No information on such website is part of this Prospectus.

Mineral resource figures are estimates of the quantity and quality of material in the ground that has the potential to be exploited. Mineral reserves are estimated quantities of proven and probable reserves and other minerals that under present and anticipated conditions can be legally and economically mined and processed, including (where relevant) by the extraction of their mineral content. To date, Nyrstar has relied on reserves and resources reports prepared for third parties—the vendors of the Tennessee mines (U.S.) and the Coricancha, Contonga and Pucarrajo mines (Peru) and Farallon with respect to the Campo Morado operation (Mexico). These reports were prepared on varying dates and have not been updated. Further, estimates of reserves and resources prepared by different engineers are based on different assumptions, including economic assumptions, and using different grade cut-offs, and as a result of these and other factors, may vary. There is no assurance that were such estimates prepared for Nyrstar or by the same engineers applying a uniform methodology that they would not differ substantially from the estimates included in this Prospectus. Nyrstar intends to engage the services of independent experts to ascertain and verify the quantum of reserves and resources, including grade of mineralization and other geological characteristics, including estimates set forth in this Prospectus.

For further information, see ''Risk Factors—Risks relating to Nyrstar's business and industries—Future profitability and operating margins depend partly upon Nyrstar's ability to access sufficient and adequate mineral resources. Estimates of ore reserves are based on certain assumptions, and changes in such assumptions could lead to reported ore reserves being restated at a lower level.''

The following definitions (as per the JORC Code), or similar, have been applied in estimating the reserves and resources disclosed within this Prospectus.

Mineral Resource: a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

Inferred Mineral Resource: that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

Indicated Mineral Resource: that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

Measured Mineral Resource: that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

Ore Reserve: the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining,

metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

Probable Ore Reserve: the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

Proved Ore Reserve: the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

The JORC Code and NI 43-101 definitions differ from reporting requirements in the United States, where reserves must be presented under the requirements as adopted by the SEC Industry Guide 7— Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations, which governs disclosure on mineral reserves in registration statements and reports filed with the SEC. In particular, the SEC permits mining companies to disclose only those mineral deposits from which a company can economically and reasonably extract, and therefore the SEC does not recognize classifications other than proven and probable reserves, and the SEC prohibits mining companies from disclosing ''mineral resources'' in SEC filings.

AVAILABLE INFORMATION

The Issuer has agreed that, for so long as any of the Issuer's ordinary shares are ''restricted securities'' within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934 (the ''**Exchange Act**''), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, on the request of such holder, beneficial owner or prospective purchaser, the information required to be provided to such persons pursuant to Rule 144A(d)(4) under the Securities Act.

The posting of this Prospectus and the summary on the internet does not constitute an offer to sell or a solicitation of an offer to buy any of the Shares, Rights, Scrips or VVPR Strips to or from any person in any jurisdiction in which it is unlawful to make such offer or solicitation to such person. The electronic version of this Prospectus may not be copied, made available or printed for distribution. This Prospectus is valid only if circulated in compliance with applicable laws.

Although certain references are made to Nyrstar's website (www.nyrstar.com) in this Prospectus, no information on Nyrstar's website (other than the Prospectus) is part of this Prospectus.

The Issuer has filed its deed of incorporation and it must file its restated articles of association and all other deeds or resolutions that are to be published in the Annexes to the Belgian State Gazette with the clerk's office of the commercial court of Turnhout (Belgium), where they are available to the public. The Issuer is registered with the register of legal entities under enterprise number 0888.728.945. A copy of the Issuer's most recently restated articles of association and corporate governance charter is also available on its website.

In accordance with Belgian law, the Issuer prepares annual audited statutory and consolidated financial statements. The annual statutory and consolidated financial statements and the reports of the

Issuer's board of directors and statutory auditor relating thereto are filed with the Belgian National Bank, where they are available to the public. Furthermore, as a listed company, Nyrstar also publishes an annual financial report (which includes its audited statutory and consolidated financial statements, the report of its board of directors and the report of the statutory auditor) and an annual announcement preceding the publication of the annual financial report, as well as a half-yearly financial report on the first six months of its financial year (which includes a condensed set of financial statements and an interim management report) and interim management statements. Copies of these documents are available on Nyrstar's website and, for publications and releases as from January 1, 2011, on STORI, the Belgian central storage mechanism, which is operated by the CBFA and can be accessed via www.cbfa.be.

The Issuer also discloses price sensitive information (inside information) and certain other information to the public. In accordance with the Belgian Royal Decree of November 14, 2007 on the obligations of issuers of financial instruments that are admitted to trading on a regulated market, such information and documentation is made available through the Issuer's website, press releases, the communication channels of Euronext Brussels and, for publications and releases as from January 1, 2011, on STORI, the Belgian central storage mechanism, which is operated by the CBFA and can be accessed via www.cbfa.be.

EXCHANGE RATE INFORMATION

In this Prospectus, unless otherwise indicated, all amounts are expressed in Euro. The following tables set forth, for the periods and dates indicated, certain information regarding the daily reference exchange rates published by the European Central Bank (''**ECB Daily Reference Rate**'') for Euro and each of the U.S. Dollar, the Australian Dollar and the Canadian Dollar. On February 23, 2011, the ECB Daily Reference Rates were €0.7283 per US$1, €0.7304 per AUD1 and €0.7337 per CAD1. These rates may differ from the actual rates used in the preparation of the financial statements and other financial information appearing in this Prospectus. Inclusion of these exchange rates is not meant to suggest that the U.S. Dollar, Australian Dollar or Canadian Dollar amounts (as the case may be) actually represent such Euro amounts or that such amounts could have been converted into Euro at any particular rate, if any. The following tables have been set out solely for the purpose of convenience.

The following tables illustrate Euro / U.S. Dollar exchange rates:

	U.S. Dollar per Euro			
Year Ended December 31	**High**	**Low**	**Average[(1)]**	**Period end**
2008	1.5990	1.2460	1.4708	1.4098
2009	1.5120	1.2555	1.3948	1.4406
2010	1.4563	1.1942	1.3262	1.3362

Note:
(1) The average of the exchange rates on the last business day of each full month during the relevant period.

	U.S. Dollar per Euro	
Months	**High**	**Low**
September 2010	1.3648	1.2697
October 2010	1.4101	1.3705
November 2010	1.4244	1.2998
December 2010	1.3435	1.3064
January 2011	1.3716	1.2903
February 2011(through February 23, 2011)	1.3803	1.3440

The following table illustrates Euro / Australian Dollar exchange rates:

	Australian Dollar per Euro			
Year Ended December 31	**High**	**Low**	**Average[(1)]**	**Period end**
2008	2.0735	1.5984	1.7414	2.0274
2009	2.0318	1.6004	1.7737	1.6008
2010	1.6008	1.2975	1.4429	1.3136

Note:
(1) The average of the exchange rates on the last business day of each full month during the relevant period.

The following table illustrates Euro / Canadian Dollar exchange rates:

	Canadian Dollar per Euro			
Year Ended December 31	**High**	**Low**	**Average[(1)]**	**Period end**
2008	1.7433	1.4449	1.5590	1.6998
2009	1.6942	1.4983	1.5854	1.5128
2010	1.5128	1.2486	1.3657	1.3322

Note:
(1) The average of the exchange rates on the last business day of each full month during the relevant period.

In this Prospectus, references to ''Euro'' or ''€'' are references to the euro, the single currency of the participating member states in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time. References to ''U.S. Dollar'' or ''US$'' are references to the United States dollar, the lawful currency of the United States of America. References to ''Australian Dollar'' or ''AUD'' are references to the Australian dollar, the lawful currency of the Commonwealth of Australia. References to ''Canadian Dollar'' or ''CAD'' are references to the

Canadian dollar, the lawful currency of Canada. References to ''Swiss Franc'' or ''CHF'' are references to the Swiss Franc, the lawful currency of Switzerland. References to ''Mexican Peso'' are references to the lawful currency of Mexico. References to ''Peruvian Sols'' are references to the lawful currency of Peru.

ROUNDING

Certain monetary amounts and other figures included in this Prospectus have been subject to rounding adjustments. Accordingly, any discrepancies in any tables between the totals and the sums of amounts listed are due to rounding.

JURISDICTION AND SERVICE OF PROCESS IN THE UNITED STATES AND ENFORCEMENT OF FOREIGN JUDGMENTS IN BELGIUM

The Issuer is a Belgian public limited liability company. Most of the members of the Issuer's board of directors and executive management and most of the persons named herein are non-residents of the United States. All or a substantial portion of the assets of such non-resident persons and of the Issuer are located outside the United States. As a result, it may not be possible for investors to effect service of process upon such persons or the Issuer or to enforce against them in U.S. courts a judgment obtained in such courts.

Original actions or actions for the enforcement of judgments of U.S. courts relating to the civil liability provisions of the federal or state securities laws of the United States are not directly enforceable in Belgium. The United States and Belgium do not currently have a multilateral or bilateral treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, in civil and commercial matters. In order for a final judgment for the payment of money rendered by U.S. courts based on civil liability to produce any effect on Belgian soil, it is accordingly required that this judgment be recognized and be declared enforceable by a Belgian court pursuant to the relevant provisions of the 2004 Belgian Code of Private International Law (the ''**Code**''). Recognition or enforcement does not imply a review of the merits of the case and is irrespective of any reciprocity requirement. A U.S. judgment will, however, not be recognized or declared enforceable in Belgium if it infringes upon one or more of the grounds for refusal which are exhaustively listed in Article 25 of the Code. In addition to recognition or enforcement, a judgment by a federal or state court in the United States against the Issuer may also serve as evidence in a similar action in a Belgian court if it meets the conditions required for the authenticity of judgments according to the law of the state where it was rendered.

In addition, with regard to enforcements by legal proceedings in Belgium (including the recognition of foreign court decisions in Belgium), a registration tax at the rate of 3% of the amount of the judgment is payable by the debtor, if the sum of money which the debtor is ordered to pay by a Belgian court, or by a foreign court judgment that is either (i) automatically enforceable and registered in Belgium; or (ii) rendered enforceable by a Belgian court, exceeds €12,500. The registration tax is payable by the debtor. The creditor is jointly liable up to a maximum of one-half of the amount the creditor recovers from the debtor. A stamp duty is payable for each original copy of an enforcement judgment rendered by a Belgian court, with a maximum of €1,250.

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SUMMARY

*This section constitutes a summary of certain important information contained in this Prospectus. This summary should be read as an introduction to this Prospectus and any decision to invest in the Rights, the Scrips, the new Shares and the VVPR Strips or to trade in the Rights, the Shares or VVPR Strips should be based on a thorough review by the prospective investor of this Prospectus as a whole. No civil liability will attach to any person solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus. Where a claim relating to information contained in this Prospectus is brought before a court in any Member States of the European Economic Area (the ''**EEA**'') under the national legislation of EEA Member States where the claim is brought, the plaintiff investor might, under the national legislation where the claim is brought, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.*

This summary highlights information contained elsewhere in this Prospectus. This summary is not complete and does not contain all of the information that may be important to you. You should read the entire Prospectus, including all of the financial statements and related notes, before making an investment decision.

Business overview

Nyrstar is a leading global multi-metals business, producing significant quantities of zinc and lead as well as other products, such as silver, copper and gold.

Nyrstar's primary focus is zinc production.

Nyrstar was originally formed in 2007, predominantly as a zinc and lead smelting company. All of Nyrstar's smelting assets have long operating histories under previous owners and operators. Since 2009, Nyrstar has been undergoing a significant strategic transformation by expanding upstream into mining both to secure raw material supply for its smelters and to gain exposure to the more profitable part of the zinc value chain (zinc mining being historically more profitable than zinc smelting).

The principal raw materials for Nyrstar's smelting business are zinc concentrate supplied by zinc mines, including from its own mining operations, and a significant portion of secondary feed materials (such as zinc oxides). Nyrstar's zinc smelters convert the zinc concentrate and secondary feed materials into zinc metal for use in numerous end use applications. In addition to special high grade (99.995% pure zinc, ''**SHG**'') commodity zinc metal, Nyrstar also produces value-added alloys (such as die casting alloys), many of which hold strong competitive positions in niche technical applications.

Nyrstar is the world's largest zinc smelting company, based on 2010 production volumes according to Brook Hunt. Having produced approximately 1.1 million tonnes of zinc in 2010, Nyrstar's share of the global zinc market in 2010 was 8.6% according to Brook Hunt. Nyrstar's smelters in Auby (France), Balen and Overpelt (Belgium), Budel (The Netherlands), Clarksville (U.S.), and Hobart (Australia) are all primary zinc smelters, that is, the primary production is from smelting zinc-containing ore. Nyrstar's smelter in Port Pirie in Australia is a primary lead smelter with multi-metal recovery capabilities, giving it the flexibility to process a wide range of lead-containing feedstocks to produce refined lead, zinc, silver, copper and gold.

Since 2009, Nyrstar has acquired mines in the United States (Tennessee), Peru (Coricancha, Contonga and Pucarrajo) and Mexico (the Campo Morado operation; see also ''—Description of Farallon'' below) and has entered into an innovative zinc streaming agreement with Talvivaara Sotkamo Limited in relation to the Sotkamo nickel mine in Finland, which has substantial zinc by-products. These mines are currently at various stages of being rendered operational or ramped-up to full production capacity. Management expects that these mines, once at full production (as expected by the end of 2012), will be capable of producing the equivalent of approximately 31% of Nyrstar's zinc raw material requirements (based on smelting operations at full capacity). (See also ''Business Description—Strategy'' below.) At such level, Nyrstar's current zinc mining operations (including the Talvivaara zinc streaming agreement) would be one of the ten largest in the world based on 2010 production according to Brook Hunt. Nyrstar has a medium-term goal of being capable of producing the equivalent of 50% of its zinc raw material requirements (zinc concentrates and secondary feed materials) from its own mining operations and streaming agreements.

Nyrstar has also acquired interests in mining development projects in Chile (Herencia Resources plc) and Northern Greenland (Ironbark Zinc Limited).

Recent development—Farallon Acquisition

On November 15, 2010, Nyrstar announced that it had entered into a binding support agreement with Farallon Mining Ltd. (''**Farallon**''), pursuant to which Nyrstar had agreed to make an all cash offer to acquire all of the issued and outstanding shares of Farallon by way of a friendly take-over offer at a price of CAD0.80 per common share (the ''**Farallon Offer**''), valuing Farallon's equity at approximately CAD409 million (€296 million) on a fully diluted basis. The Farallon Offer represented a premium of 23% to Farallon's closing share price of CAD0.65 on the Toronto Stock Exchange (the ''**TSX**'') on November 12, 2010 and a premium of 32% to Farallon's volume weighted average price of CAD0.61 on the TSX for the 20 trading days prior to the announcement of the Farallon Offer.

On November 15, 2010, Nyrstar and Farallon entered into a support agreement, which sets out the terms and conditions upon which Nyrstar agreed to make the Farallon Offer, and Farallon agreed to support and recommend that its shareholders accept the offer. On November 23, 2010, Farallon's board of directors formally published their unanimous recommendation that shareholders tender their shares in favor of the Farallon Offer. Paradigm Capital Inc. had provided an opinion to the Farallon board of directors that the consideration to be received by Farallon shareholders under the Farallon Offer would be fair, from a financial point of view, to the Farallon shareholders. Lock-up agreements to tender in favor of the Farallon Offer were entered into with each Farallon director and executive officer and with Acuity Investment Management (representing in aggregate holders of approximately 18.9% of Farallon's outstanding common shares on a fully diluted basis).

At 5.00 p.m. on January 5, 2011 (the expiry date of the Farallon Offer), Farallon shareholders representing 93.7% of the outstanding common shares had accepted the Farallon Offer. Accordingly, as Farallon shareholders representing in excess of 90% of outstanding common shares had accepted the Farallon Offer, pursuant to section 300 of the Business Corporations Act (British Columbia), Nyrstar initiated on January 14, 2011 a compulsory acquisition of the remaining common shares from the shareholders who had not accepted the Farallon Offer. Under the terms of the compulsory acquisition, shareholders of Farallon were offered the same consideration of CAD0.80 in cash for each common share acquired by the acquisition procedure. The compulsory acquisition is expected to be completed by the end of the first quarter of 2011. As of the date of this Prospectus, Nyrstar owns 93.7% of the common shares of Farallon. Farallon, listed on the TSX under the symbol FAN, is expected to be de-listed by the end of the first quarter of 2011.

In conjunction with the take-up of shares of Farallon, Farallon's board of directors and officers resigned in favor of Nyrstar's representatives and were replaced by Roland Junck (Nyrstar's Chief Executive Officer), Michael Morley (Nyrstar's Chief Corporate and Development Officer) and Greg McMillan (Nyrstar's Chief Operating Officer). Nyrstar expects to close the head office of Farallon in Vancouver by the end of May 2011.

Description of Farallon

Farallon is a Canadian mining company which was incorporated under the laws of British Columbia on July 4, 1991 under the name Farallon Resources Ltd., which was subsequently changed to Farallon Mining Ltd. in May 2009. Farallon's head office is located at Suite 428 - 800 West Pender Street, Vancouver, British Columbia V6C 2V6. Farallon's operations are conducted primarily through its wholly owned subsidiary, Farallon Minera Mexicana S.A. de C.V.

Since 1995 Farallon has been engaged in the business of acquiring ownership of, exploring, developing and operating precious and base metals deposits in Mexico. Farallon currently has six government-granted mining concessions in respect of approximately 12,000 hectares of land located 160 kilometers south-southwest of Mexico City in Guerrero State, Mexico (the ''**Campo Morado operation**''). Five primary mineral deposits (G-9, El Largo, El Rey, Naranjo and Reforma) and a number of other, less well-defined mineralized occurrences have been identified at the Campo Morado operation. The G-9 mineral deposit comprises high-grade zinc, copper, lead, silver and gold.

Farallon commenced exploration activities at the Campo Morado operation in November 1995. Between November 1998 and August 2004, its exploration activities temporarily ceased due to unfavorable metal prices. Farallon recommenced its exploration activities in August 2004 following an

improvement in market conditions. In June 2005, it discovered very significant grades of zinc in the G-9 mineral deposit. Following further detailed analysis, Farallon commissioned the construction of a mine on the G-9 mineral deposit (the ''**G-9 Mine**''). Construction of the G-9 Mine was completed at the end of October 2008 at a total cost of US$149.7 million, and Farallon first achieved commercial production at the G-9 Mine in April 2009. Having suspended its exploration activities at the Campo Morado operation in order to focus on the construction and ramp-up of the G-9 Mine in July 2008, Farallon resumed exploration activities at the Campo Morado operation in October 2009.

In 2010, Farallon's G-9 Mine produced approximately 42,000 tonnes of zinc in concentrate, 4,000 tonnes of copper in concentrate, 1.8 million troy ounces of silver and 19,000 troy ounces of gold.

Strengths and strategy

Strengths

Management believes that Nyrstar benefits from the following principal competitive strengths:

- ***Well positioned to leverage off strong zinc market fundamentals.*** According to Brook Hunt, the prices for zinc metal are expected to exceed long-term historical averages over the medium term as a result of forecasted supply constraints as a number of larger zinc mines are expected to deplete in the next five years and as demand for zinc metal increases, primarily driven by the urbanization of China's growing economy. As the world's largest zinc smelting company, and, once Nyrstar's zinc mining operations (including the Talvivaara Zinc Streaming Agreement) are ramped-up, one of the ten largest zinc mining companies, management believes that Nyrstar's strong market position will enable it to leverage off the strong zinc market fundamentals and capitalize on the expected growth in zinc prices.
- ***A clear strategy to expand into mining, which is the more profitable part of the zinc value chain.*** Nyrstar has a clear strategy to continue to selectively pursue opportunities in the mining sector, where it applies a rigorous and disciplined approach to all of its investment opportunities to ensure that they comply with Nyrstar's investment requirements and create value for Nyrstar's shareholders. Expanding upstream into mining will provide Nyrstar with exposure to the more profitable part of the zinc value chain and, where zinc concentrate produced at these mines is to be consumed by Nyrstar's smelters, enable Nyrstar to secure raw material supply. Based on historical market trends, management believes that producing one tonne of zinc in concentrate is on average more than two times more profitable than smelting one tonne of zinc.
- ***Industry leadership.*** Nyrstar is the world's largest zinc smelting company and, once ramped-up, Nyrstar expects its zinc mining operations (including the Talvivaara Zinc Streaming Agreement) to be among the ten largest in the world. Nyrstar believes that its scale, overall and on both the mining and smelting sides of the industry, positions it well to take a leading role in shaping the zinc industry's future.
- ***Large and geographically diversified portfolio of assets.*** Nyrstar operates multiple large scale sites, and consequently, Nyrstar's financial and operational exposure to one particular site is significantly reduced. Further, as its operations are geographically diversified, the foreign exchange exposure associated with costs being denominated in currencies other than U.S. Dollars (being the currency in which Nyrstar's earnings are largely denominated) is increasingly mitigated as the relative impact of a particular exchange rate and currency is reduced.
- ***High environmental standards and management systems to maintain environmental and safety track records.*** The sustainability of Nyrstar's operations is a result of its ability to provide economic benefits to its stakeholders, while minimizing negative effects on its people, its neighbors or the environment. Nyrstar has what it considers to be best-in-class environmental standards.
- ***An experienced management team with a proven track record of executing its strategy.*** Nyrstar's management team combines extensive industry and market experience and includes individuals who have worked in zinc smelting and mining and associated industries for an average of 20 years. Equipped with international experience, the management team's ability to implement Nyrstar's strategy has been evidenced by the numerous mining acquisitions and other transactions that have been successfully completed since the announcement of the new growth strategy in June 2009.

- ***Strong operational capabilities and expertise.*** Nyrstar's management team has consistently demonstrated an ability to improve the performance of Nyrstar's existing assets and to integrate new mining acquisitions into the Nyrstar business in a timely and efficient manner. This ability has most recently been evidenced by the ramping-up of Nyrstar's recent mining acquisitions at Coricancha in Peru and the Tennessee Mines in the United States despite these mines having been on care and maintenance at the time of Nyrstar's acquisition.

Strategy

Nyrstar's strategic framework is comprised of the following elements:

- portfolio management;
- business improvement; and
- growth.

Nyrstar continually reviews its portfolio of assets to ensure alignment with strategic objectives. It continually strives to improve the effectiveness and efficiency of the business, drive continuous improvement, realize synergies and employ the best people.

Nyrstar's growth strategy is focused on selectively pursuing opportunities in mining, favoring mines that support its existing smelting assets and where it has expertise and proven capability. Nyrstar's aim is that both smelting and mining will provide valuable contributions to its earnings and it believes that an integrated business could facilitate broader industry consolidation. Vertical integration into mining provides Nyrstar with exposure to the more profitable part of the zinc value chain; based on historical market trends, management believes that producing one tonne of zinc in concentrate is on average more than two times more profitable than smelting one tonne of zinc. Where zinc concentrate produced at its own mines is to be consumed by Nyrstar's smelters, such vertical integration also secures raw material supply. However, zinc concentrate produced at Nyrstar's mines is not necessarily consumed by its smelters. Based on economic optimization, Nyrstar decides whether concentrate produced by its mines is most profitably consumed within its smelters, sold to third parties or swapped for concentrate produced by a third party mine. The main variables that dictate where concentrate produced by Nyrstar's mines are consumed are whether or not the mine is subject to an off-take agreement; the assay specifications of the concentrate and how efficiently the Nyrstar smelters can extract value from such concentrate and the location of the concentrate. Accordingly, vertically integrating into mining provides Nyrstar not only with physical concentrate production that can potentially be used at Nyrstar's smelters (subject to the considerations described above), but also an attractive financial exposure to the operating margins that are available in zinc mining.

The primary focus of Nyrstar's mining integration strategy is on zinc. However, the polymetallic nature of the ore bodies in the recent mining acquisitions made by Nyrstar in Peru and Mexico means that, in addition to zinc, Nyrstar is increasingly mining deposits that contain silver, copper, gold and lead.

In executing its growth strategy, Nyrstar is targeting mines that are operational or capable of being operational in the short term, with relatively low capital requirements and low ongoing operating costs. Nyrstar is also targeting an average mine operating cost (''**C1 cash cost**'') of less than US$1,000 per tonne across all of its mining operations once at full production, placing those operations, on average, within the second quartile of the zinc mining C1 cash cost curve.

Management expects that its own mines (including the Talvivaara Zinc Streaming Agreement and the recently acquired Campo Morado operation), once at full production (as expected by the end of 2012), will be capable of producing the equivalent of approximately 31% of Nyrstar's zinc raw material requirements (based on smelting operations at full capacity). Accordingly, and giving effect to the Farallon Acquisition completed in early January 2011, Nyrstar has now exceeded its stated target of 30% mining integration. Although there are no specific acquisition plans that can be announced at present, Nyrstar, is now targeting 50% mining capacity integration at full production in the medium term through further mine acquisitions and streaming agreements.

Risk Factors

Investing in the Rights, the Scrips and the new Shares and VVPR Strips involves risks, including risks relating to Nyrstar, the mining and smelting industries generally, and the Offering. Investors should carefully consider the following information about these risks, together with the other information

contained in this Prospectus. Any of the risks described below could materially affect Nyrstar's business, results of operations and financial condition and cause the value of the securities offered hereunder to decline. Investors could lose all or part of their investment. The sequence in which the risk factors are presented below is not indicative of their likelihood of occurrence or of the potential magnitude of their financial consequence.

Risks relating to Nyrstar's business and industries

- The recent downturn in the global economy caused a sharp reduction in worldwide demand for zinc, lead and other metals. Future economic downturns could have a material adverse effect on the metals and mining industries and on Nyrstar.
- Nyrstar's results are highly sensitive to commodity prices, which are both cyclical and volatile.
- Nyrstar's financial results are linked to the level of zinc (and to a lesser extent, lead) treatment charges, which are cyclical in nature, and to the amount of zinc concentrate available to smelters. Realized treatment charges are normally the largest contributor to Nyrstar's gross profit. Although the impact of treatment charge levels is expected to decrease in the future in line with Nyrstar's implementation of its strategy of selectively integrating its smelting business by expanding into mining, a decrease in treatment charges can be expected to have a material adverse effect on Nyrstar's business, results of operations and financial condition.
- Nyrstar is exposed to the shape of the forward price curve for underlying metal prices. While Nyrstar 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, it is exposed to the shape of the forward price curve for underlying metal prices. For further information on hedging, see also ''Operating and Financial Review and Prospects-Significant factors affecting Nyrstar's results of operations—Transactional hedging of metal price and currency exposure''.
- China is an important source of demand for zinc and lead products. A reduction in the imports of zinc or lead products by China may have a material adverse effect on Nyrstar's financial results.
- Nyrstar's indebtedness has recently increased significantly in order to finance its expansion into mining, and it is now subject to risks inherent with higher leverage.
- Nyrstar is a holding company and is therefore dependent on the results of operations generated by its subsidiaries.
- Nyrstar will require a significant amount of cash to fund its operations, its capital investments and its growth strategy. If Nyrstar is unable to generate this cash through its operations or through external sources, it may face liquidity pressure, be unable to fully fund its operations or undertake capital investments needed to achieve its business strategy.
- Nyrstar's business is exposed to exchange rate fluctuations. 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 (as mentioned above under ''—Nyrstar is exposed to the shape of the forward price curve for underlying metal prices'').
- Nyrstar is exposed to credit risk in relation to its contractual and trading counterparties as well as to interest rate, hedging and derivative counterparty risk.
- Nyrstar is dependent on a limited number of suppliers for zinc and lead concentrate. A disruption in supply, including supply under the zinc streaming agreement with Talvivaara, could have a material adverse effect on its production levels and financial results. Nyrstar is dependent on its ability to source adequate supplies of zinc and lead concentrate. The availability and price of zinc and lead concentrate may be negatively affected by a number of factors largely beyond Nyrstar's control, including interruptions in production by suppliers, decisions by suppliers to allocate supplies of concentrate to other purchasers, price fluctuations and increasing transport costs.
- Nyrstar is partially dependent on the supply of zinc and lead secondary feed materials.
- Nyrstar is subject to risks related to input costs.

- An increase in energy costs, in particular electricity costs, or a disruption in the supply of energy for Nyrstar's operations may significantly increase production costs or adversely affect production.
- Nyrstar is subject to a number of operational risks, and its insurance cover could be inadequate.
- Nyrstar's mining operations are subject to a number of risks and hazards, including a significant risk of disruption or damage to persons and property.
- Nyrstar's major investment projects are subject to the risk of delays and other complications.
- Nyrstar's growth strategy relies in part on acquisitions, which involve risks. Recent and future acquisitions, mergers or strategic alliances may adversely affect Nyrstar's financial condition.
- Negative publicity, including that generated by non-governmental bodies, may harm Nyrstar's operations.
- Future profitability and operating margins depend partly upon Nyrstar's ability to access sufficient and adequate mineral resources. Estimates of ore reserves are based on certain assumptions, and changes in such assumptions could lead to reported ore reserves being restated at a lower level.
- Nyrstar is subject to intense competition, which may be exacerbated by changes in production technology and weigh on Nyrstar's revenue or margins.
- Nyrstar's products may face the risk of substitution, which would negatively affect Nyrstar's financial performance.
- Nyrstar's business could be adversely affected if it fails to obtain, maintain or renew necessary licenses and permits, or fails to comply with the terms of its licenses or permits.
- If Nyrstar is unable to sell or store certain by-products that it produces in its smelting operations, it may be required to limit or reduce its overall production levels.
- Nyrstar's operations are subject to stringent environmental, health and safety laws and regulations, which could expose it to significant increased compliance costs and litigation.
- Climate change legislation could have an adverse impact on Nyrstar's business.
- A change in underlying economic conditions or adverse business performance may result in impairment charges in particular in relation to acquisition goodwill.
- Nyrstar may not be able to access markets for a number of reasons.
- Nyrstar's mining and smelting operations are located in jurisdictions (including emerging markets) that have varying political, economic, security and other risks.
- Nyrstar is subject to litigation risk.
- Major accidents could result in substantial claims, fines or significant damage to Nyrstar's reputation and financial position.
- Nyrstar is exposed to tax risks by virtue of the international nature of its activities.
- Nyrstar's competitive position and future prospects depend on its employees' experience and expertise and Nyrstar's ability to recruit and retain qualified personnel.
- Nyrstar may be subject to misconduct by its employees or contractors.
- Nyrstar is subject to the risk of industrial relations actions which may disrupt its operations.
- Operating and capital costs associated with the development of the Campo Morado operation's assets, projects and prospects may be unpredictable and may not be in accordance with Nyrstar's assumptions.

Risks relating to the Offering

- The market price of the Shares may be volatile and could decrease.

- There is no assurance that a trading market will develop for the Rights or VVPR Strips and, if a market does develop, the market price for the Rights or VVPR Strips may be subject to greater volatility than the market price for the Shares.
- Failure by a shareholder to exercise allocated Rights during the Rights Subscription Period will result in such Rights becoming null and void and in a dilution of such shareholder's percentage ownership of the Shares.
- If the Rights Offering is discontinued or there is a substantial decline in the price of the Shares, the Rights may become void or worthless.
- Withdrawal of subscription in certain circumstances may not allow sharing in the Excess Amount and may have other adverse financial consequences.
- Termination of the Underwriting Agreement could have a material adverse effect on the trading price and underlying value of the Rights and the Shares.
- Certain transfer and selling restrictions may limit shareholders' ability to sell or otherwise transfer their Shares.
- Investors may not be able to participate in future equity offerings.
- Shareholders in jurisdictions with currencies other than the Euro face additional investment risk from currency exchange rate fluctuations in connection with their holding of Shares.
- Investors' rights as shareholders will be governed by Belgian law and may differ in some respects from the rights of shareholders in other companies under the laws of other countries.
- It may be difficult for investors outside Belgium to serve process on or enforce foreign judgments against Nyrstar in connection with the Offering.

Summary of the Offering

Determination of the Subscription Price and Ratio	T-1	February 23, 2011
Separation from the Shares of coupon No. 3 (representing the Right) after closing of Euronext Brussels	T	February 24, 2011
Availability to the public of the Prospectus	T	February 24, 2011
Start of the trading of Shares ''ex Right''	T+1	February 25, 2011
Listing of the Rights on the regulated market of Euronext Brussels	T+1	February 25, 2011
Opening date of the Rights Subscription Period	T+1	February 25, 2011
End of the Rights Subscription Period	T+15	4.00 pm CET on March 11, 2011
End of the listing of the Rights on the regulated market of Euronext Brussels	T+15	March 11, 2011
Announcement via press release of the results of the Rights Offering (before market opening)	T+19	March 15, 2011
Scrips Offering	T+19	March 15, 2011
Announcement via press release of the results of the Scrips Offering	T+19	March 15, 2011
Publication in the Financial Press (as defined below) of the results of the Offering and the amount due to holders of unexercised Rights	T+20	March 16, 2011
Payment by investors	T+22	March 18, 2011
Completion of the Offering and realization of the capital increase	T+22	March 18, 2011
Listing and delivery of the new Shares and VVPR Strips subscribed with Rights and with Scrips	T+22	March 18, 2011
Payment of the Excess Amount to holders of unexercised Rights (as the case may be)	T+22	As of March 18, 2011

Note:

''T +'' a given number refers to the calendar day that falls that number of calendar days following the calendar day that corresponds to ''T'' (that is, February 24, 2011).

Use of proceeds . . . . The net proceeds of the Offering will further diversify Nyrstar's funding sources and strengthen its balance sheet liquidity, and will be used to fund organic or external growth opportunities as they may arise, consistent with Nyrstar's strategy.

New Shares and VVPR Strips to be offered . . . . The Offering by Nyrstar in the amount of €490,064,974 corresponding to 70,009,282 new Shares, will be carried out with non-statutory preference rights for existing shareholders, subject to applicable securities laws. Each new Share will be accompanied by one VVPR Strip issued by Nyrstar.

Rights . . . . Each Share will entitle its holder to one Right.

Subscription Price . . . . The Subscription Price is €7.00, which is below the closing price of €11.39 per Share as quoted on Euronext Brussels on February 23, 2011 and below the fractional value of the Shares of €14.91 (after rounding).

Ratio	The Ratio at which an Eligible Person, as defined in this Prospectus, will have the right to subscribe for new Shares against payment of the Subscription Price is 7 new Shares for 10 Rights.
Dilution in terms of participation in the share capital	Assuming that an existing Nyrstar shareholder holding 1% of the Nyrstar share capital prior to the Offering does not subscribe for the newly issued share capital Shares, such shareholder's participation in Nyrstar's share capital would decrease to 0.59% as a result of the Offering. If a shareholder exercises all Rights allocated to him or her, there will be no dilution in terms of his or her participation in the share capital of Nyrstar or in terms of his or her dividend rights.
Form of new Shares	The subscribers have the choice of receiving the new Shares and the VVPR Strips in the form of dematerialized securities, booked in their securities account, or as registered Shares recorded in the Issuer's share register book.
Ranking and dividends	The new Shares to be issued will have the same rights and benefits as, and shall rank *pari passu* in all respects with, the existing and outstanding Shares. They will carry the right to a dividend with respect to the financial year that started on January 1, 2010 and, from the date of their issue, will carry the right to any distribution made by Nyrstar.
Offering procedure	
Rights Offering	Subject to restrictions under applicable securities laws (see ''The Offering—Plan of distribution and allocation of the securities'' and as described below), existing shareholders of the Issuer as at the closing of the regulated market of Euronext Brussels on February 24, 2011 and persons having acquired Rights during the Rights Subscription Period (see below) will have a non-statutory preference right to subscribe for the new Shares, at the Subscription Price and in accordance with the Ratio. Each new Share will be offered together with a VVPR Strip. The Rights, represented by coupon No. 3 of the existing Shares, will be separated from the underlying Shares on February 24, 2011 after the closing of the regulated market of Euronext Brussels and will be tradable on such regulated market from February 25, 2011 to March 11, 2011. Any sale of Shares prior to the closing of the regulated market of Euronext Brussels on February 24, 2011 and to be settled after February 24, 2011 will be settled ''cum Rights''. Any Shares sold after the closing of the regulated market of Euronext Brussels on February 24, 2011 will be sold and settled ''ex Rights''. The Rights Subscription Period will be open from February 25, 2011 to 4.00 pm CET on March 11, 2011 inclusive, as indicated below. Subject to restrictions under applicable securities laws (see ''The Offering—Plan of distribution and allocation of the securities'' and as described below), existing shareholders whose holding of Shares is registered in the share register of the Issuer will receive communications informing them of the aggregate number of Rights to which they are entitled and of

the procedures that they must follow to exercise or trade their Rights.

Existing shareholders whose holdings of Shares are held in a securities account are expected to be informed by their financial institution of the procedure that they must follow to exercise or trade their Rights.

Subject to restrictions under applicable securities laws (see ''The Offering—Plan of distribution and allocation of the securities'' and as described below), shareholders of the Issuer or transferees of Rights who do not hold the exact number of Rights to subscribe for a round number of new Shares may elect, during the Rights Subscription Period, either to purchase additional Rights in order to acquire additional new Shares or to transfer or sell all or part of their Rights.

Rights can no longer be exercised after 4.00 pm CET on March 11, 2011 which is the last day of the Rights Subscription Period.

Scrips Offering . . . . The Rights that are not exercised at the time of the closing of the Rights Subscription Period, which will be 4.00 pm CET on the last date of the subscription period, will be converted into an equal number of Scrips.

After the Rights Subscription Period has ended, the Underwriters (as defined below) will, subject to the terms and conditions of the Underwriting Agreement and this Prospectus and for the account of holders of Rights that have not been exercised, commence the sale of the Scrips by way of an accelerated bookbuilt procedure pursuant to this Prospectus in an institutional offering (i) by way of an exempt private placement in Belgium and elsewhere outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, and (ii) within the United States solely to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in transactions exempt from registration under the U.S. Securities Act. Through such a procedure, the Underwriters will build a book of demand to determine a single market clearing price for the Scrips.

The number of Scrips offered in the Scrips Offering will be equal to the number of Rights that have not been exercised at the closing of the Rights Subscription Period. Investors that acquire such Scrips irrevocably commit to subscribe at the Subscription Price to a number of new Shares and VVPR Strips corresponding to the Scrips acquired by them and in accordance with the Ratio. The Scrips Offering is expected to start on March 15, 2011 and is expected to end on the same day, though it may be extended.

If the aggregate proceeds for the Scrips offered and sold in the Scrips Offering, and for the new Shares issued pursuant to the Scrips Offering, after deduction of any expenses relating to procuring such subscribers (including any value added tax), exceed the aggregate Subscription Price for the new Shares issued pursuant to the Scrips Offering (such an amount, the ''**Excess Amount**''), each holder of a Right that was not exercised by the last day of the Rights Subscription Period will be entitled to receive, except as noted below, a part of the Excess Amount in cash proportional to the number of

	unexercised Rights held by such holder on the last day of the Rights Subscription Period (rounded down to a whole Euro cent per unexercised Right) (the "**Unexercised Rights Payment**"). There is no assurance that there will be any Excess Amount. Furthermore, there is no assurance that any or all Scrips will be sold during the Scrips Offering. If the Excess Amount divided by the total number of unexercised Rights is less than €0.01, the holders of any unexercised Rights will not be entitled to receive an Unexercised Rights Payment and, instead, any Excess Amount will be transferred to the Issuer. The Scrips Offering will only take place if fewer than all of the Rights have been exercised during the Rights Subscription Period. Neither the Issuer, the Collecting Agents (as defined below), the Underwriters, nor any other person procuring a sale of the Scrips will be responsible for any lack of Excess Amount arising from any sale of the Scrips in the Scrips Offering.
Announcement of the results of the Offering	The results of the Rights Offering are expected to be announced via a press release (before market opening) on or around March 15, 2011. The results of the Scrips Offering (as defined below) are expected to be announced via a press release on or around March 15, 2011. The results of the Offering and the amount of the Excess Amount are expected to be published on or around March 16, 2011 in the financial press, which will be in Belgium, *L'Echo* and *De Tijd*, as well as any other additional newspapers in such countries that Nyrstar may determine (the "**Financial Press**").
Categories of potential investors . .	Since the Offering is carried out with non-statutory preference rights for existing shareholders, Rights are allocated to all the shareholders of Nyrstar as of the Record Date. Both the initial holders of Rights and any transferees of Rights, as well as any purchasers of Scrips in the Scrips Offering, may subscribe for the new Shares and VVPR Strips, subject to the applicable securities laws referred to in this Prospectus (see "The Offering—Plan of distribution and allocation of the securities" and as described below). The Scrips Offering will only take place in an institutional offering (i) by way of an exempt private placement in Belgium and elsewhere outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, and (ii) within the United States solely to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in transactions exempt from registration under the U.S. Securities Act.
Rights Subscription Period	Eligible Persons may subscribe for new Shares and VVPR Strips by exercising their Rights from February 25, 2011 until 4.00 pm CET on March 11, 2011 inclusive. The last date and/or time before which notification of exercise instructions may be validly given by the Eligible Persons may be earlier than March 11, 2011, depending on the financial institution through which the Rights of such Eligible Persons

	are held and depending on the communications that will be sent by Nyrstar to Nyrstar's registered shareholders. Eligible Persons who have not exercised their Rights by the last day of the Rights Subscription Period will no longer be able to exercise their Rights thereafter. However, all Shares timely subscribed by Eligible Persons will be fully allocated to them. All subscriptions are binding, and may not be revoked except as described below in ''The Offering—Terms and conditions of the Offering—Revocation of the acceptance—Supplement to the Prospectus''.
Scrips Subscription Period	The Scrips will be offered and sold through an accelerated bookbuilding process (i) in an exempt private placement in Belgium and elsewhere outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, and (ii) within the United States solely to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in transactions exempt from registration under the U.S. Securities Act (the ''**Scrips Offering**''). The Scrips Offering is expected to take place on or around March 15, 2011.
Admission to trading	The Shares and VVPR Strips are listed and admitted to trading on Euronext Brussels under the symbols NYR and NYRS, respectively, and application has been made to admit the new Shares and the VVPR Strips to trading on Euronext Brussels under the symbols of NYR and NYRS respectively.
Settlement	The payment of the subscriptions with Rights is expected to take place on or around March 18, 2011 and will be done by debit of the subscriber's account with the same value date. The payment of the subscriptions in the Scrips Offering is expected to take place on or around March 18, 2011. The payment of the subscriptions in the Scrips Offering will be made by delivery against payment. Delivery of the new Shares and VVPR Strips will take place on or around March 18, 2011.
Code for the Rights	ISIN BE0970124278.
Code for the Shares (including the new Shares)	ISIN BE0003876936.
Code for VVPR Strips	ISIN BE0005644183.
Collecting Agents	Fortis Bank SA/NV, ING Belgium SA/NV and KBC Securities NV will act as collecting agents (the ''**Collecting Agents**'') to accept, free of charge, subscriptions for new Shares and VVPR Strips through the exercise of the Rights. The financial intermediaries through whom shareholders or other investors hold their Rights will be responsible for collecting exercise instructions from them and for informing the Collecting Agents of their exercise instructions. Shareholders should request details of the costs that these financial intermediaries may charge. Nyrstar's registered shareholders will have to follow the instructions mentioned in the communications that they will receive from Nyrstar (subject to applicable securities laws) informing them of the aggregate number of Rights to which

	they are entitled and of the procedure they have to follow to exercise and trade their Rights.
Underwriting	On November 15, 2010, the Issuer entered into an equity commitment agreement with Goldman Sachs International and Deutsche Bank AG, London Branch (the ''**Joint Bookrunners**''), which was supplemented by an addendum dated November 17, 2010 (such agreement as amended, the ''**Equity Commitment Agreement**''). In the Equity Commitment Agreement, the Joint Bookrunners agreed to underwrite the new Shares for an aggregate subscription amount of up to €500 million (the ''**Aggregate Equity Commitment Amount**'') and, each of them, for a maximum subscription amount of €250 million. By letters dated November 18, 2010, ING Belgium and KBC Securities, and November 23, 2010, Fortis Bank (ING Belgium, KBC Securities and Fortis Bank being referred to collectively as the ''**Co-lead Managers**'', and together with the Joint Bookrunners, the ''**Underwriters**'') acceded to the Equity Commitment Agreement and have so committed to assume in equal share up to, in aggregate, 22.5%, and each of them 7.5%, of the Joint Bookrunners' respective underwriting commitments. Subsequently, the Issuer and the Underwriters entered into an underwriting agreement on February 23, 2011 (the ''**Underwriting Agreement**''). Pursuant to the terms and subject to the satisfaction or waiver of the conditions of the Underwriting Agreement, the Underwriters have severally agreed to underwrite the Offering, and to procure purchasers and payment for, and failing which to subscribe and pay for, the new Shares and VVPR Strips in the proportions set out in the Underwriting Agreement.
Stabilization	In connection with the Offering, the Underwriting Agreement provides that either of the Joint Bookrunners (directly or through their affiliates) may, in agreement with the Company and to the extent permitted by applicable laws and regulations, engage in transactions on Euronext Brussels, in over-the-counter market or otherwise, that stabilize or maintain the market price of the Rights and/or Shares at levels that might not otherwise exist.
Lock-up agreements	The Underwriting Agreement includes a 180-day lock-up undertaking given by Nyrstar to the Underwriters.
Paying Agent	The paying agent for the new Shares is KBC Bank NV/SA providing its financial service in Belgium free of charge for the Nyrstar shareholders.
Proceeds of the Offering	The gross and net proceeds of the Offering are expected to be €490 million and €475 million, respectively. The expenses related to the Offering (including underwriting and management fees and commissions) are estimated to be approximately €15 million.

Summary Financial Information

Summary financial information of the Issuer

The selected financial information set forth below should be read in conjunction with the section headed ''Operating and Financial Review and Prospects'' and the Nyrstar Financial Statements included elsewhere in this Prospectus. The selected financial information set forth below as at and for the years ended December 31, 2010, 2009 and 2008 has been extracted from the Nyrstar Financial Statements included elsewhere in this Prospectus. The selected financial information set forth below is qualified in its entirety by reference to the Nyrstar Financial Statements. See also ''Presentation of Financial Information''.

€ millions Unless otherwise indicated	Year Ended December 31		
	2010	2009	2008
Key Financial Data			
Revenue	2,696	1,664	2,410
Treatment Charges	403	292	404
Free Metal Contribution	375	159	218
Premiums	105	86	159
By-products	126	92	166
Other	(83)	(35)	(65)
Underlying Gross Profit(1)	925	594	881
Underlying Operating Costs(2)	(721)	(507)	(735)
Underlying EBITDA(3)	**207**	**93**	**153**
Results from operating activities before exceptional items	110	32	57
Profit/(loss) for the period	**72**	**10**	**(595)**
Capital Expenditure	**147**	**68**	**116**
Cash Flow and Net Debt			
Net operating cash flow	210	(19)	418
Net debt/(cash), end of period(4)	296	38	(147)
Gearing, end of period (%)(5)	26%	5%	Net Cash

Notes:

(1) Equivalent to Gross Profit for the periods presented.

(2) Underlying operating costs are comprised of employee benefits expense, energy expenses, stores and consumables used, contracting and consulting expenses and other expenses (each as set out in the income statement) excluding the net loss on the Hobart smelter embedded derivatives. The Hobart smelter is party to a long-term electricity supply contract with a zinc-price indexation clause. Accordingly, it contains an embedded derivative, which is marked to market. Resulting gains and losses are considered to be non-operational. Underlying operating costs is an unaudited, non-IFRS measure.

(3) Underlying EBITDA includes net profit/(loss) from equity accounted investees. Underlying EBITDA is an unaudited, non-IFRS measure. See also ''Selected Financial Information'' below for the reconciliation between ''Nyrstar's Result from operating activities before depreciation and amortization'' to Nyrstar's EBITDA and Underlying EBITDA.

(4) Net debt/(cash) is calculated as non-current and current loans and borrowings less cash and cash equivalents.

(5) Gearing is calculated as net debt to net debt plus equity.

Sensitivity analysis

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 EBITDA based on the

actual results and production profile for the year ended December 31, 2010, 2009 and 2008, respectively.

Parameter	Variable	Year Ended December 31, 2010 Estimated EBITDA impact (*€ million*)	Year Ended December 31, 2009 Estimated EBITDA impact (*€ million*)	Year Ended December 31, 2008 Estimated EBITDA impact (*€ million*)
Zinc price	+/− US$100/tonne	+/−25	+/−19	+/−17
Lead price	+/− US$100/tonne	+/−1	+/−1	+/−1
US$/€	+/− €0.01	+/−10	+/−8	+/−11
AUD/€	+/− €0.01	−/+4	−/+3	−/+4
Zinc TC	+/− US$25/dmt	+/−32	+/−22	+/−29
Lead TC	+/− US$25/dmt	+/−5	+/−6	+/−6

The above sensitivities were calculated by modeling Nyrstar's 2010, 2009 and 2008 underlying operating performance. Each parameter is based on an average value observed during that period and is varied in isolation to determine the 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.

Summary financial information of Farallon

The following tables present selected consolidated financial information of Farallon and its subsidiaries for the year ended June 30, 2008, the six months ended December 31, 2008 and the years ended December 31, 2009 and 2010 which has been derived from and should be read in conjunction with the audited consolidated financial statements of Farallon as of and for the year ended June 30, 2008, the six months ended December 31, 2008 and the years ended December 31, 2009 and 2010 as set out beginning on page FF-1. The Farallon Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles and audited by KPMG LLP. In addition, the Farallon Financial Statements include supplemental financial information in respect of significant differences between Canadian GAAP and IFRS (as promulgated by the IASB) as of and for the year ended December 31, 2010 as set out in note 18. Farallon changed its financial year from June 30 to December 31 in 2008 and, as a result, the tables below reflect a six month fiscal period (for the six months ended December 31, 2008).

The following table sets out the principal components of Farallon's consolidated statements of operations and comprehensive loss for the periods indicated in Canadian GAAP.

	For the year ended June 30	For the six months ended December 31	For the year ended December 31	
thousands of U.S. Dollars, except per share data	2008	2008	2009	2010
Gross revenues	—	—	89,137	134,991
Operating costs and expenses[(1)]	—	—	(86,323)	(101,264)
Earnings from operations	**—**	**—**	**2,814**	**33,727**
Other costs and expenses[(1)]	(47,956)	(40,096)	(18,491)	(25,335)
Net income/(loss) for the period	**(47,956)**	**(40,096)**	**(15,677)**	**8,392**
Basic and diluted earnings/(loss) per share	**(0.15)**	**(0.11)**	**(0.04)**	**0.02**

(1) Accretion of reclamation obligation expenses has been reclassified as an Operating cost and expense in the Farallon Financial Statements for the year ended December 31, 2010 and in the 2009 comparative data. Within the Farallon Financial Statements for the year ended December 31, 2009, six months ended December 31, 2008 and year ended June 30, 2008, Accretion of reclamation obligation expenses are classed within Other costs and expenses.

The following table sets out the principal components of Farallon's consolidated balance sheet for the periods indicated in Canadian GAAP.

thousands of U.S. Dollars	As of December 31		
	2008	2009	2010
Current assets	31,698	39,318	46,118
Property, plant and equipment	127,860	127,530	126,111
Total assets	**159,558**	**166,848**	**172,494**
Current liabilities	48,225	24,435	26,321
Other long-term liabilities	81,374	99,379	86,990
Shareholders' equity	29,959	43,034	59,183
Total liabilities and shareholders' equity	**159,558**	**166,848**	**172,494**
Working capital	**(16,527)**	**14,883**	**19,797**

RISK FACTORS

The following risk factors may affect the future operating and financial performance of Nyrstar and the value of an investment in Nyrstar. Examples of past experience have been included where material in aiding the understanding of the risk. Investors should carefully consider the following risk factors, as well as the other information contained in this Prospectus, before making an investment decision. These risks and uncertainties are not the only ones Nyrstar faces. Additional risks and uncertainties not presently known, or that management currently believe to be immaterial, may also affect Nyrstar and an investment in its securities.

Risks relating to Nyrstar's business and industries

The recent downturn in the global economy caused a sharp reduction in worldwide demand for zinc, lead and other metals. Future economic downturns could have a material adverse effect on the metals and mining industries and on Nyrstar.

Nyrstar's activities and results are affected by international, national and regional economic conditions. The steep downturn in the global economy in 2008/2009 resulted in a sharply reduced demand for metals and had a pronounced negative effect on Nyrstar's business, results of operations and financial condition.

While zinc and lead prices have stabilized and have shown some improvement in 2010, a further deterioration of macroeconomic conditions or a global recession or depression would have a material adverse effect on the industry and on Nyrstar's business, results of operations and financial condition.

Financial weakness among substantial consumers of metals, or the bankruptcy of any large companies in such industries, could significantly affect Nyrstar. Despite Nyrstar's size and global breadth, protracted declines in consumption caused by poor economic conditions in one or more of its major markets or by the deterioration of the financial condition of its key customers in the past has had and in the future would have a material adverse effect on demand for its products and hence on its business, results of operations and financial condition.

Nyrstar's results are highly sensitive to commodity prices, which are both cyclical and volatile.

The overall profitability of Nyrstar is largely determined by the interplay between the price for zinc and lead (which determines the amount of value available to be shared between the miner and the smelter) and treatment charges (''**TCs**'') (which determine how that value is shared between the miner and the smelter). This is due to the current configuration of Nyrstar's business, with the bulk of revenues generated by smelting. Nyrstar's exposure to swings in TCs is expected to diminish over time as its vertical integration into mining progresses. Conversely, its exposure to fluctuations in the zinc price will increase as a result of such integration.

Nyrstar's zinc smelting activities are exposed to risks deriving mainly from the impact that metal prices have on TCs and on free metal recovered from materials supplied for treatment, both of which are components of Nyrstar's zinc smelting margin (or gross profit).

Fluctuations in zinc prices affect the TCs Nyrstar realizes both through the effect on the base TC which Nyrstar negotiates with its suppliers based in part on current and expected zinc price trends, as well as through the effect of escalators and de-escalators, which result in either a positive or negative difference between the market price for zinc (which is typically quoted as the daily cash seller and settlement price established by the London Metal Exchange (the ''**LME**'')) and the agreed basis zinc price. Rising zinc prices typically trigger application of an escalator and result in higher realized TCs (assuming a constant base TC). Conversely, decreases in zinc prices adversely affect the profitability of Nyrstar through the deduction, from the base TC, of a de-escalator applied to the negative difference between the LME quotation zinc price and the agreed basis zinc price (assuming a constant base TC). However, this exposure will be partially attenuated to the extent Nyrstar increases internal production and consumption of its own concentrate.

Zinc prices also directly affect the value of the free metal component of Nyrstar's gross profit, which is the difference between all the zinc recovered and sold by the smelter and the zinc in concentrate that is paid for by the smelter (the industry standard being 85% of contained zinc in concentrate).

The results of Nyrstar's lead smelting business depend on TCs and lead metal prices which are determined using mechanisms similar to those for zinc, except that the payable element of lead metal,

which is 95%, is higher than it is for zinc, which is 85%. The profitability of Nyrstar's lead smelting business is also highly exposed to the price of zinc, as lead concentrate typically contains significant volumes of zinc metal of which only a limited portion is payable by Nyrstar.

The price of zinc and lead has historically been subject to wide fluctuations in response to market forces. Factors largely beyond Nyrstar's control, such as the cyclicality of consumption, actual or perceived changes in levels of supply and demand, the availability and cost of substitute materials, inventory levels maintained by-producers, trading on the metals market and exchange rates, all influence the price of zinc and lead.

Zinc prices have fluctuated widely in recent years.

Reflecting the downturn in demand during the global economic downturn, the average LME zinc price fell by 11.3% to a four-year low of US$1,659/tonne in 2009. While remaining volatile, the average LME zinc price was US$2,159/tonne in 2010 as the market moved towards recovery.

Depending on the interplay between zinc mine concentrate output, zinc smelter capacity and utilization rates and demand for refined zinc, prices may fall in future—for example, due to declining demand in the event of an economic downturn or rising supply from an increase in smelter capacity.

Brook Hunt estimates that, having fallen by 9.4% in 2009, world refined zinc consumption increased by 14.2% to 11.6 million tonnes during 2010. China's zinc consumption increased in 2010, climbing by 14.8%, to 4.7 million tonnes and taking its share of the world market to 41%, from 40% in 2009. Excluding China, zinc consumption in the rest of the world increased in 2010 by 13.7% to 6.9 million tonnes. World zinc consumption had begun to recover on a year-on-year basis by the fourth quarter of 2009, driven by the substantial fiscal and monetary stimulus in all major countries around the world including China, which generated some recovery in demand for galvanized steel in construction and automotive applications.

Responding to the heightened demand, world refined zinc production increased by 12.4% to 12.6 million tonnes in 2010, leaving the market in surplus by approximately 1 million tonnes, according to Brook Hunt. Reflecting the market surplus, stocks on the LME and Shanghai Futures Exchange (''**SHFE**'') increased 52.8% to approximately 1 million tonnes by the end of 2010, at approximately one month of world consumption.

Lead prices have similarly fluctuated widely in recent years. The LME lead price followed a similar pattern to the zinc price during 2009, rising from lows of less than US$1,000/tonne early in the year to a peak of approximately US$2,500/tonne in September, and continued to trade between US$2,000/tonne and US$2,500/tonne for the remainder of 2009.

World lead consumption, having declined with the downturn in the global economy (including a 3.0% drop in 2009) has since recovered, increasing by 6.4% to 8.8 million tonnes in 2010, a more modest increase compared to other metals, but lead consumption also declined less than other metals in 2008 and 2009. The majority of the growth in lead consumption is attributable to China, where lead consumption increased by 10.0% to a new record of 3.9 million tonnes. This was driven by further growth in automotives, electric bicycles (e-bikes) and motorbikes, but also in industrial battery demand from ongoing investment in transportation, infrastructure and networks funded by government stimulus.

According to Brook Hunt, world refined lead production increased by 5.0% to 9.0 million tonnes in 2010, leaving the market for refined lead with a surplus of 215,000 tonnes. With the market in surplus, LME stocks rose through the year, reaching a eight-year high of approximately 208,000 tonnes at the end of 2010, equivalent to approximately nine days of world consumption.

Commodity prices will also have an increasingly greater impact on Nyrstar's existing mining operations as they are ramped-up and, in the event that Nyrstar is able to continue to pursue its strategy of selectively integrating its smelting business by expanding into mining, any new mining operations.

Finally, since Nyrstar also derives revenue from the sale of by-products such as sulphuric acid, refined silver, copper cathode and refined gold, its results are affected by fluctuations in the price of these products and a sustained decline in prices for these products could have a material adverse effect on Nyrstar's business, results of operations and financial condition.

Nyrstar's financial results are linked to the level of zinc (and to a lesser extent, lead) TCs, which are cyclical in nature, and to the amount of zinc concentrate available to smelters.

Despite its integration into mining, Nyrstar's results remain closely linked 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, in effect, paid by the miner to the smelter in the form of a concession (or deduction) on the price of the zinc or lead concentrates that the miner sells to the smelter.

TCs are subject to fluctuations based on the supply and demand dynamics of the global zinc or lead concentrate market. TCs are typically negotiated annually between individual miners and smelters in view of the anticipated supply and demand of zinc or lead concentrates and the likely zinc or lead price. When supplies of zinc or lead concentrates (i.e., the mines' output) exceed available smelting capacity utilization, there typically is a positive impact on the TCs realized by the zinc or lead smelters, and the smelters are able to obtain a larger portion of the value of the contained zinc or lead metal. Conversely, when supplies of zinc or lead concentrates are less than available smelting capacity utilization, there usually is a negative impact on the TCs for zinc or lead smelters, and a greater share of the zinc or lead metal value is retained by miners. Depending on timing and overall circumstance, an increase in smelting capacity utilization, particularly in regions like China where production costs are lower compared to operations in more mature regions, could therefore significantly and adversely affect TCs. According to Brook Hunt, the concentrate market is expected to be tight in the medium term (i.e., zinc concentrate demand exceeding available supply), and this is expected to put downward pressure on TCs. In the short term, contrary to current market fundamentals where it is expected that there will be a surplus of zinc concentrate supply, it is expected that depressed spot TCs will put downward pressure on TCs.

Realized TCs are normally the largest contributor to Nyrstar's gross profit. Although the impact of TC levels is expected to decrease in the future in line with Nyrstar's implementation of its strategy of selectively integrating its smelting business by expanding into mining, a decrease in TCs can be expected to have a material adverse effect on Nyrstar's business, results of operations and financial condition.

Nyrstar is exposed to the shape of the forward price curve for underlying metal prices.

While Nyrstar 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, it is exposed to the shape of the forward price curve for underlying metal prices.

The metal price used to determine the amount paid by Nyrstar for metal contained in the raw materials purchased by Nyrstar is normally an average of the LME price over an agreed period of time, typically a month. Similarly, when Nyrstar sells its products, a portion of the price charged by Nyrstar is an average of the metal price over an agreed period of time or a fixed forward metal price.

As a result of the lapse of time between the time of purchase of metal in its unprocessed form for conversion into products and the sale of those products, the volatility in the LME price creates differences between the average price paid by Nyrstar for the contained metal and the price received as consideration by Nyrstar. Accordingly, Nyrstar is exposed to any fluctuations in price between the moment it purchases raw material (i.e., at the ''pricing-in'' of the metal) and the moment it sells its products to its customers (i.e., at the ''pricing-out'' of the metal). The times at which Nyrstar ''prices-in'' and ''prices-out'' are also referred to as ''Quotational Periods''.

At any given time Nyrstar holds metal as work-in-progress or stock on hand that has been ''priced-in'' but not ''priced-out''. This difference between the priced-in metal and the priced-out metal remains exposed to fluctuations in the zinc price, called ''Metal at Risk''. Nyrstar monitors Metal at Risk on a regular basis and uses hedging transactions to mitigate this exposure. No assurance can be given that it will be able to do so fully, both due to the nature of transactional hedging and to the complexity of its implementation.

The price of placing transactional hedges is dependent on whether future or ''forward'' prices are higher or lower than current or ''spot'' prices, as indicated by the shape of the forward underlying metal price curve. Future prices can be either higher or lower than current prices, depending on a range of factors and can change quite rapidly at times.

The hedges required to hedge the Metal at Risk position of Nyrstar will be determined by whether the net position is positive, meaning that Nyrstar has more metal ''priced-in'' than is ''priced-out'', or

alternatively is negative, meaning that Nyrstar has more metal ''priced-out'' than is ''priced-in''. If the Metal at Risk position of Nyrstar is positive, then Nyrstar needs to offset this net ''priced-in'' exposure by an equivalent ''priced-out'' hedge, by selling metal on the LME. Where future prices are higher than current prices, this hedge will realize an equivalent profit, since the sold hedge will realize a higher price on maturity. If future prices are lower than current prices then this hedge will realize a cost for the reverse reason. If the Metal at Risk position is negative, then the reverse of these hedging strategies would be used.

Nyrstar also undertakes hedging transactions to cover the timing exposure between order and delivery on fixed-price forward sales of metal to customers. These transactions consist of purchasing LME futures for the same amount and delivery period in order to hedge the related price exposure.

Consequently, in hedging its Metal at Risk position, the price of hedging can adversely impact the results of Nyrstar's operations, depending on the future prices and the type of Metal at Risk position being hedged. All decisions relating to hedging are taken at the corporate level with clearly established guidelines.

China is an important source of demand for zinc and lead products. A reduction in the imports of zinc or lead products by China may have a material adverse effect on Nyrstar's financial results.

As a result of the increasing importance of China as a source of demand for lead and zinc, Nyrstar may be, adversely affected by a reduction in the imports of lead and zinc into China. Partly as a result of weak demand from the slowing global economy, China's economy grew at a slower rate in 2008 than in prior years, but growth subsequently increased and demand for zinc and lead in China has recovered.

China's expected continued growth in zinc consumption is expected to result in China becoming a structural net zinc importer. In the past, China has varied between being a net importer and a net exporter, based on arbitrage opportunities in the market. In 2010, Chinese zinc consumption increased by 14.8%, to 4.7 million tonnes as a result of the Chinese government's focus on boosting domestic consumption, which led to higher demand for key end-use sectors such as construction and automobiles.

In the lead market, China has already evolved from a structural net exporter into a structural net importer, due to demand for lead for battery production. In 2010, lead consumption in China increased by 10% to a new record of 3.9 million tonnes and more than doubled its level of five years ago, driven by accelerating growth in car production and sales.

If Chinese demand for foreign zinc and lead decreases (including due to cooling in the Chinese economy resulting in part from monetary tightening, a drop in government spending, or other policy changes) or if Nyrstar's Chinese customers are successful in sourcing zinc and lead domestically or from Nyrstar's competitors (particularly if volatility in the freight market impacts the competitiveness of Nyrstar's supply of zinc and lead) Nyrstar's business, results of operations, financial condition and future prospects could be materially adversely affected.

Nyrstar's indebtedness has recently increased significantly in order to finance its expansion into mining, and it is now subject to risks inherent with higher leverage.

As at December 31, 2010, Nyrstar has long-term borrowings of €443.4 million (97% of its total indebtedness, calculated as total loans and borrowings) and short-term borrowings of €13.4 million (13% of its total indebtedness). Its long-term debt included €107 million of debt incurred under the Revolving Structured Commodity Trade Finance Facility, which provides for long-term committed financing. The average amount of such long term debt outstanding under this credit facility in the year ending December 31, 2010 was approximately €172 million. Nyrstar's other long-term debts consist primarily of its 7% senior unsecured convertible bonds due 2014 and its 5.5% fixed rate bonds due 2015. As at December 31, 2009, June 30, 2010 and December 31, 2010 Nyrstar's gearing ratio (net debt to net debt plus equity) was 5%, 33% and 26%, respectively.

Nyrstar and its subsidiaries are subject to restrictive covenants, including financial covenants linked to balance sheet ratios, under the terms of their indebtedness, which could materially adversely affect Nyrstar's ability to finance its future operations or capital needs or to engage in other business activities that may be in its best interest. In addition, a breach of the terms of Nyrstar's indebtedness could cause a default under the terms of the indebtedness, causing some or all of such indebtedness to become due and payable prior to its stated maturity. There can be no assurance that Nyrstar would be able to

generate the funds necessary to repay its indebtedness in the event of its acceleration, and even if it does, such acceleration may materially adversely affect its business, results of operations and financial condition. Any such default could also result in Nyrstar's creditors proceeding against inventories and receivables securing Nyrstar's indebtedness. Any such action could materially adversely affect Nyrstar's business, results of operations and financial condition. For further information on Nyrstar's debt obligations see ''Operating and Financial Review and Prospects—Liquidity and capital resources—Funding sources''.

Nyrstar's indebtedness may affect shareholders. For example, it could potentially:

- cause Nyrstar to dedicate a substantial portion of cash flow from operations to payments to service debt, depending on the level of borrowings, prevailing interest rates and, to a lesser extent, exchange rate fluctuations, which reduces the funds available for working capital (over the longer term), capital expenditure, acquisitions and other general corporate purposes;
- curtail Nyrstar's ability to pay dividends;
- limit Nyrstar's ability to borrow additional funds for working capital (over the longer term), capital expenditure, acquisitions and other general corporate purposes;
- limit Nyrstar's flexibility in planning for, or reacting to, changes in technology, customer demand or other competitive pressures in the industries in which it operates;
- place Nyrstar at a competitive disadvantage compared to those of its competitors that are less leveraged than it is; and
- increase Nyrstar's vulnerability to both general and industry specific adverse economic conditions.

Nyrstar currently does not have a credit rating. There is no guarantee that Nyrstar will obtain a credit rating in the future, and Nyrstar has no plans to obtain a rating. As such, some debt markets may not be accessible to Nyrstar.

Nyrstar is a holding company and is therefore dependent on the results of operations generated by its subsidiaries.

Nyrstar is a holding company that derives the substantial majority of its operating income and cash flows from its subsidiaries. Nyrstar's business, results of operations and financial condition are therefore dependent on the trading performance of members of the Nyrstar group of companies. Nyrstar's ability to pay dividends will depend upon the level of distributions, if any, received from Nyrstar's operating subsidiaries and interests, any amounts received on capital raisings (including the Offering) and asset disposals and the level of cash balances. Certain of Nyrstar's operating subsidiaries and associated companies may, from time to time, be subject to restrictions on their ability to make distributions to Nyrstar, including as a result of restrictive covenants contained in loan agreements, foreign exchange limitations, tax and company law constraints and other regulatory restrictions in cases where Nyrstar is not the only shareholder of its subsidiaries, in the case of its joint ventures, agreements with the other shareholders of such subsidiaries or associated companies, or royalty or similar arrangements. Any such restrictions may have a material adverse effect on Nyrstar's business, results of operations or financial condition.

Nyrstar will require a significant amount of cash to fund its operations, its capital investments and its growth strategy. If Nyrstar is unable to generate this cash through its operations or through external sources, it may face liquidity pressure, be unable to fully fund its operations or undertake capital investments needed to achieve its business strategy.

Nyrstar's business is, and will continue to be, capital-intensive. First, a number of its plants have operated for many years, and many of Nyrstar's capital expenditures relate to the repair, reconstruction and improvement of these existing facilities. Second, it is investing heavily to ramp-up production at mines acquired in 2009 and 2010, in several cases with a view of achieving full production by 2012. Nyrstar's actual expenditures may ultimately be higher than budgeted for various reasons. Third, Nyrstar continues to explore additional opportunities to implement its strategy of selectively integrating its smelting business by expanding into mining with a view to being able to produce an equivalent of 50% of its raw material requirements from its own mining operations and streaming agreements. This will require substantial investment and subsequent capital expenditure.

To date, Nyrstar has been able to fund its capital investment projects through cash generated from its internal operations and debt financing. If Nyrstar's cash flows were reduced or if it were to make further acquisitions, Nyrstar would need to seek to fund its cash requirements through additional debt and equity financing or through asset divestitures. Nyrstar's ability to raise equity or debt or to divest assets and the terms upon which such transactions would be made are uncertain, and if additional debt is successfully incurred, it will exacerbate the risks described above under ''—Nyrstar's indebtedness has recently increased significantly in order to finance its expansion into mining, and it is now subject to risks inherent with higher leverage''. If Nyrstar is not able to obtain alternative sources of external financing at an acceptable cost or in the amounts required, its planned capital investments may be substantially delayed or interrupted or it may not be able to fully implement its strategy, which could have a material adverse effect on Nyrstar's business, results of operations and financial condition.

Nyrstar's business is exposed to exchange rate fluctuations.

Nyrstar's assets, earnings and cash flows are influenced by movements in exchange rates of other currencies, particularly the U.S. Dollar, the Euro, the Australian Dollar, the Peruvian Sol, the Mexican Peso, the Swiss Franc and the other currencies in which Nyrstar's costs are denominated. Zinc and lead are sold throughout the world principally in U.S. Dollars, while the costs of Nyrstar are primarily denominated in Euros, Australian Dollars, U.S. Dollars, Peruvian Sols, Mexican Pesos and Swiss Francs. As a result, appreciation of the Euro, the Australian Dollar, Peruvian Sol, Mexican Peso or such other currencies against the U.S. Dollar without an offsetting improvement in U.S. Dollar-denominated zinc and lead metal prices—such as the situation that prevailed in the second half of 2008 and 2009 and except for the Euro in 2010—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 (as mentioned above under ''—Nyrstar is exposed to the shape of the forward price curve for underlying metal prices'').

Nyrstar is exposed to credit risk in relation to its contractual and trading counterparties as well as to interest rate, hedging and derivative counterparty risk.

Nyrstar is subject to the risk that the counterparties with whom it conducts its business (including in particular its customers) and who have to make payments to Nyrstar are unable to make such payment in a timely manner or at all. While this credit risk exists for any market participant, it has increased due to the economic downturn, which sharply worsened the credit and cash position of customers worldwide. While Nyrstar has determined a credit policy with credit limits, approval procedures and a continuous monitoring of its credit exposure, this policy can only limit some of its credit risks. If amounts that are due to Nyrstar are not paid or not paid in a timely manner, this may not only impact Nyrstar's current trading and cash-flow position but also its financial and commercial position.

Furthermore, Nyrstar is exposed to changes in interest rates because of its investing and borrowing activities undertaken to manage its liquidity and capital requirements. Nyrstar may enter into interest rate swap agreements to manage the interest rate risk associated with a portion of its debt. Nyrstar may elect in the future to enter into interest rate swaps to effectively convert floating-rate debt to fixed-rate debt or to enter into additional fixed-rate to floating-rate swaps. There can be no assurance that Nyrstar will not be materially adversely affected by interest rate changes in the future, notwithstanding its use of interest rate swaps. In addition, Nyrstar's interest rate swaps, metals hedging and foreign currency and energy risk management activities expose Nyrstar to the risk of default by the counterparties to such arrangements. Any such default could have a material adverse effect on Nyrstar's business, results of operations and financial condition.

Nyrstar is dependent on a limited number of suppliers for zinc and lead concentrate. A disruption in supply, including supply under the zinc streaming agreement with Talvivaara, could have a material adverse effect on its production levels and financial results.

Nyrstar is dependent on its ability to source adequate supplies of zinc and lead concentrate. The availability and price of zinc and lead concentrate may be negatively affected by a number of factors largely beyond Nyrstar's control, including interruptions in production by suppliers, decisions by suppliers to allocate supplies of concentrate to other purchasers, price fluctuations and increasing transport costs.

Nyrstar is highly dependent on a limited number of suppliers of concentrates for a significant portion of its concentrate needs, with its top five suppliers having represented approximately 73% of its zinc concentrate needs in 2010. Any significant disruption for a sustained period of time to the continued operations at any of the mines operated by Nyrstar's suppliers, to infrastructure used to transport zinc concentrates or more generally to the timely delivery of zinc concentrate to Nyrstar's smelters would have a material adverse effect on Nyrstar's business, results of operations and financial condition.

This risk is particularly relevant for the Century mine in Australia, which operates a single line production system and is currently the single largest supplier of zinc concentrate to Nyrstar, supplying approximately 45% of Nyrstar's concentrate requirements in 2010. In the fourth quarter of 2009, due to the failure of the pipeline that transports concentrate from the Century mine processing plant to the Karumba port facility, production of concentrate at Century was suspended for eleven weeks. The Century mine is currently expected to reach its life-of-mine and thereby cease supplying Nyrstar's smelters by the end of 2015. Nyrstar management is accordingly 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, while rolling forward delivery terms where possible to future years, thereby building a long concentrate position ahead of the closure of the Century mine. While management believes that Nyrstar will be able to secure sufficient alternative sources of supply, there can be no assurance that this will be the case or that any alternative supply will be on similar terms or of similar quality, which may have a material adverse effect on Nyrstar's business, results of operations and financial condition.

The efficiency of a smelter's production over time is affected by the mix of the concentrate qualities it processes. In circumstances where Nyrstar cannot source adequate supplies of the concentrate qualities that make up the most efficient mix for its smelters, alternative types of concentrate may be available, but the use thereof may increase Nyrstar's costs of production and adversely affect its business, results of operations and financial condition.

In addition, in February 2010 Nyrstar acquired 1.25 million tonnes of zinc in concentrate from Talvivaara Sotkamo Limited (a member of the Talvivaara Mining Company plc group) (''**Talvivaara**'' and the related contract, the ''**Talvivaara Zinc Streaming Agreement**''). The Talvivaara mine is in the process of being ramped-up and accordingly is subject to additional risks related to such activities, including that such ramp-up may be delayed or unsuccessful for a variety of reasons, including the new leaching technology intended to be used and the risk that zinc concentrate supplied may have excessive moisture content due to the lack of a drying facility (see also ''Business Description—Mining—Talvivaara Zinc Streaming Agreement'' below) or might otherwise not meet the contractual specifications under the Talvivaara Zinc Streaming Agreement. The foregoing arrangements are anticipated to provide a significant portion of Nyrstar's zinc and lead concentrate needs for the foreseeable future and the remainder of its needs are sourced from other suppliers on an annual basis. Nyrstar's mining operations in Tennessee (U.S.), the Campo Morado operation (Mexico) and the Coricancha, Contonga and Pucarrajo mines (Peru) are currently in the process of being ramped-up. Despite Nyrstar's current contractual arrangements and its strategy to pursue opportunities in mining, there can be no assurance that in the future Nyrstar will be able to source as much concentrate as it needs. Moreover, should Nyrstar's contractual relationships with any of its suppliers change or terminate without renewal or replacement, Nyrstar could be left with insufficient supplies of concentrate. To the extent Nyrstar is unable to obtain adequate supplies of zinc and lead concentrate from alternative sources or if Nyrstar has to pay higher than anticipated prices, Nyrstar's business, results of operations and financial condition may be materially adversely affected.

Nyrstar is partially dependent on the supply of zinc and lead secondary feed materials.

Nyrstar's smelters are capable of processing significant quantities of secondary feed materials, i.e., not concentrates sourced directly from mines. Zinc sourced from suppliers of secondary feed material currently represents approximately 20% of the Smelting segment's total zinc feedstock. Materials such as zinc oxides are largely produced by specialist steel recyclers. The principal drivers of the price of zinc secondaries, as for concentrates, are the LME zinc price and a rebate, which can take the form of a TC that generally follows the same trends as that for zinc concentrates, although it is not pegged to or precisely correlated with the TC for zinc concentrates, or it can take the form of a reduction of the percentage of zinc payable. Prices are also affected by the quality of the secondaries (both the grade and the degree of contamination) and the distance of the supplier from the smelter, as the supplier is normally responsible for the cost of transporting the secondaries to the smelter. To the extent Nyrstar is unable to obtain adequate supplies of zinc and lead secondary feeds or if Nyrstar has to pay higher than anticipated prices, Nyrstar's business, results of operations and financial condition may be adversely affected.

Nyrstar is subject to risks related to input costs.

Nyrstar is unable to directly set the prices it receives for the commodities it produces. Therefore, its competitiveness and long-term profitability depend, to a significant degree, on its ability to reduce costs and maintain low-cost, efficient operations. In addition to the electricity costs noted below, important cost inputs in Nyrstar's operations generally include the extraction and processing costs of raw materials and consumables, such as reductants, reagents, fuels, labor, transport and equipment, many of which have been, and continue to be, particularly susceptible to inflationary and supply and demand pressures. While increases in these costs have moderated during the global financial crisis (and in some cases have actually declined), these costs have increased at significant rates previously, with supply shortages also being experienced in some cases. Because it is difficult for Nyrstar to pass these costs onto its customers, any increases in input costs will adversely affect Nyrstar's business, results of operations or financial condition.

In addition, if certain mining sector inputs are unavailable at any price (as has been the case with haul truck tires from time to time), Nyrstar may find its production of certain commodities to be involuntarily curtailed, which would result in lost revenue and profits, which would adversely affect Nyrstar's business, results of operations or financial condition.

An increase in energy costs, in particular electricity costs, or a disruption in the supply of energy for Nyrstar's operations may significantly increase production costs or adversely affect production.

Nyrstar sources its energy through purchases of electricity, coke, coal and natural gas.

Electricity in particular represents a very significant part of its production costs and any increase in the price thereof (including as a result of the implementation of stringent greenhouse gas emission policies proposed by various governments) would significantly increase Nyrstar's costs and reduce its margins.

Any disruption in the supply of energy may impair the ability of Nyrstar to conduct its business and meet customer demands and may have a material adverse effect on Nyrstar's results of operations. In many of the countries in which Nyrstar operates, Nyrstar is dependent on monopolist and government-controlled companies for a significant portion of its electricity needs. Unexpected changes in a government's policy of electricity supply may occur from time to time. Such changes may negatively impact the production capacity of Nyrstar or its production costs and may adversely affect the results of Nyrstar. In addition, governmental regulation (including the imposition of various forms of energy consumption taxes or carbon-trading schemes) may significantly impact the availability and price of energy. (See ''—Climate change legislation could have an adverse impact on Nyrstar's business.'')

Since the number of energy suppliers is generally limited, Nyrstar may not be able to negotiate favorable terms when its energy supply agreements are up for renewal and Nyrstar may be required to accept significant increases in the costs of its energy purchases. Nyrstar attempts to limit its exposure to short term energy price fluctuations through forward purchases, long term contracts and participation in energy purchasing consortia. These mechanisms may not always be available at all or on acceptable terms. In 2010, Nyrstar sourced almost all of its electricity consumption in Australia and the U.S. through long term contracts that have all been renewed in 2010 for at least five years. In Europe, long term contracts were not available in 2010, although during 2010 a portfolio of forward contracts were entered into that provided price protection for approximately 60% of electricity needs in 2011 and 2012. Energy price volatility may therefore increase Nyrstar's production costs and may adversely affect Nyrstar's business, results of operations or financial condition.

Nyrstar is subject to a number of operational risks, and its insurance cover could be inadequate.

In addition to other operational risks set forth in this section, the success of Nyrstar's business is affected by a number of factors affecting its operations which are, to a large extent, outside its control, including unusual or unexpected geological features, ground conditions or seismic activity; climatic conditions (including as a result of climate change) such as flooding or drought or limitations on available water; interruptions to power supplies; congestion at commodities transport terminals; industrial action or disputes; environmental hazards; and technical failures, fires, explosions and other accidents at a mine, processing plant, cargo terminal or related facilities. For example, zinc metal production at Hobart decreased by 6% in 2010 compared to 2009 due to minor equipment failures in the

cast house in the first quarter of 2010, and damage to two transformer rectiformers caused by a localized fire in May, which temporarily reduced production to approximately 80% of capacity. The damage was largely repaired in June, restoring production to approximately 95% of capacity at that time, and the operation was restored to 100% of capacity in December 2010. Similarly, annual lead metal production at Port Pirie was down 14% in 2010 due to sinter plant reliability issues in the first quarter, which resulted in two unplanned blast furnace shutdowns and restricted production of all metals. These and other risks and hazards 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, may result in personal injury or death, environmental damage, business interruption, monetary losses and possible legal liability and may result in actual production differing from estimates of production, including those contained whether expressly or by implication in this Prospectus or in information incorporated by reference into this Prospectus.

Smelters are especially vulnerable to interruptions, particularly where events cause a stoppage which necessitates a shutdown in operations. Stoppages in smelting, even if lasting only a few hours, can cause the contents of furnaces to solidify, resulting in a plant closure for a significant period and necessitating expensive repairs, any of which could adversely affect Nyrstar's business, results of operations or financial condition.

Nyrstar depends upon seaborne freight, rail, trucking, and other systems to receive raw materials and to deliver its commodities to market. Disruption of these transport services because of any impact of piracy, terrorism, climate change, weather-related problems, key equipment or infrastructure failures, strikes, lock-outs, blockades due to social unrest or other events could temporarily impair Nyrstar's ability to supply its commodities to its customers or otherwise conduct its business and thus could adversely affect Nyrstar's results or financial condition. Consistent with practice in the industries in which Nyrstar operates, it may enter into long-term contracts related to, for example, infrastructure and supply of services. Any early termination of such contracts may require the payment of amounts that might have a material adverse effect on Nyrstar's results. In addition, Nyrstar's ability to maintain and increase its material imports, material and waste movements and export sales may be restricted by available road and rail infrastructure and port capacity, which may materially adversely affect Nyrstar's business, results of operations or financial condition.

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 with respect to its smelters), operational and product liability, marine stock and transit and directors' and officers' liability (see also ''Business Description—Insurance''). However, Nyrstar may become subject to liability (including in relation to pollution, asbestos contamination, occupational illnesses or other hazards) 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. In addition, insurance may not continue to be available or may not be available at economically acceptable premiums. As a result, Nyrstar's insurance coverage may not cover the full scope and extent of claims against Nyrstar or losses that it may incur, including, but not limited to, claims for environmental or industrial accidents, occupational illnesses, pollution and product liability and business interruption. A successful claim against Nyrstar may have a material adverse effect on Nyrstar's revenues. Moreover, the defense against such claims may cause a considerable strain on management resources, require Nyrstar to incur significant legal fees and adversely affect Nyrstar's reputation.

Nyrstar's mining operations are subject to a number of risks and hazards, including a significant risk of disruption or damage to persons and property.

Nyrstar's expansion into mining exposes the company increasingly to risks that are specific to the mining industry. Mining operations are subject to hazards and risks normally associated with the exploration, development and extraction of mineral resources, any of which could result in production shortfalls or damage to persons or property. Insurance for these risks is not always available or available on economically acceptable terms. In particular, hazards associated with underground mining operations include, among others:

- underground fires and explosions, including those caused by flammable gas;
- gas and coal outbursts;

- cave-ins or falls of ground;
- discharges of gases and toxic chemicals;
- flooding;
- sinkhole formation and ground subsidence;
- other accidents and conditions resulting from drilling, transportation and use of heavy equipment; and
- blasting, removing and processing material from an underground mine.

Hazards associated with open-pit mining include accidents involving the operation of open-pit mining and rock transportation equipment and the preparation and ignition of large scale open-pit blasting operations, collapses of open-pit walls, flooding of open-pits, production disruptions due to weather and hazards associated with the disposal of mineralized waste water, such as groundwater and waterway contamination. While Nyrstar does not currently operate any open pit mines, it could acquire and operate such mines in the future. In addition, the Talvivaara Zinc Streaming Agreement is dependent on the ramping-up of operations in an open-pit mine, which could indirectly expose Nyrstar to some of the risks associated with open-pit mining.

Nyrstar's major investment projects are subject to the risk of delays and other complications.

Nyrstar is in the process of ramping-up production at its mining operations in Tennessee (U.S.), Campo Morado (Mexico) and Coricancha, Contonga and Pucarrajo (Peru). These projects can be technically complex and may be subject to regulatory approvals of local authorities. For example, the recommencement of operations at the Coricancha mine was dependent on the construction of a new tailings facility, relocation of existing tailings, and the approval of the Peruvian mining authorities. These projects are expected to have a significant impact on Nyrstar's future earnings, and any material delay in the ramp-up of these operations, failure to reach the targeted production levels or significantly higher than expected ramp-up costs could have a material adverse effect on Nyrstar's financial condition, operating results or cash flows.

In addition to the operating risks above, Nyrstar is also subject to a number of risks peculiar to the ramp-up of mining operations that have been on care and maintenance for extended periods. For example, Nyrstar has been de-watering and rehabilitating the Cumberland and Elmwood mines at its Middle Tennessee zinc mine complex since shortly following its acquisition in May 2009 and expects this process to be completed in early 2011.

Nyrstar's growth strategy relies in part on acquisitions, which involve risks. Recent and future acquisitions, mergers or strategic alliances may adversely affect Nyrstar's financial condition.

Nyrstar intends to continue its strategy of selectively integrating its smelting business by expanding into mining, and an increasing portion of Nyrstar's revenue and profit growth is expected to be generated from acquisitions and investments and subsequent improvements in the performance of those businesses.

There can be no assurance that Nyrstar will continue to identify suitable acquisition opportunities, obtain the financing necessary to complete and support such acquisitions or investments, acquire businesses on satisfactory terms, or that any acquired business will prove to be profitable. Furthermore, there can be no assurance that an acquisition offer made by Nyrstar will ultimately be accepted; for example Nyrstar unsuccessfully sought to acquire CBH Resources Limited in 2010. In addition, acquisitions and investments involve a number of risks, including possible adverse effects on Nyrstar's operating results, risks associated with unanticipated events or liabilities, (including in relation to tax and environmental matters or title to land) relating to the acquired assets or businesses which may not have been disclosed during due diligence investigations and the possibility that any indemnification agreements with the sellers of those assets may be unenforceable or insufficient to cover potential tax, environmental or other liabilities, difficulties in the assimilation of the acquired operations, technologies, systems, services and products, and risks arising from provisions in contracts that are triggered by a change of control of an acquired company. The integration of acquired businesses involves a number of risks, including:

- The attention of Nyrstar's management may be diverted away from other business concerns;

- Nyrstar's management may be unable to integrate acquired businesses in a cost-effective manner, which could result in duplication of management information and financial control systems, customer service teams and product offerings;
- There may be outstanding or unforeseen legal, regulatory, contractual, labor or other issues arising from the acquisition, including as a result of limited due diligence;
- Nyrstar may find it difficult to effectively integrate its business and management cultures with the acquired business and its employees or to retain key employees; and
- Nyrstar may not be able to achieve any or all of the vertical integration benefits, cost savings or other benefits identified prior to such acquisition.

Further, Nyrstar's integration strategy may also be influenced by local factors in the markets in which it has made or may make acquisitions. Any failure to successfully integrate such acquisitions could have a material adverse effect upon the business, results of operations or financial condition of Nyrstar.

If Nyrstar fails to integrate acquired businesses, including the Campo Morado operation, on a timely and cost-effective basis, the higher than expected costs and other difficulties could have a material adverse effect upon Nyrstar's business, results of operations or financial condition.

New zinc and lead mining and smelting capacity is expected to be mainly located in emerging and transitioning regions. Legal, fiscal and regulatory systems in such regions may be less stable and have a lower degree of transparency and predictability, making investment evaluation and any eventual implementation more difficult. For more information on these risks, see ''—Nyrstar's mining and smelting operations are located in jurisdictions (including emerging markets) that have varying political, economic, security and other risks.''

Acquired assets, including the Campo Morado operation, may not perform in line with expectations. If the results and cash flows generated by acquired businesses are not in line with Nyrstar's expectations, a write-down may be required against the carrying value of such investment. Such a write-down may affect Nyrstar's business and may also reduce Nyrstar's ability to generate distributable reserves by the extent of the write-down, and consequently affect Nyrstar's ability to pay dividends.

Acquired companies may have ongoing or require new major development projects, which are subject to the risk of increased costs or delay that prevent their successful implementation. For example, the four additional Campo Morado deposits that have been delineated (Reforma, El Largo, El Rey, Naranjo) represent development projects or have the potential to be expanded. A material delay in realizing such development or expansion projects or material technical, environmental, or regulatory issues or problems relating to such projects could have a material adverse affect on the value associated with or realized from these assets. Any failure in implementing future investments may have a material adverse effect on Nyrstar's business, financial condition, operating results and cash flows.

In addition, Nyrstar may seek to finance its future acquisitions through share issuances. Shareholders who do not participate in such future share issuances will have their percentage shareholding diluted.

Negative publicity, including that generated by non-governmental bodies, may harm Nyrstar's operations.

There is an increasing level of public concern relating to the effect of mining and smelting on adjacent surroundings and the environment. Certain non-governmental organizations are vocal critics of the industries in which Nyrstar operates. Nyrstar has in the past been subject to adverse publicity relating to, among other things, environmental issues and incidents relating to operating equipment failures. For example, in response to the deterioration in air lead levels and blood lead levels in the areas surrounding the Port Pirie operations in the first quarter of 2010, Nyrstar received negative media coverage and the state government issued a related news release. Nyrstar responded by taking, and is continuing to take, further steps to address the concerns of the local community and regulatory bodies. While Nyrstar seeks to operate in a socially responsible manner, adverse publicity, including that generated by non-governmental organizations, related to extractive industries generally or Nyrstar's operations specifically, could have an adverse effect on the reputation or results of operations of Nyrstar or its relationships with the communities in which it operates. Furthermore, if Nyrstar were to experience adverse publicity related to its operations, it could have an adverse effect on its reputation and as a result, its business, results of operations and financial condition.

Future profitability and operating margins depend partly upon Nyrstar's ability to access sufficient and adequate mineral resources. Estimates of ore reserves are based on certain assumptions, and changes in such assumptions could lead to reported ore reserves being restated at a lower level.

Nyrstar's profitability in its mining activities is linked to its ore reserves. Nyrstar's recoverable reserves decline as the commodities are extracted. These reserves represent the estimated quantities of minerals that Nyrstar believes could be mined, processed, recovered and sold at prices sufficient to cover the estimated future total costs of production, remaining investment and anticipated additional capital expenditures. 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 either by 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.

The estimates of Nyrstar's zinc and other mineral reserves and resources included in this Prospectus are subject to numerous uncertainties inherent in estimating quantities and classification of reserves (including subjective judgments and determinations based on available geological, technical, contracted and economic information).

Nyrstar intends to engage the services of independent experts to ascertain and verify the quantum of reserves and resources including ore grade and other geological characteristics, including the estimates set forth in this Prospectus. To date Nyrstar has relied on reserves and resources reports prepared for third parties—the vendors of the Tennessee mines (U.S.) and the Coricancha, Contonga and Pucarrajo mines (Peru) and Farallon with respect to the Campo Morado operation (Mexico). These reports were prepared on varying dates and have not been updated. Further, estimates of reserves and resources prepared by different engineers are based on different assumptions, including economic assumptions, and using different grade cut-offs, and may vary as a result of these and other factors. There is no assurance that had such estimates been prepared for Nyrstar or by the same engineers applying a uniform methodology, they would not differ substantially from the estimates included in this Prospectus.

Reserve information contained herein is based on engineering, economic and geological data assembled and analyzed by third parties. The reserve estimates as to both quantity and quality are periodically updated to reflect extraction of commodities and new drilling or other data received. There are numerous uncertainties inherent in estimating quantities and qualities of reserves and costs to mine, including many factors beyond Nyrstar's control. Estimates of reserves necessarily depend upon a number of variable factors and assumptions, all of which may vary considerably from actual results, such as:

- geological and mining conditions which may not be fully identified by available exploration data, or which may differ from experience in current operations;
- historical production from the area compared with production from other similar producing areas; and
- the assumed effects of regulation and taxes by governmental agencies and assumptions concerning commodity prices, operating costs, mining technology improvements, severance and excise tax, development costs and reclamation costs.

Assumptions that are valid at the time of estimation may change significantly when new information becomes available. This may, ultimately, result in the reserves needing to be restated. Such changes in reserves could also impact depreciation and amortization rates, asset carrying values, deferred stripping calculations and provisions for close down, restoration and environmental clean up costs.

Mineral reserves are estimated quantities of proven and probable reserves and other minerals that under present and anticipated conditions can be legally and economically mined and processed, including (where relevant) by the extraction of their mineral content. The disclosure of mineral reserves and resources included herein are stated as at various dates ranging from 2007 to 2009. If the prices of the commodities produced by Nyrstar decrease, or if there are adverse changes in TCs or foreign exchange rates, certain of Nyrstar's reserves which are currently classified as proved or probable may cease to be classified as recoverable as they become uneconomic to mine. In addition, changes in

operating, capital or other costs may have the same effect by rendering certain mineral reserves uneconomic to mine in the future.

The volume and grade of reserves actually recovered and rates of production from Nyrstar's present mineral reserves may be less than geological measurements of the reserves, which may result in Nyrstar realizing less value from such reserves than has been predicted. In addition, in the future short-term operating factors relating to the mineral reserves, such as the need for orderly development of ore bodies and other mineral resources, or the processing of different ore grades, may cause mineral reserves to be modified or Nyrstar's operations to be unprofitable in a particular period.

No assurance can be given that the indicated amount of reserves of ore or other minerals will be recovered, or will be recovered at the prices assumed. Mineral reserve estimates are based on limited sampling and, consequently, are uncertain because the samples may not be representative of the entire ore body and mineral resource. As a better understanding of the ore body or mineral resource is obtained, the reserve estimates may change significantly, either positively or negatively.

For these reasons, estimates and classifications of reserves prepared by different engineers or by the same engineers at different times may vary substantially. Actual commodity tonnage recovered from identified reserves and revenue and expenditures with respect to Nyrstar's reserves may vary materially from estimates. Accordingly, these reserve estimates may not accurately reflect Nyrstar's actual reserves. Any inaccuracy in the estimates related to Nyrstar's reserves could result in lower than expected revenue, higher than expected costs and decreased profitability.

All estimates of ore reserves contained in this Prospectus should be read subject to the above risks.

Nyrstar is subject to intense competition, which may be exacerbated by changes in production technology and weigh on Nyrstar's revenue or margins.

The markets for zinc and lead products are intensely competitive and Nyrstar has numerous competitors worldwide. The zinc and lead industries are subject to technological advancements and the introduction of new production processes using new technologies. Although Nyrstar believes that the technology it uses to produce and process metals is advanced and, in part due to high investment costs, subject only to slow technological change, Nyrstar's competitors may develop technologies and processing methods that are more effective or less costly than Nyrstar's existing technologies and processing methods. Some of Nyrstar's competitors are integrated miners and smelters or conglomerates and have substantially more resources and a greater marketing scale than does Nyrstar. Competitive activity in the markets Nyrstar serves can have a significant impact on the price Nyrstar realizes for its products, and could therefore have a material adverse effect on Nyrstar's business, results of operations or financial position. There can be no assurance that more economical production or processing technology will not be developed, or that the economic conditions in which current technology is applied will not change, which could adversely affect Nyrstar's business, results of operations or financial condition. For a discussion of the competitive forces in the zinc and lead industries, see ''The Mining and Smelting Industry''.

Nyrstar's products may face the risk of substitution, which would negatively affect Nyrstar's financial performance.

Nyrstar's products (or the end-uses of its products) may be subject to substitution by other products. Substitution can be technology-induced when technological improvements render alternative products more attractive for first-use or end-use than Nyrstar's products. More significantly, price-induced substitution could also occur when a sustained increase in zinc or lead prices leads to partial substitution of zinc or lead respectively by a less expensive product. Substitution may also occur when end-products that use Nyrstar's products are substituted for different end-products, such as the use of aluminum in lieu of galvanized steel. Any such substitution would negatively affect Nyrstar's financial performance and results of operations.

In addition, almost all of the lead Nyrstar produces is used in the production of lead acid batteries for use in the automotive industry. If the demand for electric or hybrid vehicles increases compared to traditional vehicles and such hybrid vehicles do not use lead acid batteries, Nyrstar's results may be adversely affected.

Nyrstar's business could be adversely affected if it fails to obtain, maintain or renew necessary licenses and permits, or fails to comply with the terms of its licenses or permits.

In many of the jurisdictions where Nyrstar operates its smelters, mines and other installations, it is required to have licenses, permits or titles covering several of its activities. Regulatory authorities can exercise considerable discretion in the timing of license issuances and renewal and the monitoring of licensees' compliance with license terms. Compliance with requirements imposed by these authorities, which require Nyrstar, among other things, to comply with numerous industrial standards, recruit qualified personnel, maintain necessary equipment and quality control systems, monitor its operations, make appropriate filings and, upon request, submit appropriate information to licensing authorities, may be costly and time-consuming and may result in delays in the commencement or continuation of production operations. In addition, the applicable requirements can be amended and new or more stringent requirements can be imposed, which may require Nyrstar to modify its working practices and could restrict Nyrstar's ability to conduct its business as it sees fit. Moreover, Nyrstar's compliance with the terms of its licenses may be subject to challenge by regulatory authorities, competitors, or in some cases, members of the public. Nyrstar's licenses may be invalidated, revoked or suspended, may not be issued or renewed, or if issued or renewed, may not be issued or renewed in a timely fashion or on conditions acceptable to Nyrstar. The occurrence of any of these events may require Nyrstar to incur substantial costs or may restrict Nyrstar's ability to conduct its operations or to do so profitably.

If Nyrstar is unable to sell or store certain by-products that it produces in its smelting operations, it may be required to limit or reduce its overall production levels.

The economics of many smelting operations, including those operated by Nyrstar, are reliant in part on the prices achievable for the marketable by-products of smelting. Nyrstar generates large quantities of by-products such as sulphur dioxide gas in its zinc and lead production process, as well as solid residues with non-zinc or non-lead metal values. In order to maximize recovery of resource components, minimize emissions and comply with its environmental commitments, it processes these by-products into forms that facilitate further metals recovery or render them suitable for sale to external parties. For example, a significant by-product of zinc concentrate smelting is sulphuric acid, which in recent years has experienced significant fluctuations in demand, pricing and storage capacity. Should sulphuric acid prices decline below the current levels, which may occur as stricter environmental standards require the capturing of sulphur emissions, which results in an increase in the supply of sulphuric acid available for sale, or should the storage capacity become insufficient, it will result in many smelters facing severe financial and operational pressures at current TC and RC levels. If the smelters are unable to increase their treatment and refining charges to compensate, they may be forced to close. Higher TC and RC levels would result in higher costs to Nyrstar where it does not smelt sulphide concentrates produced by its own mines. By contrast, if Nyrstar's smelters are unable to increase TCs and RCs to reflect reduced revenues from sulphuric acid sales (or other by-products), the contribution of these operations to Nyrstar's profitability would be adversely affected. Either possibility could materially adversely affect Nyrstar's business, results of operations or financial condition.

While Nyrstar currently sells these products, there can be no assurance that Nyrstar will be able to maintain its sales of these products. In the event that Nyrstar is unable to sell or store substantially all of these by-products, it may be required to reduce its overall zinc or lead production levels or invest in new treatment processes in order to reduce production of these by-products. Should Nyrstar be required to reduce its overall zinc or lead production levels, this could have a material adverse effect on its business, results of operations and financial condition (depending on industry supply/demand dynamics at a given time).

Nyrstar's operations are subject to stringent environmental, health and safety laws and regulations, which could expose it to significant increased compliance costs and litigation.

Due to the nature of its activities, and the associated by-products, emissions (including greenhouse gases) and wastes generated from these activities, Nyrstar's operations are subject to stringent environmental, health and safety laws and regulations. Such laws and regulations address air emissions, discharges to surface water and groundwater, solid and hazardous waste treatment, storage and disposal, and remediation of releases of hazardous substances, soil and ground water survey and remediation, noise controls, slope stability, integrity of containment structures, impact on flora and fauna, and occupational health and safety. Many of the substances processed or created by Nyrstar are required to be treated, disposed of or handled in accordance with stringent standards and procedures

contained in current environmental, health and safety laws and regulations. Government authorities and the courts have the power to enforce compliance (and in some jurisdictions, third parties and members of the public can initiate private procedures to enforce compliance) with applicable laws and regulations, violations of which may result in civil or criminal penalties, the curtailment or cessation of operations, orders to pay compensation, orders to remedy the effects of violations and orders to take preventative steps against possible future violations.

Numerous governmental permissions, approvals and leases are required for each of Nyrstar's operations. These permissions, approvals, licenses and leases are subject, in certain circumstances or on the occurrence of certain events, to modification, renewal or revocation. Nyrstar is required to prepare and present to national, state or local authorities data pertaining to the anticipated effect or impact that any proposed exploration, mining or production activities may have upon the environment.

Compliance with environmental, health and safety laws and regulations requires ongoing expenditure and considerable capital commitments. Because many of Nyrstar's sites have been operating in their current capacity for relatively long periods of time, including during periods when environmental, health and safety laws and regulations were not as stringent as they are today, they may incur relatively high compliance costs. Furthermore, safety is one of the core values of Nyrstar, and currently it is implementing common safety policies across all sites.

Product-focused environmental, health and safety regulation may materially adversely affect Nyrstar's ability to manufacture its products and affect the demand for its products, its cost structure, its customers' ability to use the commodities produced by Nyrstar, the quality of its products and its methods of production and distribution. For example, in 2007, a new European Union regulation for the Regulation, Evaluation and Authorisation of Chemicals (''**REACH**'') came into force across the EU. REACH is intended to place the burden of ensuring the safety of chemical substances in terms of both occupational and environmental exposures on the shoulders of the industry instead of authorities. Many of the commodities produced by Nyrstar and the chemicals used by it for production or other purposes fall within the scope of REACH. REACH requires EU-based legal entities to pre-register and subsequently register (and, in certain cases, to seek authorization for the use or placing on the market of) chemical substances that they import into or manufacture within the EU by certain deadlines as a pre-condition to market access. Nyrstar has completed all registrations as required before the end of November 2010 to ensure that its group members and customers may continue to manufacture or import affected commodities, and Nyrstar has a program in place for meeting subsequent registration deadlines for relevant lower volume or less dangerous substances. However, Nyrstar may be denied market access for some or all of these materials in the future if full registrations and, where applicable, authorizations are not obtained. REACH's impact on the global supply chain for materials, including those used by Nyrstar for production or other purposes, is also unpredictable.

Nyrstar pro-actively monitors changes to environmental, health and safety laws and regulations. Nyrstar may incur significant additional costs to comply with new or more stringent environmental, health and safety laws and regulations, including the costs associated with the implementation of preventive or remedial measures. Some of the issues which may be relevant to Nyrstar that are currently under review by environmental regulatory agencies include reducing or stabilizing various emissions, including sulphur dioxide, dust and greenhouse gas emissions, geochemical and geotechnical stability of mine works, mine reclamation and rehabilitation, water, air and soil quality standards, waste water discharge limits and strict liability for spills or for exceeding prescribed limits. There can be no assurance that future changes in laws and regulations will not require Nyrstar to install additional environmental, health or safety controls, to undertake changes in Nyrstar's manufacturing processes or other operations, to remediate soil and groundwater contamination in areas where such clean-up is not currently required, or to increase financial reserves for mine closures or other similar events, which could have an adverse effect on Nyrstar's business, results of operations or financial condition.

Soil or groundwater contamination presently exists on most of Nyrstar's sites and, in some instances, in areas surrounding its sites, and in the future may be discovered at levels that require remediation over and above actions that are currently underway or presently contemplated. Environmental laws may impose remediation liability on owners and occupiers of contaminated property, including, but not limited to, past or divested properties, regardless of whether the owners and occupiers caused the contamination or whether the activity that caused the contamination was lawful at the time it was conducted. Many of Nyrstar's present and former operations are and were located on properties with a long history of industrial use. Any liability imposed on Nyrstar with regard to

environmental damage may lead to significant losses for Nyrstar and consequently have a material adverse effect on its business, results of operations and financial condition.

Third parties may also file direct claims requesting that a court order Nyrstar to clean up its property or pay compensation for damages incurred as a result of the contamination or use of its products. In particular, there is a risk that actions could be brought against Nyrstar alleging adverse effects of lead or other substances on health or the environment in areas surrounding Nyrstar's sites. Nyrstar would generally be solely liable for its environmental liabilities and obligations vis-à-vis third parties, irrespective of the period to which the claims of third parties relate. If any such claims are brought against Nyrstar and are successful, the outcome could have a material adverse effect on Nyrstar's business, results of operations and financial condition.

There is a risk that the past, present or future operations of Nyrstar do not or will not meet environmental, health or safety requirements. If Nyrstar breaches such requirements, Nyrstar 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 which have not been previously planned, at one or more of the sites. In addition, environmental regulation of lead and certain of its other products and by-products, as well as permit requirements for emissions to air, waste water discharge limits and occupational exposure limits, is generally becoming more onerous and stringent. Increased environmental, health or safety regulation of Nyrstar's products or activities could have an adverse effect on its business, results of operations and financial condition.

While the remediation program at some of the sites is a first step to address closure, closure of any of Nyrstar's smelters or other manufacturing installations could trigger significant environmental closure costs, rehabilitation expense and other costs. Nyrstar does not book closure provisions in its financial statements for such sites until a plan for closure is effected. Moreover, in the event one or more of such sites is closed earlier than anticipated, Nyrstar will be required to fund the closure costs on an expedited basis, which could have an adverse effect on Nyrstar's business, results of operations and financial condition. In addition, the risk exists that claims will be made against Nyrstar arising from environmental remediation upon closure of one or more of Nyrstar's sites.

Closure and restoration costs related to Nyrstar's mining activities include the dismantling and demolition of infrastructure, the removal of residual materials and remediation of the disturbed area. In the case of mining sites, estimated closure costs are provided for in the accounting period when the obligation arising from the related disturbance occurs but do not include any additional obligations which may arise from future disturbances. These costs are estimated from closure plans, third party studies and the application of professional judgment.

In view of the uncertainties concerning future removal, stabilization, reclamation and site rehabilitation costs on certain of Nyrstar's properties, the costs actually incurred by Nyrstar could differ from the amounts estimated. Estimates for such future costs are subject to change based on amendments to applicable laws and regulations, the nature of ongoing operations and technological innovations. Future changes, if any, due to their nature and unpredictability, could have a significant impact and would be reflected prospectively as a change in an accounting estimate. In addition, regulatory authorities in various jurisdictions around the world where Nyrstar operates may require Nyrstar to provide financial security to secure, in whole or in part, future removal, stabilization, reclamation and site rehabilitation obligations in such jurisdictions. In some instances, Nyrstar has already provided such security. In other instances, such security may be required to be provided upon the occurrence of certain events, including situations when the relevant property nears the end of its operation. Although the provision of such security does not increase the future removal, stabilization, reclamation and site rehabilitation costs (other than costs associated with the provision of such security), a portion of Nyrstar's financial resources may be required to support these commitments, which could adversely affect the financial resources available to Nyrstar.

All estimates of environmental rectification and remediation costs contained in this Prospectus should be read subject to the above risks.

Climate change legislation could have an adverse impact on Nyrstar's business.

Nyrstar has operations in various jurisdictions that may be subject to national, regional or local laws, regulations, taxes and policies aimed at limiting or reducing greenhouse gas emissions. In December 1997, in Kyoto, Japan, the signatories to the United Nations Convention on Climate Change established

individual, legally binding targets to limit or reduce greenhouse gas emissions by developed nations. This international agreement, known as the Kyoto Protocol, came into force on February 16, 2005. As of December 31, 2010, there are 192 states and one regional economic integration organization, the European Economic Community, that have ratified the Kyoto Protocol and other states are considering or implementing similar legislation. Although the Kyoto Protocol is scheduled to expire in 2012, under the December 2010 Cancun Agreements negotiations for a replacement will continue under auspices of the United Nations Framework Convention on Climate Change.

In the European Union, Nyrstar's operations are subject to the Emissions Trading Directive, the EU's central instrument for achieving the EU Member States' commitments under the Kyoto Protocol by providing a European emissions trading system (''**ETS**'') for carbon dioxide emissions. At the heart of ETS is the common trading currency of emission allowances. One allowance gives the holder the right to emit one tonne of carbon dioxide. For each trading period under the ETS, EU member states draw up national allocation plans that determine how many emission allowances each installation will receive. Companies that keep their emissions below the level of their allowances can sell their excess allowances. Companies that do not keep their emissions below the level of their allowances must either reduce their emissions, such as by investing in more efficient technology or using less carbon-intensive energy sources, or purchase the extra allowances that they need on the open market. The National Allocation Plans for the period 2008 through 2012 have been finalized in all EU member states except Poland. For the period after 2012, the EU institutions adopted the so-called ''EU climate change package,'' which aims to reduce the Community's greenhouse gas emissions by 20% by 2020 compared to 1990 levels, and 30% if other developed countries commit themselves to comparable emission reductions and economically more advanced developing countries contribute adequately according to their responsibilities and capabilities. In particular, the new ETS includes centralized allocation rather than national allocation plans, a cap designed to achieve an overall reduction of greenhouse gases for the industrial sector of 21% in 2020 compared to 2005 emissions and auctioning as the basic principle for allocating emissions allowances, with transitional free allocation in particular for manufacturing industries under risk of ''carbon leakage''. Many issues that ultimately will determine the impact of the revised ETS scheme need to be further elaborated in implementing legislation. The free allocation granted after 2012 will largely depend on the elaboration of the benchmarks for the sector.

Various other laws and regulations relating to greenhouse gas emissions are being considered or enacted. For example, in Australia the National Greenhouse and Energy Reporting Act 2007 established a mandatory reporting system for corporate greenhouse gas emissions and energy production and consumption. In the United States, in October 2009, the U.S. EPA published its final Mandatory Greenhouse Gas Reporting Rule. The rule required data collection to commence on January 1, 2010 with the first reports covering calendar year 2010 to be filed in 2011. Moreover, the U.S. EPA moved ahead in 2010 to pursue other components of its greenhouse gas regulatory program, including lowering of certain National Ambient Air Quality Standards and issuing its final Greenhouse Gas Tailoring Rule that establishes a mechanism for regulating greenhouse gas emissions from facilities through the Clean Air Act's Prevention of Significant Deterioration permitting process beginning in 2011. The Greenhouse Gas Tailoring Rule and other aspects of U.S. EPA's greenhouse gas regulatory program, however, currently are subject to court challenge. Additionally, in June 2009, the U.S. House of Representatives approved the American Clean Energy and Security Act, also referred to as the Waxman-Markey bill, and similar legislation was introduced in the U.S. Senate, which would establish an emission allowance program for greenhouse gases.

While the impact of greenhouse gas legislation and regulation for Nyrstar cannot be quantified at this time, the likely effect will be to increase costs for fossil fuels, electricity and transport, restrict industrial emission levels, impose added costs for emissions in excess of permitted levels and increase costs for monitoring, reporting and financial accounting. As the operation of Nyrstar's business involves incurring certain of these costs, increases in such costs could have a material adverse effect on Nyrstar's business, results of operations or financial condition. Further, Nyrstar may be required to change operations, reduce production capacity or make additional investments or increase tax payments to adapt to new or amended environmental laws and regulations, which could have a material adverse effect on Nyrstar's business, results of operations or financial condition.

A change in underlying economic conditions or adverse business performance may result in impairment charges in particular in relation to acquisition goodwill.

An asset impairment charge may result from the occurrence of unexpected adverse events that may impact Nyrstar's expected performance. In accordance with IFRS, Nyrstar does not amortize goodwill but rather tests it annually for impairment; such impairment charges (for example, an impairment loss of €615 million recorded in 2008) cannot be reversed. As of December 31, 2010, Nyrstar recognized goodwill of €12.1 million (excluding Farallon, which was acquired after the balance sheet date). Other assets are tested for impairment when indicators of impairment exist. Nyrstar will continue to test goodwill and other assets (when required) and it may, in the future, record additional impairment charges (which are non-cash) that could be significant and that could have a significant impact on Nyrstar's reported results of operations or financial condition.

Nyrstar may not be able to access markets for a number of reasons.

Global and regional demand for metals is influenced by regulatory and voluntary initiatives to restrict or eliminate the use of certain metals in various products or applications. For example, in certain jurisdictions the use of lead in consumer goods is restricted due to human health and safety concerns. The impact of such measures can be global, creating non-tariff barriers to international trade and affecting product design and specifications on a global basis. Such measures could also affect the balance between supply and demand and depress metal prices and treatment/refining charges. Metals with a limited number of major applications, such as cadmium, are most susceptible to changes in demand and price in response to such measures. Such changes in demand and price could have a material adverse effect on Nyrstar's business, results of operations or financial condition.

Nyrstar's mining and smelting operations are located in jurisdictions (including emerging markets) that have varying political, economic, security and other risks.

Through its production sites and commercial offices, Nyrstar operates in a challenging and constantly changing international environment across operational sites in nine countries.

Certain of Nyrstar's current activities and related assets are, and many of the assets it may acquire in the future will be, located in countries which may be, or become, politically or economically unstable. Activities in such countries may require protracted negotiations with host governments, international organizations and other third parties, including nongovernmental organizations and indigenous or other communities and are frequently subject to unpredictable economic and political considerations, such as taxation, nationalization, inflation, currency fluctuations and governmental regulation and approval requirements, which could adversely affect the economics of projects. These projects and investments could be adversely affected by war, civil disturbances and activities of governments which limit or disrupt markets, restrict the movement of funds or supplies or result in the restriction or rescission of contractual rights or the taking of property without fair compensation. The security risks in certain of the countries in which Nyrstar operates can often be high. These risks include, amongst others, the destruction of property, injury to personnel and the cessation or curtailment of operations, any of which could have an adverse effect on Nyrstar's operations.

Nyrstar performs a thorough risk assessment on a country-by-country basis when considering its investment activities, and attempts to conduct its business and financial affairs so as to minimize to the extent reasonably practicable the political, legal, regulatory and economic risks applicable to operations in the countries where Nyrstar operates. However, there can be no assurance that Nyrstar will be successful in protecting itself against any of these risks. These projects and investments could also be adversely affected by changes in laws and regulations relating to foreign trade, investment and taxation.

Furthermore, the regulations to which Nyrstar is subject differ from one jurisdiction to the other, as may the implementation or interpretation of seemingly similar regulations. Moreover, these regulations are often highly complex and are subject to changes in both substance and interpretation. In particular, areas such as taxes (and especially VAT), export and import duties and quotas and environmental compliance are characterized by a high degree of complexity. Changes in investment policies or shifts in the prevailing political climate in any of the countries in which Nyrstar operates, buys from or sells to could result in the introduction of increased government regulations with respect to, among other things:

- price controls;
- export, import and throughput controls, duties, tariffs and quotas;
- mining duties and royalties;

- income, withholding, VAT and other taxes;
- electricity and energy supply;
- environmental legislation;
- foreign ownership restrictions;
- foreign exchange and currency controls;
- financial, commercial or disclosure rules;
- labor and welfare benefit policies; and
- land and water use.

While it is Nyrstar's corporate policy to comply with all applicable laws and regulations in each jurisdiction in which Nyrstar operates, breaches of or deviations from such laws and regulations may occur. In such a case, Nyrstar could be subject to liability or censure, including the imposition of fines or penalties, which could have a material adverse effect on Nyrstar's business, results of operations or financial condition.

A number of resource-rich countries, including Australia, Brazil, Chile, China, India and Russia are considering or have recently introduced or increased the level of duties they impose on the mining industry, which could have a material adverse impact on Nyrstar's operations.

In addition to the risks arising from the varying regulatory regimes, risks inherent in international operations, in particular in emerging markets such as Peru and Mexico, where Nyrstar operates, and in China, a significant growth market for the Company's products, include amongst others the following:

- agreements may be difficult to enforce and receivables difficult to collect through a foreign country's legal system;
- import and export licenses may be difficult to obtain and maintain;
- disputes may arise over ownership of land and other property, including mining rights and permits;
- intellectual property rights may be more difficult to enforce in foreign countries;
- security issues or political instability could affect operations;
- interpretation and enforcement of existing laws may force delay or cancellation of business plans;
- public officials may be prone to corruption or bribery, which violates company policy and adversely affects operations;
- governments may be prone to intervene in the economy, including via the direct participation of government or state-owned enterprises in the industries in which Nyrstar operates; and
- general economic conditions, including hyper-inflation and extreme foreign exchange and interest rate fluctuations, in the countries in which Nyrstar operates could have an adverse effect on the earnings from operations in those countries.

As a result of the foregoing, Nyrstar's ability to run its business as it sees fit may be impaired and such changes could have a material adverse effect on Nyrstar's business, results of operations or financial condition.

Nyrstar is subject to litigation risk.

In addition to the environmental and regulatory risks discussed above, the nature of Nyrstar's business subjects it to numerous claims, lawsuits and other proceedings in the ordinary course of its business, including claims challenging title to the real property on which Nyrstar's mining and smelting operations are located. The results of these proceedings cannot be predicted with certainty. There can be no assurance that they will not have a material adverse effect on Nyrstar's results of operations in any future period, and a substantial judgment against it could have a material adverse impact on Nyrstar's business, financial condition, liquidity and results of operations.

Major accidents could result in substantial claims, fines or significant damage to Nyrstar's reputation and financial position.

Major accidents at Nyrstar's sites, whether due to human error, system failures, deliberate sabotage, extreme weather or other natural disasters or other causes, could result in loss of life or extensive damage to the environment or to nearby, sizable communities. Such events could result in major claims, fines, penalties or significant damage to Nyrstar's reputation and could have a material adverse effect on Nyrstar's business, results of operations or financial condition.

Nyrstar is exposed to tax risks by virtue of the international nature of its activities.

As an international group operating in multiple jurisdictions, Nyrstar is subject to tax laws in many countries throughout the world. Nyrstar structures and conducts its business globally in light of diverse regulatory requirements and Nyrstar's commercial, financial and tax objectives. As a general rule, Nyrstar seeks to structure its operations and arrangements in a tax efficient manner. Although it is anticipated that these are likely to achieve their desired effect, if any of them were successfully challenged by the relevant tax authorities, Nyrstar and its subsidiaries could incur additional tax liabilities which could adversely affect Nyrstar's effective tax rate, results of operations and financial condition. Furthermore, given that tax laws and regulations in the various jurisdictions in which Nyrstar operates often do not provide clear-cut or definitive guidance, Nyrstar and its subsidiaries' structure, business conduct and tax regime is based on Nyrstar's interpretations of Belgian, Swiss and local tax laws and regulations in the jurisdictions in which the group operates. Nyrstar cannot guarantee that such interpretations will not be questioned by the relevant tax authorities or that the relevant tax and export laws and regulations in some of these countries will not be subject to change, varying interpretations and inconsistent enforcement, which could adversely affect Nyrstar's effective tax rate, results of operations and financial condition.

Nyrstar's competitive position and future prospects depend on its employees' experience and expertise and Nyrstar's ability to recruit and retain qualified personnel.

The management of Nyrstar's operations depends on a relatively small number of key employees. Nyrstar's ability to maintain its competitive position and to implement its business strategy is dependent to a large degree on Nyrstar's senior management team. The loss or diminution in the services of members of Nyrstar's senior management team, particularly to competitors, or an inability to attract and retain additional senior management personnel, could have a material adverse effect on Nyrstar's business, financial position, results of operations or prospects. Competition for personnel with relevant expertise is intense due to the relatively small number of qualified individuals, and this situation seriously affects Nyrstar's ability to retain existing senior management and attract additional qualified senior management personnel. If Nyrstar were to experience difficulties in recruiting or retaining qualified senior management, this could have a significant adverse effect on Nyrstar's business and financial results.

Nyrstar may be subject to misconduct by its employees or contractors.

Nyrstar may be subject to misconduct by its employees or contractors, such as theft, bribery, sabotage, violation of laws or other illegal actions and may be exposed to the risk of stoppages by third parties, such as hauling companies. Any such misconduct may lead to fines or other penalties, slow-downs in production, increased costs, lost revenues, increased liabilities to third parties, impairment of assets or harmed reputation, any of which may have a material adverse effect on Nyrstar's business, results of operations or financial condition.

Nyrstar is subject to the risk of industrial relations actions which may disrupt its operations.

Approximately 60% of Nyrstar's workforce is covered by collective bargaining arrangements. Nyrstar believes that all of Nyrstar's operations have, in general, good relations with their employees and unions, but historically, the operations of certain of Nyrstar's sites have from time to time experienced work stoppages and other forms of industrial action. There can be no assurance that Nyrstar's operations will not be affected by industrial relations actions in the future. In addition, Nyrstar has been subject to union demands for pay rises and increased benefits. Strike action at other industry participants' operations may encourage work stoppages in connection with any labor-related demands of employees or unions at Nyrstar's operations. Nyrstar could be adversely affected by labor disruptions involving third parties who provide Nyrstar with goods or services at its operations. Strikes and other

labor disruptions at any of Nyrstar's operations, or lengthy work interruptions at its existing and future development projects, could materially adversely affect the timing, completion and cost of any such project, as well as Nyrstar's business, results of operations or financial condition. There can be no assurance that work stoppages or other labor-related developments (including the introduction of new labor regulations in countries where Nyrstar operates) will not adversely affect Nyrstar's business, results of operations or financial condition.

Nyrstar's collective agreements are negotiated with unions and other employee representative organizations from time to time. The collective agreements establish and set the terms and conditions of employment of the employees covered by the collective agreements. Nyrstar's collective agreements have differing terms and expiry dates. Prior to the expiry of a collective agreement, negotiation of conditions for renewal occurs between the relevant employing entities within Nyrstar and the relevant unions or other employee representative organizations. There can be no assurance that collective agreements will be renewed when due without work stoppages or other forms of industrial action, or without additional or unforeseen costs being incurred by Nyrstar.

Operating and capital costs associated with the development of the Campo Morado operation's assets, projects and prospects may be unpredictable and may not be in accordance with Nyrstar's assumptions.

While Nyrstar has investigated the operational performance and costs associated with the Campo Morado operation's assets, Nyrstar's assumptions may prove inaccurate, and such costs may prove to be unpredictable or increase rapidly as a result of, among others, unanticipated capital expenditure requirements, production interruptions or delays, increased or new license requirements and fees, new or increased royalties or direct or indirect taxes, increased labor costs, changes or variations in geologic conditions, environmental hazards and weather and other natural phenomena, mining and processing equipment failures and unexpected maintenance problems and interruptions due to transportation delays. Such cost increases may be material and beyond Nyrstar's control and may have a material adverse effect on its business, financial condition, operating results and cash flows.

Risks relating to the Offering

The market price of the Shares may be volatile and could decrease.

The market price of the Shares may be volatile as a result of various factors, many of which are beyond Nyrstar's control. These factors include, but are not limited to, the following:

- market expectations for Nyrstar's financial performance;
- actual or anticipated fluctuations in Nyrstar's business, results of operations and financial condition;
- changes in the estimates of Nyrstar's results of operations by securities analysts;
- investor perception of the impact of the Offering and the Farallon Acquisition on Nyrstar and its shareholders;
- potential or actual sales of blocks of Shares in the market or short selling of Shares;
- the entrance of new competitors or new products in the markets in which Nyrstar operates;
- volatility in the market as a whole or investor perception of Nyrstar's industries and competitors; and
- the risk factors mentioned above.

The market price of the Shares may be adversely affected by any of the preceding or other factors regardless of Nyrstar's actual results of operations and financial condition.

There is no assurance that a trading market will develop for the Rights or VVPR Strips and, if a market does develop, the market price for the Rights or VVPR Strips may be subject to greater volatility than the market price for the Shares.

The Rights are expected to be traded on the regulated market of Euronext Brussels from February 25, 2011 to March 11, 2011. An application has also been made for the trading of the new VVPR Strips on Euronext Brussels after the Offering. There will be no application for the Rights or VVPR Strips to be traded on any other exchange. There is no assurance that an active trading market in the Rights or VVPR Strips will develop during that period and, if a market does develop, there is no assurance

regarding the nature of such trading market. The trading price of the Rights and VVPR Strips depends on a variety of factors, including but not limited to the performance of the price of the Shares, but may also be subject to significantly greater price fluctuations than the Shares.

Failure by a shareholder to exercise allocated Rights during the Rights Subscription Period will result in such Rights becoming null and void and in a dilution of such shareholder's percentage ownership of the Shares.

Rights not exercised by the closing of the regulated market of Euronext Brussels on the last day of the Rights Subscription Period will become null and void and will be converted into an equal number of Scrips. To the extent that a shareholder does not exercise Rights to subscribe for the Shares, such shareholder's proportionate ownership and voting interest in Nyrstar will be reduced, and the percentage that such shareholder held prior to the Offering represents of the increased share capital after the Offering will accordingly be reduced. Each holder of a Right that is not exercised by the last day of the Rights Subscription Period will, unless the net sales proceeds of the Scrips divided by the number of unexercised Rights is less than €0.01, be entitled to receive a proportional part of the proceeds of the sale of Scrips, if any (as described in ''The Offering—Terms and conditions of the Offering—Offering procedure'' below). There is, however, no assurance that any or all Scrips will be sold during the Scrips Offering or that there will be any such proceeds.

If the Rights Offering is discontinued or there is a substantial decline in the price of the Shares, the Rights may become void or worthless.

If there is a substantial decline in the price of the Shares, including as a result of short selling of Nyrstar's stock, this may have a material adverse effect on the value of the Rights. Any volatility in the price of Shares will also affect the price of the Rights, and the Rights could become void or worthless as a result. Further, the obligations of the Underwriters pursuant to the Underwriting Agreement may be terminated in certain circumstances (see ''—Termination of the Underwriting Agreement could have a material adverse effect on the trading price and underlying value of the Rights and the Shares'' below). If the Rights Offering is discontinued, the Rights will become void or worthless. Accordingly, investors who have acquired any such Rights in the secondary market will suffer a loss, as trades relating to such Rights will not be unwound once the Rights Offering is terminated.

Withdrawal of subscription in certain circumstances may not allow sharing in the Excess Amount and may have other adverse financial consequences.

Subscriptions to the new Shares and VVPR Strips are binding and may not be revoked. However, if a supplement to the Prospectus is published, subscribers in the Rights Offering and subscribers in the Scrips Offering will have the right to withdraw subscriptions made by them prior to the publication of the supplement. Such withdrawal must be done within the time limits set forth in the supplement (which shall not be shorter than two business days after publication of the supplement). Any Right or Scrip in respect of which the subscription has been withdrawn as permitted by law following a publication of a supplement to the Prospectus shall be deemed to have been unexercised for the purposes of the Offering. Accordingly, holders of such unexercised Rights shall be able to share in the Excess Amount, as the case may be. However, subscribers withdrawing their subscription after the close of the Scrips Subscription Period when permitted by law following a publication of a supplement to the Prospectus will not be able to share in the Excess Amount, as the case may be, and will not be compensated in any other way, including for the purchase price (and any related cost) paid in order to acquire any Rights or Scrips.

Termination of the Underwriting Agreement could have a material adverse effect on the trading price and underlying value of the Rights and the Shares.

Pursuant to the Underwriting Agreement, the Underwriters have, on the terms and subject to the conditions of the Underwriting Agreement, agreed to subscribe for any new Shares and VVPR Strips not subscribed for in the Offering. The Underwriting Agreement entitles the Joint Bookrunners, acting on behalf of the Underwriters, to terminate the Underwriting Agreement under certain circumstances, as more fully described in ''The Offering—Placing and underwriting—Underwriting'' below, whereupon the Underwriters would be released from their obligation to subscribe for any underwritten new Shares and VVPR Strips not subscribed for in the Offering. These circumstances include the occurrence of a material adverse change to Nyrstar or the occurrence of force majeure events, including disruption to certain financial markets.

If the Underwriting Agreement is terminated prior to the start of trading of the new Shares, Nyrstar will publish a supplement to the Prospectus. If a supplement to the Prospectus is published, subscribers in the Rights Offering and subscribers in the Scrips Offering will have the right, within two business days, to withdraw subscriptions made by them prior to the publication of the supplement, as further described in ''The Offering—Placing and underwriting—Underwriting—Underwriting Agreement''.

The termination of the Underwriting Agreement, the circumstances giving rise to such termination, or the publication of a supplement to the Prospectus could have a material adverse effect on the trading price and underlying value of the Rights and the Shares, regardless of Nyrstar's actual results of operations and financial condition.

Certain transfer and selling restrictions may limit shareholders' ability to sell or otherwise transfer their Shares.

The Shares have been admitted to public trading in Belgium, but Nyrstar has not registered the Shares under the U.S. Securities Act or securities laws of other jurisdictions, including Canada, Australia and Japan, and it does not expect to do so in the future. The Shares may not be offered or sold in the United States, Canada, Australia, Japan or in any other jurisdiction in which the registration or qualification of the Shares is required but has not taken place, unless an exemption from the applicable registration or qualification requirement is available or the offer or sale of the Shares occurs in connection with a transaction that is not subject to such provisions.

Investors may not be able to participate in future equity offerings.

Belgian law and Nyrstar's constitutional documents provide for preference rights to be granted to Nyrstar's existing shareholders unless such rights are disapplied by resolution of Nyrstar's shareholders' meeting or, if so authorized by a resolution of such meeting, the board of directors. However, certain shareholders in jurisdictions outside of Belgium (including those in the United States, Australia, Canada or Japan) depending on the securities laws applicable in those jurisdictions may not be entitled to exercise such rights unless the rights and Shares are registered or qualified for sale under the relevant legislation or regulatory framework. As a result, there is the risk that investors in jurisdictions outside of Belgium may suffer dilution of their shareholding should they not be permitted to participate in the Offering or future preference rights, equity or other offerings.

Shareholders in jurisdictions with currencies other than the Euro face additional investment risk from currency exchange rate fluctuations in connection with their holding of Shares.

The Shares are quoted only in Euro and any future payments of dividends on Shares will be denominated in Euro. The U.S. Dollar—or other currency—equivalent of any dividends paid on Shares or received in connection with any sale of Shares could be adversely affected by the appreciation of the Euro against these other currencies.

Investors' rights as shareholders will be governed by Belgian law and may differ in some respects from the rights of shareholders in other companies under the laws of other countries.

Nyrstar NV is a limited liability company (*société anonyme / naamloze vennootschap*) organized under the laws of Belgium. The rights of holders of the Company's ordinary shares are governed by Belgian law and by the Company's articles of association. These rights may differ in material respects from the rights of shareholders in companies organized outside of Belgium. In addition, the Company's directors and members of senior management may not be resident in the jurisdiction of investors and the Company's assets and the assets of its directors and senior management may be located outside the jurisdiction of investors. As a result, it may be difficult for investors to prevail in a claim against the Company or to enforce liabilities predicated upon the securities laws of jurisdictions outside of Belgium and, in general, for investors outside of Belgium to serve process on or enforce foreign judgments against the Company, its directors or its senior management. See ''Jurisdiction and Service of Process in the United States and Enforcement of Foreign Judgments in Belgium''.

It may be difficult for investors outside Belgium to serve process on or enforce foreign judgments against Nyrstar in connection with the Offering.

As Nyrstar is incorporated in Belgium, it may be difficult for investors outside of Belgium to serve process on or enforce foreign judgments against Nyrstar, its executive officers or directors in connection with the Offering. See the section entitled ''Jurisdiction and Service of Process in the United States and Enforcement of Foreign Judgments in Belgium''.

FORWARD-LOOKING STATEMENTS

This Prospectus includes forward-looking statements. All statements in this Prospectus that do not relate to historical facts and events are ''forward-looking statements''. In some cases, forward-looking statements can be identified by terminology such as ''may'', ''will'', ''should'', ''could'', ''would'', ''expect'', ''plan'', ''anticipate'', ''believe'', ''estimate'', ''continue'', ''goal'', ''intention'', ''objective'', ''aim'', ''strategy'', ''budget'', ''proposed'', ''schedule'' or the negative of such terms or other similar expressions. By their nature, forward-looking statements are subject to inherent risks and uncertainties, both general and specific, and the predictions, forecasts, projections and other forward-looking statements contained in this Prospectus could be materially different from what actually occurs in the future.

In addition, this Prospectus contains estimates of growth in the markets in which Nyrstar operates that have been obtained from independent, third party reports. These estimates assume that certain events, trends and activities will occur. Although the Issuer believes that these estimates are generally indicative of the matters reflected in those studies and reports, these estimates are also subject to risks and uncertainties and prospective investors are cautioned to read these estimates in conjunction with the rest of the disclosure in this Prospectus, particularly in the section entitled ''Risk Factors''.

Although the Issuer believes that its expectations with respect to forward-looking statements are based on reasonable assumptions within the bounds of its knowledge of its business and operations at the date of this Prospectus, prospective investors are cautioned that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. Some of these factors are discussed in section entitled ''Risk Factors'' and elsewhere in this Prospectus.

The forward-looking statements contained in this Prospectus speak only at the date of this Prospectus or, if obtained from third party studies or reports, the date of the corresponding study or report and are expressly qualified in their entirety by the cautionary statements included in this Prospectus. Without prejudice to the Issuer's obligations under applicable law in relation to disclosure and ongoing information, the Issuer does not undertake any obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Prospectus might not occur.

USE OF PROCEEDS

The net proceeds of the Offering will further diversify Nyrstar's funding sources and strengthen its balance sheet, improve its liquidity, and be used to fund organic or external growth opportunities as they may arise, consistent with Nyrstar's strategy.

An important element of Nyrstar's strategy is to selectively pursue opportunities in mining. Since 2009, Nyrstar has announced several significant initiatives to deliver on this strategy. On January 5, 2011, Nyrstar successfully completed its friendly offer to acquire Farallon Mining Ltd. Approximately 93.7% of the Farallon shares were tendered to Nyrstar, and Nyrstar intends to purchase the remaining Farallon shares using its statutory rights under the compulsory acquisition provisions of the Business Corporations Act (British Columbia). See further under ''Recent Development—Farallon Acquisition''.

With the acquisition of Farallon Mining Ltd., Nyrstar exceeded its stated target of 30% mining integration and now has the capacity to produce the equivalent of 31% of its zinc raw material requirements (based on smelting operations at full capacity and full production of its existing mines), including the Talvivaara Zinc Streaming Agreement. At full production, Nyrstar's current zinc mining operations would be one of the ten largest in the world based on global production in 2010 according to Brook Hunt. Although there are no specific acquisition plans that can be announced at present, Nyrstar is now targeting 50% mining capacity integration at full production in the medium term through further mine acquisitions and streaming agreements.

Nyrstar intends to use the net proceeds from the Offering (i.e. after commissions and offering expenses payable by the Company have been deducted) to (in order of importance):

- further deliver on its strategy and its medium term goal of 50% integration;
- finance general capital expenditure programs; and
- satisfy working capital needs and general corporate purpose needs.

For estimates on the costs and expenses of the Offering, see ''The Offering—Expenses of the Offering''.

As of the date of this Prospectus, Nyrstar cannot predict with certainty all of the particular uses for the balance of proceeds from the Offering, or the amounts that it will actually spend or allocate to specific uses. The amounts and timing of actual expenditures will depend upon numerous factors. Nyrstar's management will have significant flexibility in applying the balance of net proceeds from the Offering and may change the allocation of these proceeds as a result of these and other contingencies.

Also, Nystar has the right to proceed with the Offering in a reduced amount, with no minimum amount set for the Offering. In the case that Nyrstar would proceed with the Offering in a reduced amount, Nyrstar might have to reduce its level of investment or look for further external funding in order to fund the above proposed uses. The foregoing, however, is without prejudice to the underwriting commitment agreed to by the Underwriters (as described in ''The Offering—Placing and underwriting—Underwriting—Equity Commitment Agreement'').

LEGAL RESPONSIBILITY FOR THE INFORMATION AND THE AUDITING OF THE ACCOUNTS

Person responsible for the Prospectus

The Issuer, represented by its board of directors, accepts responsibility for the information contained in this Prospectus. Having taken all reasonable care to ensure that such is the case, the Issuer, represented by its board of directors, declares that to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omissions likely to affect its import.

This Prospectus is intended to provide information to potential investors in the context of and for the sole purpose of evaluating a possible investment in the new Shares and the VVPR Strips. It contains selected and summarized information, does not express any commitment or acknowledgement or waiver and does not create any right, express or implied, towards anyone other than a potential investor.

No person is or has been authorized to give any information or to make any representation in relation to the Rights Offering other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorized by or on behalf of the Issuer or the Underwriters (as defined below).

Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in Nyrstar's affairs, or that all information contained herein is correct at any time, subsequent to the date hereof, or the date upon which this Prospectus has been most recently amended or supplemented, or that there has been no adverse change, or any event likely to involve any adverse change, in the condition (financial or otherwise) of Nyrstar since the date hereof, or the date upon which this Prospectus has been most recently amended or supplemented, or that the information contained in it or any other information supplied in connection with the Rights Offering is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Investors should make their own assessment

The Prospectus has been prepared to provide information on the Rights Offering and admission to trading of the new Shares and VVPR Strips on Euronext Brussels. When potential investors make a decision to invest in the new Shares and VVPR Strips, they should base this decision on their own research of Nyrstar and the rights attaching to these Rights, Scrips, Shares and VVPR Strips, including, but not limited to, the associated benefits and risks, as well as the conditions of the Rights Offering itself.

The investors must themselves assess, with their own advisors if necessary, whether the Rights, Scrips, Shares and VVPR Strips are suitable for them, considering their personal income and financial situation. In case of any doubt about the risk involved in investing in the Rights, Scrips, Shares or VVPR Strips, investors should abstain from so investing.

The summaries and descriptions of legal provisions, accounting principles or comparisons of such principles, legal company forms or contractual relationships reported in the Prospectus may under no circumstances be interpreted as a basis for credit or other evaluation, or as investment, legal or tax advice for prospective investors. Prospective investors are urged to consult their own financial advisor, accountant or other advisors concerning the legal, tax, economic, financial and other aspects associated with the trading or investment in Rights, Scrips, Shares or VVPR Strips.

Statutory auditor

The Issuer's current statutory auditor is PricewaterhouseCoopers Bedrijfsrevisoren/Réviseurs d'Entreprises BCVBA/SCCRL, with registered office at Woluwedal 18, 1932 Sint-Stevens-Woluwe, Belgium and administrative office at Generaal Lemanstraat 67, 2018 Antwerpen, Belgium, member of the Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren, represented by Peter Van den Eynde.

The Issuer's current statutory auditor has been appointed for a term of three years by the Issuer's annual general shareholders' meeting held on April 29, 2009. Prior to this annual meeting, Klynveld Peat Marwick Goerdeler Bedrijfsrevisoren/Réviseurs d'Entreprises BCVBA/SCCRL, with registered office at Bourgetlaan 40, 1130 Brussels, Belgium, represented by Benoit Van Roost, and PricewaterhouseCoopers Bedrijfsrevisoren/Réviseurs d'Entreprises BCVBA/SCCRL, represented by Peter Van den Eynde, acted as joint statutory auditor of the Issuer. The annual general shareholders' meeting of the Issuer held on April 29, 2009 took note of the resignation of the joint statutory auditors and

subsequently appointed PricewaterhouseCoopers Bedrijfsrevisoren/Réviseurs d'Entreprises BCVBA/SCCRL, represented by Peter Van den Eynde, as statutory auditor. The resignation and appointment took place as the Issuer considered that a joint statutory auditor was too time consuming, requires too much management attention, and limited the number of professional advisory firms available to Nyrstar. The resignation and appointment was not the result of any dispute with the Issuer's management over an accounting treatment, audit procedure or any other matter.

The consolidated financial statements as of and for the financial years ended December 31, 2010 and December 31, 2009 have been audited by the Issuer's current statutory auditor, PricewaterhouseCoopers Bedrijfsrevisoren/Réviseurs d'Entreprises BCVBA/SCCRL, represented by Peter Van den Eynde, who rendered an unqualified audit report on these financial statements. The consolidated financial statements as of and for the financial year ended December 31, 2008 have been audited by the Issuer's former joint statutory auditors, Klynveld Peat Marwick Goerdeler Bedrijfsrevisoren/Réviseurs d'Entreprises BCVBA/SCCRL, represented by Benoit Van Roost, and PricewaterhouseCoopers Bedrijfsrevisoren/Réviseurs d'Entreprises BCVBA/SCCRL, represented by Peter Van den Eynde, who rendered an unqualified audit report on these financial statements.

Belgian law limits an auditor's liability to €12 million for tasks reserved to auditors by Belgian law or in accordance with Belgian law, such as auditing financial statements such as those described above, other than liability due to fraud or other deliberate breach of duty.

SELECTED FINANCIAL INFORMATION

The selected financial information set forth below should be read in conjunction with the section headed ''Operating and Financial Review and Prospects'' and the Nyrstar Financial Statements included elsewhere in this Prospectus. The selected financial information set forth below as at and for the years ended December 31, 2010, 2009 and 2008 has been extracted from the Nyrstar Financial Statements included elsewhere in this Prospectus. The selected financial information set forth below is qualified in its entirety by reference to the Nyrstar Financial Statements. See also ''Presentation of Financial Information''.

	Year Ended December 31		
(€ millions)	**2010**	**2009**	**2008**
Revenue	2,696	1,664	2,410
Treatment Charges	403	292	404
Free Metal Contribution	378	159	218
Premiums	105	86	159
By-Products	124	92	166
Other	(83)	(35)	(65)
Underlying Gross Profit[1]	925	594	881
Underlying Operating Costs[2]	(721)	(507)	(735)
Underlying EBITDA[3]	**207**	**93**	**153**
Results from operating activities before exceptional items	110	32	57
Profit/(loss) for the period	**72**	**10**	**(595)**
Capital Expenditure	**147**	**68**	**116**
Cash Flow and Net Debt			
Net operating cash flow	210	(19)	418
Net debt/(cash), end of period[4]	296	38	(147)
Gearing (%), end of period[5]	26%	5%	Net Cash

Notes:

(1) Equivalent to Gross Profit for the periods presented.

(2) Underlying operating costs are comprised of employee benefits expense, energy expenses, stores and consumables used, contracting and consulting expenses and other expenses (each as set out in the income statement) excluding the net loss on the Hobart smelter embedded derivatives. The Hobart smelter is party to a long-term electricity supply contract with a zinc-price indexation clause. Accordingly, it contains an embedded derivative, which is marked to market. Resulting gains and losses are considered to be non-operational. Underlying operating costs is an unaudited, non-IFRS measure.

(3) Underlying EBITDA includes net profit/(loss) from equity accounted investees.

(4) Net debt/(cash) is calculated as non-current and current loans and borrowings less cash and cash equivalents.

(5) Gearing is calculated as net debt to net debt plus equity.

Reconciliation of EBITDA and Underlying EBITDA

The following table sets out the reconciliation between the ''Result from operating activities before exceptional items'' to Nyrstar's ''EBITDA'' and ''Underlying EBITDA''.

''EBITDA'' is an unaudited, non-IFRS measure that includes the result from operating activities, before depreciation and amortization, plus Nyrstar's share of the profit or loss of equity accounted investees.

''Underlying EBITDA'' is an additional unaudited, non-IFRS measure of earnings, which is used internally by management to assess the underlying business performance of its operations and reported by Nyrstar to provide greater understanding of the underlying business performance of its operations. Underlying EBITDA excludes items related to restructuring measures, impairment losses, material income or expenses arising from embedded derivatives recognized under IAS 39 and other items arising from events or transactions that management considers to be clearly distinct from the ordinary activities of Nyrstar.

Investors should not consider underlying EBITDA in isolation or as a substitute for Result from operating activities and Profit for the period reported in the Nyrstar Financial Statements and related notes beginning on page F-1, or other statement of operations or cash flow data prepared in accordance

with IFRS as a measure of Nyrstar's profitability or liquidity. Other companies in Nyrstar's industry may calculate underlying EBITDA differently or may use it for different purposes.

	Year Ended December 31		
€ millions	**2010**	**2009**	**2008**
Underlying EBITDA	**207**	**93**	**153**
Adjustments			
Deduct:			
Restructuring expenses[1]	11	24	24
Impairment losses / (reversals)[2]	1	(2)	615
Net loss / (gain) on disposal of equity accounted investees	—	—	18
Net loss / (gain) on disposal of subsidiaries	—	(6)	—
Net loss / (gain) on Hobart smelter embedded derivatives[3]	13	5	9
EBITDA	**183**	**71**	**(513)**
Depletion, depreciation and amortization expense	82	50	80
Share of profit / (loss) of equity accounted investees	3	4	7
Restructuring expenses[1]	(11)	(24)	(24)
Impairment (losses) / reversals[2]	(1)	2	(615)
Loss on disposal of equity accounted investees	—	—	(18)
Net gain on disposal of subsidiaries	—	6	—
Result from operating activities before exceptional items	**110**	**32**	**57**

Notes:

(1) Restructuring expenses of €11 million in 2010 (€24 million in 2009; €24 million in 2008) were incurred in relation to the continuation of the Company's organizational restructuring programs, including the 2010 relocation of its management committee and other corporate, marketing and sales functions to its new corporate office in Zurich, Switzerland.

(2) For further information on impairment, see ''Operating and Financial Review and Prospects—Significant factors affecting Nyrstar's results of operations—Asset impairments''.

(3) The Hobart smelter is party to a long-term electricity supply contract with a zinc-price indexation clause. Accordingly, it contains an embedded derivative, which is marked to market. Resulting gains and losses are considered to be non-operational.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth Nyrstar's consolidated capitalization as at December 31, 2010. This table should be read in conjunction with ''Selected Financial Information'', ''Operating and Financial Review and Prospects'' and the Nyrstar Financial Statements included elsewhere in this Prospectus.

The following table excludes the impact of the Farallon Acquisition, which occurred after the balance sheet date. For further information, see ''Recent Development—Farallon Acquisition''.

	December 31, 2010
Cash and cash equivalents	**161**
Total current debt	**13**
Guaranteed	—
Secured	—
Unguaranteed / Unsecured	13
Total debt	**457**
Minority interests	**4**
Shareholders' Equity	**828**
Total equity	**832**
Total capitalization	**2,103**
Net debt	**296**

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Introduction

The following is a review of Nyrstar's financial condition and results of operations for the years ended December 31, 2008, 2009 and 2010.

Investors should read the following review together with Nyrstar's historical consolidated financial statements and related notes beginning on page F-1 as well as the other sections of this Prospectus, and should not rely solely on the information contained in this section. The operational information presented in this Prospectus is taken from Nyrstar's transaction systems or derived from information taken from Nyrstar's transaction systems, which also form the basis of the financial information included in Nyrstar's audited financial statements for the periods indicated above, but has not been audited or subject to a review.

To assess underlying performance Nyrstar focuses on the non-IFRS measure "underlying EBITDA" as a measure of earnings, which management believes provides greater understanding of the underlying business performance of Nyrstar's operations. Underlying EBITDA excludes items related to restructuring measures, impairment losses, material income or expenses arising from embedded derivatives recognized under IAS 39 and other items arising from events or transactions that management considers to be clearly distinct from the ordinary activities of Nyrstar.

Investors should not consider underlying EBITDA in isolation or as a substitute for Result from operating activities and Profit for the period reported in Nyrstar's audited historical consolidated financial statements and related notes beginning on page F-1, or other statement of operations or cash flow data prepared in accordance with IFRS as a measure of Nyrstar's profitability or liquidity. Other companies in Nyrstar's industry may calculate underlying EBITDA differently or may use it for different purposes.

Overview of Nyrstar

Nyrstar is a leading global multi-metals business, producing significant quantities of zinc and lead as well as other products, such as silver, copper and gold.

Nyrstar's primary focus is zinc production.

Nyrstar was originally formed in 2007, predominantly as a zinc and lead smelting company. All of Nyrstar's smelting assets have long operating histories under previous owners and operators. Since 2009, Nyrstar has been undergoing a significant strategic transformation by expanding upstream into mining both to secure raw material supply for its smelters and to gain exposure to the more profitable part of the zinc value chain (zinc mining being historically more profitable than zinc smelting).

The principal raw materials for Nyrstar's smelting business are zinc concentrate supplied by zinc mines, including from its own mining operations, and a significant portion of secondary feed materials (such as zinc oxides). Nyrstar's zinc smelters convert the zinc concentrate and secondary feed materials into zinc metal for use in numerous end use applications. In addition to commodity grade zinc metal (SHG), Nyrstar also produces value-added alloys (such as die casting alloys), many of which hold strong competitive positions in niche technical applications.

Nyrstar is the world's largest zinc smelting company, based on 2010 production volumes according to Brook Hunt. Having produced approximately 1.1 million tonnes of zinc in 2010, Nyrstar's share of the global zinc market in 2010 was 8.6% according to Brook Hunt. Nyrstar's smelters in Auby (France), Balen and Overpelt (Belgium), Budel (The Netherlands), Clarksville (U.S.), and Hobart (Australia) are all primary zinc smelters, that is, the primary production is from smelting zinc-containing ore. Nyrstar's smelter in Port Pirie in Australia is a primary lead smelter with multi-metal recovery capabilities, giving it the flexibility to process a wide range of lead-containing feedstocks to produce refined lead, zinc, silver, copper and gold.

Since 2009, Nyrstar has acquired mines in the United States (Tennessee), Peru (Coricancha, Contonga and Pucarrajo) and Mexico (the Campo Morado operation) and has entered into the innovative Talvivaara Zinc Streaming Agreement in relation to the Sotkamo nickel mine in Finland, which has substantial zinc by-products. These mines are currently at various stages of being rendered operational or ramped-up to full production capacity. Management expects that these mines, once at full production (as expected by the end of 2012), will be capable of producing the equivalent of approximately 31% of Nyrstar's zinc raw material requirements (based on smelting operations at full

capacity). (See also ''Business Description—Strategy'' below.) At such level, Nyrstar's current zinc mining operations (including the Talvivaara Zinc Streaming Agreement) would be one of the ten largest in the world based on 2010 production according to Brook Hunt. Nyrstar has a medium-term goal of being capable of producing the equivalent of 50% of its zinc raw material requirements (zinc concentrates and secondary feed materials) from its own mining operations and streaming agreements.

Nyrstar has also acquired interests in mining development projects in Chile (Herencia Resources plc) and Northern Greenland (Ironbark Zinc Limited).

Segmental presentation

From 2010 onwards, Nyrstar has three operating segments, ''Smelting segment'', ''Mining segment'' and ''Other & Eliminations segment''. From 2010 onwards, operating results such as revenue and gross margin are regularly reviewed by the Nyrstar management committee (which has been identified as the company's ''chief operating decision maker'' only on the level of all smelting sites combined and all mines combined) to make decisions about resources to be allocated to these segments and assess their performance.

In 2010, Nyrstar adjusted its segmental disclosure to better align with how the Nyrstar management committee allocates resources and assesses performance. The change in Nyrstar's segmental disclosure reflects its actual and planned strategic expansion into mining. Therefore, in the audited consolidated financial statements for the year ended December 31, 2010 and the discussion below of the results of the year ended December 31, 2010 versus the year ended December 31, 2009, segment information for 2009 is restated to reflect this change to Nyrstar's operating segments.

Beginning on January 1, 2010, the Smelting segment comprises the following smelters: Auby (France), Balen (Belgium), Budel (The Netherlands), Clarksville (U.S.), Hobart (Australia) and Port Pirie (Australia). The Mining segment consists of Nyrstar Tennessee Mines (U.S.), the Coricancha, the Contonga and Pucarrajo mines (Peru) and the zinc streaming agreement with the Talvivaara mine (Finland). In 2011 the Mining segment will also include the Campo Morado operation (Mexico), recently acquired by Nyrstar with the completed acquisition of Farallon (for further information, see ''Recent Development—Farallon Acquisition''). The Other & Eliminations segment contains Galva 45 (France), GM Metal (France), Australia Refined Alloys (''**ARA**'') (Australia), Föhl and Genesis Alloys (China) and corporate activities as well as the eliminations of the intra-group transactions, including any unrealized profits resulting from intercompany transactions.

Prior to 2010, the operating segments were Auby (France), Balen (Belgium), Budel (The Netherlands), Clarksville (U.S.), Hobart (Australia) and Port Pirie (Australia), ''Chinese Operations'' and ''Other Operations''. Chinese Operations included Nyrstar Yunnan (in August 2009 Nyrstar divested its interest in Nyrstar Yunnan), Föhl and Genesis Alloys. Other Operations combined operations in Australia (ARA) and in France (Galva 45 and GM-Metal). Furthermore, in 2009 Other Operations also included the following other unallocated items: Mid-Tennessee Zinc mine complex, East-Tennessee Zinc mine complex and Nyrstar's 85% interest in the Coricancha mine. Eliminations were shown separately. Accordingly, the discussion and analysis below of the results of the year ended December 31, 2009 versus the year ended December 31, 2008 is based on this then-applicable segment information.

Inter-segment transactions

Due to the increasing level of vertical integration within Nyrstar, there will be an increasing number of transactions between the Mining and Smelting segments, primarily sales of zinc and lead concentrate. In the year ended December 31, 2010, Mining segment sales to the Smelting segment accounted for 87% of the Mining segment's revenue, the first year in which there were such sales.

Inter-segment transactions are eliminated as intercompany transactions for purposes of Nyrstar's IFRS consolidated financial statements.

Significant factors affecting Nyrstar's results of operations

The Mining segment generates earnings on the valuable minerals Nyrstar extracts and subsequently processes into concentrates. The Smelting segment's smelters are essentially processing businesses that generate earnings on the concentrates and other feedstocks they convert to primary metal and valuable by-products. The gross profits Nyrstar realizes through the production and sale of concentrates (Mining segment) for both intercompany and external sale, and through the production

and sale of refined zinc, lead and other metals (Smelting segment) are affected by a number of interrelated factors, most notably the commodity prices for zinc and lead and the treatment charges (''**TCs**'') for processing of zinc and lead concentrates. These pricing dynamics are conceptually similar but differ in specifics for zinc, lead, and other base and precious metals. The focus in the discussion below is on zinc, as zinc concentrates and refined zinc metal are by far Nyrstar's primary products.

Zinc prices

The market price of zinc is the primary factor affecting Nyrstar's results of operations. It directly affects the Mining segment's revenues by determining the sales price of the payable volume of zinc in concentrate, i.e. mining ''free metal'', as well as the concessions mines give for TCs (as described below under ''—Elements of gross profit realized by the Mining segment''). Its effect on the Smelting segment's cost of sales is through the price of the zinc concentrates and secondaries purchased to produce refined metal; its effect on the Smelting segment's gross profits is through the concessions it receives from TCs and the revenues the Smelting segment receives from sales of ''free metal'' (as described below under ''—Elements of gross profit realized by the Smelting segment'').

The relationship between the supply of zinc contained in zinc concentrates and secondary feed materials and the demand for refined zinc metal by the industries that use zinc in the production of their products (the so-called ''first use'' industries) is critical in determining the global market price of zinc. The market price for zinc is typically quoted as the daily cash seller and settlement price established by the LME. Most of Nyrstar's zinc business is conducted with reference to this price. LME zinc prices are influenced by the global supply of and demand for zinc metal. The supply of zinc metal is a function of the amount of zinc concentrates and secondary feed materials produced and the availability of smelting capacity to convert them into refined metal. The demand for zinc metal is driven by numerous factors, including general economic activity both globally and regionally, industrial production, conditions in end-use markets such as the construction and automotive industries, and other factors. Zinc production growth has historically been closely correlated with global industrial production growth. Trends in the rate of worldwide industrial production growth overall and the rate of growth in the particular markets in which zinc end users operate (e.g., the construction, automotive and infrastructure sectors) affect demand for Nyrstar's products and significantly influence Nyrstar's performance. According to Brook Hunt, between 2010-2015 the greater intensity of use of zinc in China and other developing countries, and their rapidly expanding size, will drive global zinc consumption rates higher than in recent history with expected compound annual growth rate (''**CAGR**'') of 7.8% in the developing world. An expected global CAGR of 6.6% during the period will increase global refined zinc consumption by approximately 0.8 million tonnes per annum to 14.9 million tonnes in 2015. During the course of the past decade China has become the dominant market for refined zinc. In 2000, the country accounted for 15% of global consumption, a level then comparable to the U.S. share of global demand. By 2009, China's share of global zinc demand had risen to approximately 40% and the U.S. share had shrunk to approximately 9%. In absolute terms, Brook Hunt forecasts a CAGR in Chinese zinc consumption of 8.7%, which would result in Chinese zinc consumption growing to 6.8 million tonnes in 2015.

LME zinc prices have been characterized by significant fluctuations over the last 20 years, predominantly as a result of the interplay between the supply of and demand for zinc, as summarized above. The zinc price can also be affected, and appears to have been so affected to a significant extent in recent years, by the participation of financial investors (as opposed to consumers of zinc) in the market. The volatility of LME zinc prices means that Nyrstar's sales, raw material costs and TCs it receives from miners (or pays to Nyrstar's Smelting segment or third party smelters) have varied considerably and may continue to vary considerably from period to period.

LME prices for zinc reached very high levels by historic standards in 2006 and until mid-2007, after which the global financial crisis and ensuing recession in the majority of industrialized economies led to a sharp decline in zinc and other commodity prices. Since early 2009, prices have recovered (albeit not to 2007 levels), however subsequent tightening of fiscal and monetary policies and protracted low-growth environments forecast for several industrialized economies have led to continuing uncertainty in the metal industry and to some volatility in commodity prices.

The table below sets forth average historical zinc prices in U.S. Dollars per tonne since 2000:

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
LME price (nominal)	1,128	885	778	827	1,047	1,381	3,274	3,240	1,874	1,655	2,160
LME price (real)(1)	1,427	1,090	943	980	1,208	1,542	3,539	3,405	1,898	1,681	2,160

Source: Brook Hunt

Note:

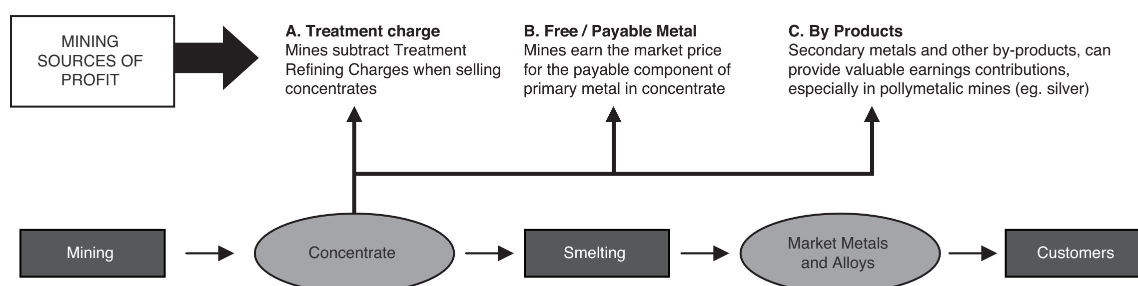
(1) Based on 2010 U.S. Dollars.

For a further discussion of the zinc price dynamics and trends, both historical and forecast, see ''The Mining and Smelting Industry''.

Elements of gross profit realized by the Mining segment

Certain terminology used below reflects the fact that Nyrstar has historically been a smelting company and as such has applied certain terminology traditionally used in the smelting industry to its Mining segment.

The chart below illustrates sources of profit of a mining business:



Mines generate earnings on the valuable minerals they extract and subsequently process into concentrates. This concentrate is then typically sold to a smelter that pays for differing amounts of the metals contained, i.e. the payable metal, within that concentrate. Where more than one metal in concentrate is sold to a smelter, a distinction is made between the primary metal and other metals, also known as by-products. Mines receive the revenue for the primary payable metal less a treatment charge that is paid to the smelter for processing the metal in concentrate into a refined product. In addition the mine receives revenues for the payable component of by-products, less any treatment charges.

The elements of gross profit realized by mining zinc and other metals, which for consistency purposes Nyrstar has aligned to the same categories as smelting (see ''—Elements of gross profit realized by the Smelting segment''), are composed of:

- Primary concentrate TCs compromising the base TC and any price participation through escalators and de-escalators, which the mine pays to a smelter through concessions, thereby reducing the mine's revenue;
- The value of ''free'' primary metal (i.e., the payable amount of the primary metal produced by the miner at the market defined price);
- By-product sales; and
- ''Other Mining Gross Profit'', which is typically a deduction and includes realization expenses, penalties paid by the miner to the smelter, location advantage concessions or allowances.

For Nyrstar's zinc mines (consisting, during the reporting period, of Nyrstar Tennessee Mines, Contonga and Pucarrajo) and for the Talvivaara Zinc Streaming Agreement, the primary metal is zinc. Therefore only zinc Treatment Charges are included in the TC category and only zinc is included as free metal. All other TCs and earnings on other metals are reported within by-product gross profit. For Coricancha, the primary metal is gold (as defined by Nyrstar management based on its relatively high, compared to other metals, production volume at full capacity) and therefore only the gold Refining Charge (''**RC**'') (conceptually the same as a TC, but the term ''refining'' is applied to precious metals) is included in the TC category, and only gold is reported within free metal. All other TCs, RCs and earnings on other metals are reported within by-products.

Depending on the mine type and the ore body from which it extracts minerals, the relative contribution of each element of gross profit can vary considerably. For example, in Nyrstar Tennessee Mines, which consists of several zinc mines, the vast majority of profit earned will be from zinc free metal. By contrast, in Contonga and Pucarrajo, given the significant volume of silver expected to be produced once the mines are fully operational, by-product profit is expected to be a relatively more significant element of gross profit.

Treatment Charges

The market price of zinc is a key component in determining the value of the zinc contained in concentrate. The dynamics of how that value is shared between (i) Nyrstar's Mining segment and other mining companies, as suppliers of zinc concentrates, and (ii) Nyrstar's Smelting segment and other smelters are driven primarily by the relationship between the global supply of zinc concentrate from miners and the global demand for zinc concentrates by the smelters. In a market situation where the demand for zinc concentrates is greater than the supply, a relatively greater share of the zinc metal value and lead metal value will typically go to the miner.

Conversely, when concentrates are relatively abundant, the opposite occurs and a greater share of such value is typically captured by the smelter. Negotiation of the applicable TC is the key mechanism by which the value of the contained zinc in concentrate shifts between the miner and the smelter. As is customary in the industry, Nyrstar generally negotiates TCs with each supplier of zinc concentrate annually, early in the contract year, based on Nyrstar's and the miner's expectations of future market conditions. In any given year, TCs (negotiated by Nyrstar's Smelting segment and other smelters and Nyrstar's mines and other miners) tend to settle around norms established through negotiations between the major buyers and sellers of concentrate. These norms are commonly referred to as the ''Benchmark'' TC. Benchmark TCs are used as the basis for annual terms for transactions between Nyrstar's Mining segment and Smelting segment.

The TC is treated as a concession by the miner to the smelter and is deducted from the price payable for zinc concentrate by the smelter. For Nyrstar's mines it is a deduction in the net revenue and gross profit earned from payable zinc, lead and other metals in concentrate that is sold. For zinc, the TC typically involves a base charge, which is agreed at a reference zinc basis price. Contracts will usually contain a formula that causes the agreed base TC to be increased or decreased by a fixed percentage of each U.S. Dollar that the zinc price used to calculate the price (i.e. the prevailing LME price at time of transaction) of the concentrate is above or below the agreed zinc basis price. These upward and downward adjustments are typically referred to as ''escalators'' and ''de-escalators'', respectively. The production of other metals, such as lead, also follow a similar TC concept. In recent years lead TCs have been agreed at a flat rate with no adjustment for lead price movements.

Nyrstar's actual realized TCs have in the past been and going forward will be affected by the relative increases and decreases in concentrate supply, smelter capacity utilization as well as zinc and lead price trends. For a discussion of the dynamics underlying TCs and recent and forecast trends in TCs, see ''The Mining and Smelting Industry''.

Free metal (i.e. payable metal)

Free metal is the value of the payable volume of primary metal sold by the miner at the market price. In a typical zinc concentrate contract, the smelter or another customer pays the mine for the industry standard percentage of the zinc contained in the concentrate (the industry standard is currently, and has historically been, 85%). Similarly, for other metals in concentrate the Mining segment typically obtains the industry standard payable amount for the metals contained (for example the industry standard for lead is currently, and has historically been, approximately 95%).

By-products

Once Nyrstar's existing mine assets are fully operational, the Mining segment is expected to produce a considerable volume of other metals in addition to zinc and lead, primarily silver. The profit generated on the payable volumes of secondary metals contained in concentrates at the market price, after any TCs or RCs are deducted, is reported within by-products. Nyrstar estimates that once the mines it currently owns will be fully operational they will produce in the aggregate approximately 5.5 million troy ounces of silver, 14,000 tonnes of lead in concentrate, 9,000 tonnes of copper in concentrate and (for the

Coricancha mine) 5,000 tonnes of zinc contained in concentrate. The earnings, after any TC or RC deductions, on these volumes are reported as by-products.

Other mining gross profit (or loss)

Other Mining gross profit (or loss) is the sum of other costs and revenues associated with mining operations. These include:

- Realization expenses (i.e., freight);
- Location allowances; and
- Penalties.

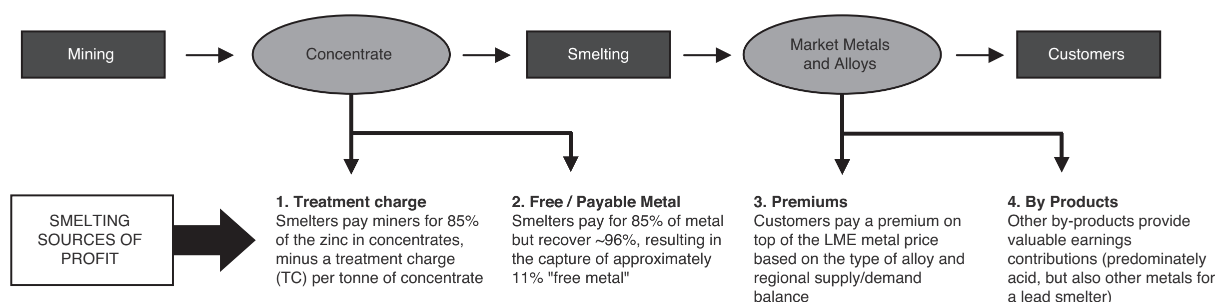
Realization expenses include all external selling freight costs, i.e. freight incurred in delivering concentrates and other products to customers. It is customary for miners to bear the costs of transporting concentrate to the port of discharge nearest to the smelter. Only in circumstances where a smelter is disadvantageously located can the mine negotiate that the smelter should bear some of this cost, generally the portion that is incremental to the best alternative delivery point. Nyrstar's mines rely on a variety of transport methods for delivery of concentrates and other products, including ship, road and rail, choosing the most appropriate methods for each particular site.

Smelters that are located close to mines are generally well-placed to negotiate advantageous commercial terms (''location allowances'') reflecting a share of the transportation cost savings the miner will achieve by not sending the concentrate to more distant smelters. For example the Smelting segment receives a location allowance from Nyrstar Tennessee Mines due to its proximity to Nyrstar's Clarksville smelter.

In some cases, concentrates contain impurities, such as iron, that cause difficulties in a smelter's refining process. In these circumstances, the concentrate purchase contract will typically allow the smelter to take a deduction from the price it pays for the concentrate. Smelters and miners will negotiate the level of this deduction, known as the ''penalty''.

Elements of gross profit realized by the Smelting segment

The chart below illustrates sources of profit of a smelting business:



Smelters are essentially processing businesses that achieve a margin on the concentrates and other feedstocks they process; in large part the price for the underlying metal is effectively passed through from the miner supplying the concentrate, or the supplier of the secondary feed material, to the smelter's customer. The smelter earns revenue from the treatment charge it receives from the mine to process the metal in concentrate into refined product, the refined metal it can produce and sell over and above the metal content it has paid for in concentrates purchased from the miner and any premium it can earn on the refined products it sells to its customers.

The elements of gross profit realized by the smelting and refining of zinc and lead comprise:

- Zinc and lead TCs comprising the base TC and any price participation through escalators and de-escalators, paid to the smelters by miners in the form of concessions;
- The value of ''free'' zinc and lead (i.e., refined zinc and lead produced by the smelter over and above the metal content the smelter has paid for in concentrates purchased from the miner);

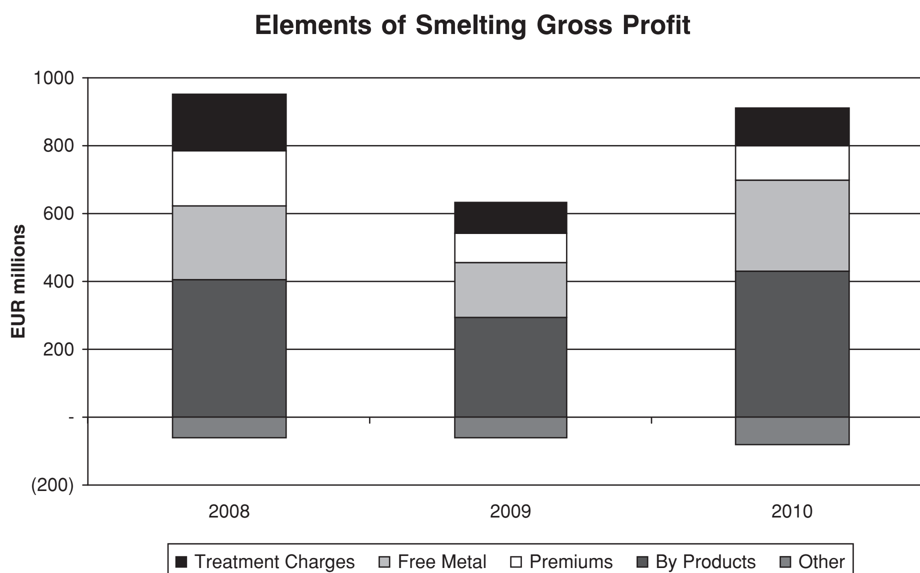
• Metal premiums (i.e., sales of refined metal made by the smelter at prices above the LME zinc and lead reference prices);

• By-product sales; and

• ''Other Smelting gross profit or loss'', which consists of realization expenses, location allowances, penalties and the costs and revenues associated with producing alloys.

While the contributors to smelter margins will vary according to the relationship between metal prices and TCs, Nyrstar's Smelting segment and other smelters typically have historically obtained the majority of their margins from TCs and to a lesser extent from free metal, metal premiums and by-product sales. By-product sales can vary significantly from year to year, as a result of fluctuations in prices and production volumes. The impact of location allowances and penalties is usually relatively small.

The following chart breaks down the relative contributions of TCs, free metal, metal premiums and by-product sales to the gross profit of Nyrstar's Smelting segment:



The relative contributions of the elements of Smelting gross profit of €827 million for 2010 were, in order of magnitude, zinc and lead treatment charges (47%), zinc and lead free metal (28%), by-product sales (13%) and zinc and lead premia (12%). (Other Smelting Gross Profit/(Loss) amounted to €(81) million in 2010.)

Treatment Charges

Treatment Charges from a smelter's perspective is simply the opposite of a miner's perspective (described in detail in ''—Elements of gross profit realized by the Mining segment''). Whereas for a miner the treatment charge is a deduction in its gross profit, for a smelter it is a deduction from the price paid for zinc, lead or other concentrates and therefore a reduction in raw material cost.

Free metal

Free metal in relation to zinc is the value of the difference between the amount of zinc that is paid for in the concentrates and the total zinc recovered for sale by the smelter. As discussed in ''—Elements of gross profit realized by the Mining segment'' above, in a typical zinc concentrate contract, the Smelting segment pays the mine (whether a Nyrstar mine or a third-party miner) for 85% of the zinc contained in the purchased concentrate, which has historically been the industry standard. Nyrstar does not anticipate any change to this standard. Depending on concentrate quality and production efficiencies, Nyrstar's zinc smelters currently achieve an average zinc recovery of approximately 96%. The value of the free zinc (i.e., the delta, approximately 11% in the Nyrstar case) is retained by the smelter.

In a standard lead concentrate contract, the Smelting segment typically pays a Nyrstar mine or another supplier for 95% of the value of the lead metal. Accordingly, the proportion of free lead metal the Smelting segment obtains (being the difference between the amount of refined lead metal recovered for sale and the amount of lead metal paid for) is less than the equivalent proportion for zinc. At Port Pirie

lead recoveries are typically approximately 98% to 99%, meaning that the amount of free metal is approximately 3% to 4% of the lead in the raw materials. In a standard lead concentrate contract, the Smelting segment typically also pays the supplier for the value of the zinc contained in the lead concentrate. This payable value can vary depending on the source of lead concentrate; an approximate average of 10% of the amount contained in the feedstock can be assumed. At Port Pirie, recoveries of zinc from lead feedstocks are typically approximately 90%, meaning that the amount of free metal is approximately 80% of the zinc in the lead concentrate or secondary feed materials.

The profit the Smelting segment obtains from free metal is a factor of its total production of refined zinc tonnage and the realized zinc price (and to a lesser extent lead tonnages and lead prices). The recovery of zinc prices in the second half of 2009 and into 2010 led to a pronounced improvement on the margin the Smelting segment received from free zinc in 2010 compared to 2009.

Premiums

A premium obtained on zinc and lead sales is the difference between the base LME price and the higher price that the Smelting segment achieves on sales of the refined zinc and lead metal. The premium reflects a combination of factors, including the service provided by the smelter in delivering zinc or lead of a certain size, shape or quality specified by its customers and transportation costs, as well as the conditions of supply and demand prevailing in the regional or local market where the metal is sold. Premiums tend to vary from region to region as transportation costs and the value attributable to customer specifications tend to be influenced by regional or local customs rather than being a function of global dynamics.

Premiums for Nyrstar's zinc and lead products are generally negotiated annually for one-year periods, with customers having the ability to vary monthly volume deliveries within an agreed range depending on their production requirements.

Nyrstar's smelters produce a range of zinc-based products, including value-added alloys, on which the Smelting segment is typically able to earn a premium per tonne over the LME base price and to differentiate its products based on quality. These products include Nyrstar ''ZAMAK'' and ''EZDA'' brands used for zinc die casting applications.

In 2010 the average gross premium per tonne to the LME zinc price that Nyrstar obtained on SHG zinc products sold ranged from US$50/tonne to US$110/tonne, the premium per tonne for die cast alloys sold ranged from US$180/tonne to US$260/tonne and the premium per tonne for specialty alloys sold ranged from US$320/tonne to US$340/tonne.

Nyrstar earns premiums on all lead products; on some of its value-added lead alloys, such premiums are substantially higher than the premiums for the commodity grade ''99.97%'' lead. On average, lead premiums are substantially lower than those for zinc.

By-products

Although the Smelting segment's principal products are zinc and lead metal, it also sells silver, copper, gold, sulphuric acid and other by-products from the process of refining zinc and lead. The quantity of by-products produced is dependent on a number of factors including the chemical composition of the concentrate and the recovery rates achieved. Concentrates from some mines contain higher levels of by-product metals than concentrates from other mines. In addition, the higher the rate of by-product recovery, the greater the amount of by-products that can be produced and sold. The revenue the Smelting segment generates from sales of by-products is also dependent on the market prices for those products. The effect of sales of by-products on Nyrstar's operating results can therefore be highly variable.

By volume, sulphuric acid is the major by-product the Smelting segment produces and sells. It is manufactured from the sulphur dioxide gas generated from roasting zinc concentrates. While the zinc smelters use sulphuric acid in their leach plants, almost all of this requirement is generated in each zinc smelter's electrolysis plant and only small amounts of the sulphuric acid produced by Nyrstar's roasters are used in its facilities, leaving the rest available for sale. The sulphuric acid Nyrstar produces is generally sold under annual or multi-year contracts.

Leach product is a secondary by-product produced by zinc smelters that typically contains zinc that is not recovered as ''market metal''; it also contains other metals, typically lead and silver. However the

composition of leach product produced by Nyrstar can vary depending on the composition of the concentrate processed by the different zinc smelters.

Nyrstar is one of the world's leading refined silver producers, having produced approximately 13.4 million troy ounces, 16.7 million troy ounces and 14.3 million troy ounces of refined silver in 2010, 2009 and 2008, respectively. Nyrstar produces refined silver at Port Pirie, which it sources through the lead concentrates Nyrstar purchases. There can also be material amounts of silver contained in zinc concentrates purchased by Nyrstar and a significant portion of the silver content contained in both zinc and lead concentrates is normally included in the price Nyrstar pays to the miner (which is not necessarily the case for other valuable metals in concentrates). The silver contained in zinc concentrate processed by a zinc smelter typically remains in the leach product and the percentage of such silver volume for which Nyrstar's customers pay can vary. As a result, Nyrstar does not get the full benefit of the value of the refined silver it produces, as it does with respect to some of the other by-product metals. Nyrstar sells most of its silver under contracts that are renewed annually.

The Port Pirie smelter also produces copper cathode and refined gold.

Other Smelting gross profit or loss

Other Smelting gross profit (or loss) is the sum of other costs and revenues associated with smelting operations. These include:

- Realization expenses (i.e., freight);
- Location allowances;
- Penalties; and
- Costs and revenues of alloying materials.

Realization expenses include all external selling freight costs, i.e. freight incurred in delivering Nyrstar products, refined zinc and lead and by-products, to its customers. Nyrstar relies on a variety of transport methods for delivery of its feedstock and products, including ship, road and rail, choosing the most appropriate methods for each particular site and customer. Nyrstar endeavors to target customers close to each of its sites, in order to reduce transport costs. Accordingly, Nyrstar tends, where feasible, to serve Asian customers from its Australian operations, European customers from its European operations and North American customers from its Clarksville operation. In general, Nyrstar's transport costs are higher in Europe than in the United States, Asia or Australia.

As discussed in the ''—Elements of gross profit realized by the Mining segment'', smelters that are located close to mines are well-placed to negotiate advantageous commercial terms (''location allowances'') reflecting a share of the transportation cost savings the miner will achieve by not sending the concentrate to more distant smelters.

As discussed in the ''—Elements of gross profit realized by the Mining segment'', in some cases, concentrates contain impurities, such as iron, that cause difficulties in the refining process. In these circumstances, the concentrate purchase contract will typically allow the smelter to take a deduction from the price it pays for the concentrate. Smelters and miners will negotiate the level of this deduction, known as the ''penalty''.

Costs and revenues of alloying materials, which are required to produce the value-added alloys, include the cost of supply and the revenue earned by the sale of alloying metals (aluminum, nickel, copper, tin, etc.) for input into the process of producing finished metal products.

Transactional hedging of metal price and currency exposure

Nyrstar undertakes hedging transactions to cover the timing risk between raw material purchases and sales of metal and to cover the exposure on fixed-price forward sales of metal to customers.

The majority of Nyrstar's concentrates and metal purchases are based on the LME reference price in U.S. Dollars. The underlying metal price used to determine the amount Nyrstar pays for metal in the raw materials that it purchases is normally an average of the LME price over an agreed period of time, typically one month. Similarly, when Nyrstar sells its refined metal products, a portion of the price it charges is an average of the underlying metal price over an agreed period of time or a fixed forward metal price. If the underlying metal price were to be constant or flat, the price Nyrstar pays for the metal contained in the raw materials it purchases would be passed through to the customer as part of the price

Nyrstar charges for its products. However, due to the lapse of time between the conversion of purchased raw materials into products and the sale of products, the volatility in the LME price creates differences between the price Nyrstar pays for the contained metal and the price it receives for it. Accordingly, Nyrstar is exposed to any fluctuations in price between the moment it purchases the raw material (i.e., when metal is ''priced-in'') and the moment the product is sold to the customer (i.e., when the metal is ''priced-out''). The period in which metal is ''priced-in'' and ''priced-out'' is also referred to as a ''Quotational Period''.

At any given time Nyrstar is likely to hold metal, either as work-in-progress or finished good inventory, that has been ''priced-in'' but not ''priced-out''. As this metal remains exposed to fluctuations in the underlying metal price until it is ''priced out'', it is called ''Metal at Risk''. The actual Metal at Risk at any given point in time will fluctuate with deliveries of raw materials and production levels. To the extent Nyrstar is unable to effectively manage (or hedge) the Metal at Risk, its results of Nyrstar's operations may be materially adversely affected. Nyrstar monitors Metal at Risk on a regular basis and undertakes hedging to mitigate the metal price exposure in what Nyrstar refers to as ''transactional hedging''.

The price of placing transactional hedges is dependent on whether future or ''forward'' prices are higher or lower than current or ''spot'' prices, as indicated by the shape of the forward underlying metal price curve. Future prices can be either higher or lower than current prices, depending on a range of factors and can change quite rapidly at times.

The hedges required to hedge Nyrstar's Metal at Risk position will be determined by whether the net position is positive, meaning Nyrstar has more metal ''priced-in'' than is ''priced-out'', or alternatively is negative, meaning Nyrstar has more metal ''priced-out'' than is ''priced-in''. If Nyrstar's Metal at Risk position is positive, then it needs to offset this net ''priced-in'' exposure by an equivalent ''priced-out'' hedge, by selling metal on the LME. Where future prices are higher than current prices, this hedge will realize an equivalent profit, since the sold hedge will realize a higher price on maturity. If future prices are lower than current prices then this hedge will realize a cost for the reverse reason. If the Metal at Risk position is negative, then the reverse of these hedging strategies would be used.

Fixed-price forward sales of metals to customers are systematically hedged by corresponding hedging transactions in order to mitigate the metal price fluctuation between the time Nyrstar agrees to a price with its customer for future delivery and the moment that delivery takes place.

Raw materials

Zinc and lead concentrate

As outlined above, concentrate prices are principally a factor of the LME metal price and TCs. Although increases in the LME price will increase the price the Smelting segment pays for concentrate, those increases are generally passed through to its customers or are hedged. Changes in concentrate prices resulting from changes in TCs can, however, affect Nyrstar's gross profit. Once Nyrstar's mines are fully operational (currently expected by the end of 2012), the Mining segment is expected to produce the equivalent of approximately 31% of the zinc concentrate feed required by Nyrstar's zinc smelters. Once at full capacity, expected to be achieved in early 2011, Nyrstar Tennessee Mines is expected to provide the Clarksville smelter with all of its concentrate requirements. See also ''Business Description—Mining—Nyrstar Tennessee Mines''. Once at full capacity, expected to be achieved by 2012 (based on public statements made by Talvivaara), the Talvivaara zinc stream is expected to supply approximately 8% of the concentrate feed required by Nyrstar's smelters, the majority of which is expected to be used as raw material for the Budel smelter. In addition, as discussed below, under ''—Contractual obligations and commitments'', Nyrstar has a life-of-mine concentrate purchase agreements with the Century and Rosebery mines owned by Metals and Mining Group, which supplied approximately 45% and 8%, respectively, of Nyrstar's zinc concentrates (and a significant volume of lead concentrates) in 2010. The Century mine is currently expected to reach its life-of-mine and thereby cease supplying Nyrstar's smelters by the end of 2015. Nyrstar management is accordingly 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, while rolling forward delivery terms where possible to future years, thereby building a long concentrate position ahead of the closure of the Century mine. See also ''Risk Factors—Risks related to Nyrstar's business and industries—Nyrstar is dependent on a limited number of suppliers for zinc and lead concentrate. A disruption in supply, including supply under the zinc streaming agreement with Talvivaara, could have a material adverse effect on its production levels

and financial results.'' The balance of feedstock is typically secured under a combination of ''frame'' (fixed period) and continuous contracts which typically have cancellation notice periods of one or two years. Nyrstar does not typically enter the spot market for acquiring concentrates.

Zinc and lead secondaries

Nyrstar's smelters are capable of processing significant quantities of secondary feed materials (also referred to as ''secondaries''), which are feedstocks that come from sources other than mines. Zinc sourced from suppliers of secondary feed material currently represents approximately 20% of the Smelting segment's total zinc feedstock. Materials such as zinc oxides are largely produced by specialist steel recyclers. Important elements of Nyrstar's strategy to use secondaries to diversify its raw materials sources and to decrease the cost of such materials include (i) increasing the use of secondaries throughout Nyrstar's smelters, (ii) leveraging off Nyrstar's central washing facility for pre-treatment of purchased secondaries at Overpelt to supply Nyrstar's European smelters, and (iii) the commencement of operations at a new washing facility at Clarksville in early 2011.

The principal drivers of the price of zinc secondaries, as for concentrates, are LME zinc prices and rebates. The rebate can take the form of a TC that generally follows the same trends as that for zinc concentrates, although it is not pegged to or precisely correlated with the TC for zinc concentrates, or it can take the form of a reduction of the percentage of zinc payable. Prices are also affected by the quality of the secondaries (both the grade and the degree of contamination) and the distance of the supplier from the smelter, as the supplier is normally responsible for the cost of transporting the secondaries to the smelter.

Nyrstar's Port Pirie smelter has multi-metal production capabilities and as such Nyrstar sources a wide range of residue or secondary feed materials for which there are few, if any, alternative outlets in Australia.

Underlying operating costs

Operating costs for Nyrstar's zinc smelters and mines primarily comprise energy costs (including costs of electricity, natural gas, coke and coal), employee expenses (including costs of employee salaries and benefits) and other expenses. Other expenses comprise contracting and consulting expenses, costs of consumables and other materials used in production (also referred to as ''stores''), and other items such as travel, insurance and training costs. In addition, underlying operating costs also include changes in inventories of finished goods and work in progress and other revenues and costs, such as gains from the sale of property, plant and equipment.

On average, across Nyrstar's Smelting segment, underlying operating costs are comprised of approximately equal parts energy costs, employee expenses and other expenses.

Energy expenses

Electricity is the major source of energy for Nyrstar's zinc smelters while coke and coal is the principal energy source for its multi-metal smelter. Nyrstar's mines are powered by a combination of electricity and coke and coal. The volume of energy used and its price affect the Smelting segment's results of operations to a relatively greater extent than they affect the Mining segment, therefore the discussion below focuses on the Smelting segment.

Electricity

Energy represents a significant part (approximately 30-40%) of Nyrstar's operating costs, especially in the Smelting segment.

Total energy expenses represented approximately 39%, 37% and 35% of the Smelting segment's operating costs in 2010, 2009 and 2008, respectively, of which electricity costs represented approximately 85%. Electricity costs declined at several smelters during the global financial crisis of 2008/2009, due to both decreases in market prices of electricity as well as to specific features of Nyrstar's electricity supply contracts. However, in 2010 prices began to trend upwards again, particularly within Europe.

Nyrstar attempts to limit its exposure to short term energy price fluctuations through forward purchases, long term contracts and the participation in consortia, where feasible. However, such forward

purchases, long term contracts or consortia are not always available at acceptable terms, especially in Europe.

In 2010, approximately two-thirds of Smelting segment electricity costs were incurred at Nyrstar's European smelters. Nyrstar's electricity costs depend on regional pricing dynamics. Electricity prices are higher in Europe than in other locations where Nyrstar operates. Approximately 13% of Nyrstar's European smelters electricity costs are locked in with multi-year contracts, whereas 90% of all non-European smelter electricity costs are locked in under contracts with prices locked in for approximately four years. To manage the resulting market risk in Europe, when market conditions are conducive, Nyrstar forward purchases electricity for its European smelters. For both 2011 and 2012, approximately 60% of Nyrstar's anticipated European smelter electricity requirements have been bought forward at an average price of less than €50 per mega-watt hour.

Nyrstar has taken and continues to take other steps designed to mitigate the impact of rising electricity costs, including focusing on improvements to its production efficiencies, such as increasing its use of secondary feed materials which require less energy to process.

Nyrstar is also actively assessing means of leveraging its position as a major electricity purchaser in Europe. For example, the Auby site is a member of the ''Exeltium'' consortium which seeks to increase the long-term visibility and stability of its electricity sourcing terms. The members of the Exeltium consortium include several industrial companies with production facilities in France.

Coke and coal

Coke and coal are important inputs at Nyrstar's Port Pirie operation, where coke is used in the lead blast furnace to convert lead oxide to metallic lead bullion and coal is used in its slag fuming furnaces to extract zinc oxide for subsequent processing in the zinc plant. Coke and coal are sourced on annual contracts from a number of suppliers. Along with other energy costs, both coke and coal prices fell during the global financial crisis of 2008/2009 and subsequently started to increase during 2010.

Employee benefits expenses

Employee benefits expenses accounted for approximately 30%, 33% and 26% of Nyrstar's Smelting operating costs in 2010, 2009 and 2008, respectively; and approximately 38% of the Mining segment's operating costs in 2010. The main drivers of employee benefits costs include: the number of full- and part-time employees employed at Nyrstar sites and in corporate functions; the existence of various collective bargaining agreements, which determine the terms and conditions of employment, at different sites; the competition for skilled workers near the location of Nyrstar's sites; and employee-related legislation and taxes in the different jurisdictions in which Nyrstar operates. Nyrstar also has defined benefit pension plans at a number of its operations. Nyrstar is compliant with applicable local regulations regarding its funding obligations in respect of these plans. In line with such local regulations, some of these plans are not fully funded, with the unfunded portion being provisioned. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Planned smelter shutdowns

Nyrstar's Smelting segment's results are affected by the planned shutdowns of smelters and equipment for periodic maintenance and/or improvements. During these shutdowns, which can vary in length, the plants and equipment are off-line and based on the extent of the site affected, production of metal can cease or be severely limited. Typically the roasters at Nyrstar's zinc smelters are shut down once every two years for a few weeks for periodic planned maintenance. In addition, more lengthy shutdowns are required with less frequency for more extensive maintenance. For example, a planned blast furnace shutdown at the Port Pirie smelter (Australia) was carried out in July 2010 for approximately three weeks, and during that period the site operated at limited production capacity.

Equipment failures

Nyrstar's Mining and Smelting results can be affected by unplanned equipment failures within different parts of the process. While procedures are in place for continuous monitoring of all equipment by site maintenance teams, failure can happen. Depending on the nature of the equipment or parts that fail, there can be minimal disruption or there can be a lengthier impact on operations and production. For example, zinc metal production at Hobart decreased by 6% in 2010 compared to 2009 due to minor equipment failures in the cast house in the first quarter of 2010, and damage to two transformer

rectiformers caused by a localized fire in May, which temporarily reduced production to approximately 80% of capacity. The damage was largely repaired in June, restoring production to approximately 95% of capacity at that time, and the operation was restored to 100% of capacity in December 2010. Similarly, lead metal production at the Port Pirie smelter was down 14% in 2010 due to sinter plant reliability issues in the first quarter, which resulted in two unplanned blast furnace shutdowns and restricted production of all metals. Nyrstar's asset management strategy is to continually review all equipment and spares and to have available a safety stock of critical and high-use spares.

Production curtailments

In adverse economic circumstances Nyrstar has in the past taken decisive actions to reduce production levels and suspend operations at some of its smelters to ensure the sustainable future of those operations. In November 2008 Nyrstar suspended operations at the Balen smelter (and restarted in September 2009), and for the first half of 2009 the Budel and Clarksville smelters operated at reduced levels. If similar economic conditions were to arise again, Nyrstar would consider taking similar decisive action in its smelting and mining operations.

Exchange rates

Nyrstar uses the Euro as its reporting currency for financial reporting purposes. As Nyrstar has revenue and costs denominated in U.S. Dollars, Australian Dollars, Peruvian Sols, Mexican Pesos and Swiss Francs, as well as Euros, exchange rate fluctuations affect its reported results of operations. Nyrstar's operating costs are generally denominated in Euro, Australian Dollars, U.S. Dollars, Peruvian Sols, Mexican Pesos and Swiss Francs, with some other costs either expressed in U.S. Dollars, such as concentrate prices and sea freight charges, or linked to the U.S. Dollar price of metals and other commodities, such as natural gas and coking coal, regardless of where the operation is located.

However, most of Nyrstar's revenue is denominated in U.S. Dollars, as that is the currency in which zinc, lead and most of its other products are priced. As a result, movements in the U.S. Dollar/Euro exchange rate, among others, will affect Nyrstar's reported results of operations. Nyrstar is able to mitigate the impact of exchange rate movements to a certain extent as both its purchases of zinc and lead concentrates and its sales of refined zinc and lead metal are generally priced in U.S. Dollars. Beyond those situations, however, Nyrstar has only limited opportunities to match the currencies of its revenues and costs. In addition, to the extent Nyrstar borrows in currencies other than the Euro, it will be exposed to any movement of the Euro against that currency.

Environmental costs

Nyrstar's smelters and mines operate under licenses issued by governmental authorities that control, amongst other things, air emissions and water discharges and are subject to stringent laws and regulations relating to waste materials and various other environmental matters. Additionally, each operation, when it ultimately ceases operations permanently, will need to be rehabilitated. As a result of the long histories of Nyrstar's smelting sites, some of which have been the site of metal smelting activities for more than 50 to 100 years, and changes in regulatory standards over time, Nyrstar has been required to incur, and will continue to incur significant expenditures in respect of (i) remediation of soil and groundwater contamination, (ii) upgrading of pollution control equipment for air and water emissions, (iii) upgrading of facilities to reduce fugitive air emissions and prevent soil contamination and (iv) by-product and waste management at some of its facilities. At Nyrstar's mines, the more significant environmental issues currently relate to the management of areas of historical disturbance and to management of water and tailings and waste from current mining activities.

Nyrstar has made significant investments to reduce its environmental impact in the areas in which it operates and to ensure that it is able to comply with environmental standards. All of Nyrstar's sites have environmental improvement initiatives relating to reducing emissions and waste, and improving the efficiency of use of natural resources and energy. In addition, Nyrstar has introduced a common safety system, policies and processes at all of its smelters and mines. New environmental regulations are constantly under consideration in all jurisdictions in which Nyrstar operates and it is continuously evaluating its obligations relating to new and changing legislation.

Where appropriate, Nyrstar establishes environmental provisions for restoration of existing contamination and disturbance, with all material issues being reviewed annually. Since the creation of Nyrstar, the Nyrstar management committee as key decision maker, believes it has adequately provided

for environmental obligations for Nyrstar's smelters given the current regulatory frameworks in which they operate. With the acquisition of each mine, the Nyrstar management committee has reviewed environmental provisions in place at the time of acquisition, and where appropriate made changes. Management has made and continues to make estimates, if determinable, of the anticipated costs that may be necessitated by environmental laws and regulations. Provisions are made for the present value of anticipated costs for future restoration and rehabilitation of smelting sites and other environmental related expenditure to the extent (i) there is a present obligation, (ii) the expenditure is probable and (iii) a reliable estimate can be made of the amount of such obligation.

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 are assessed. An element of the program is a review of significant environmental risk issues and their potential costs over the medium term. This review of all wholly owned Nyrstar sites is carried out on a routine basis in conjunction with a third party environmental consultant (ERM). The last review was conducted in November 2010, in which no new material issues were identified. The consultants use a probabilistic modeling approach including estimates of probability of occurrence, timing and cost as model inputs. The modeled results are used for internal planning purposes and are also used as an input to inform an internal process for the annual environmental provisions review. Nyrstar's auditors review environmental provisions annually to ensure levels are maintained in accordance with applicable accounting principles.

Nyrstar's environmental provisions, established in accordance with IFRS, amounted to €126.8 million as at December 2010. €92.1 million of this relates to smelting assets, excluding closure costs as it is assumed smelters operate indefinitely and the amount of the provision cannot be reliably estimated, and €34.7 million relates to mines. The current smelter environmental provisions represent a significant reduction from the €128.8 million and €120.9 million of provisions held as of December 31, 2009 and 2008 respectively, primarily due to a reduction of approximately €15.8 million in provisions following successful remediation activity and the outcome of discussions with Dutch authorities on the aftercare arrangements related to the remediation of the former gypsum and jarosite ponds area at Budel.

Asset impairments

Nyrstar's results can be affected by significant events such as site restructurings and asset impairments. In 2008 Nyrstar recognized a non-cash impairment charge of €615 million, which resulted from an impairment review of Nyrstar's assets. The review was undertaken in accordance with International Accounting Standard 36 (IAS 36) and was triggered by the fall in Nyrstar's market capitalization below its net asset value coupled with the adverse market conditions in the second half of 2008. The review was carried out using a variety of data, including then-recent externally sourced forecasts on future metal prices. The assets impaired comprised the entire amount of goodwill then on Nyrstar's balance sheet (of €254.8 million), intangible assets at Nyrstar Yunnan Zinc Alloys of €1.2 million and property plant and equipment at Balen, Port Pirie and Nyrstar Yunnan of €247.1 million, €94.4 million and €17.5 million respectively. In 2009 prior to completion of the divestment of Nyrstar's 60% interest in Nyrstar Yunnan Zinc Alloys, an impairment expense of €4.0 million recognized in 2008 was reversed. In respect of the closure of GM Metal announced in 2009, an impairment expense was recorded for an amount of €1.6 million. As defined by IAS36, impairment losses recognized in respect of goodwill cannot be reversed. The goodwill balance of €12.1 million recognized at December 31, 2010, was a result of the IFRS requirement to recognize as a part of the acquisition accounting a deferred tax liability calculated as the difference between the tax effects of the fair value of the assets and liabilities acquired and their tax bases. This goodwill balance does not include Farallon, which was acquired after the balance sheet date; however, the Farallon Acquisition may generate a substantial amount of goodwill. The amount of goodwill relating to the Farallon Acquisition will be determined as a part of the purchase price allocation process that is yet to be undertaken but which is expected to be substantially completed before June 30, 2011. In respect of other assets, impairment losses recognized in 2008 continue to be assessed on an annual basis at each reporting date for any indications that the loss has decreased or no longer exists. In considering these impairments, Nyrstar primarily focuses on short and long term forecast zinc and lead prices, as well as a number of other factors, including ongoing operating costs that include energy prices, maintenance capital expenditure, treatment charges, production volumes and interest and exchange rates.

Taxes

The main tax jurisdictions in which Nyrstar operated in 2010 were Australia, Belgium, France, The Netherlands, Peru, Switzerland and the United States. Based on the proportion of its income from each of these jurisdictions, Nyrstar's effective statutory tax rate in 2010 was approximately 18.7%. 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.

Sensitivity analysis

As discussed above, Nyrstar's results are significantly affected by changes in metal prices, exchange rates and TCs. 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 EBITDA based on the actual results and production profile for the year ended December 31, 2010, 2009 and 2008, respectively.

Parameter	Variable	Year Ended December 31, 2010 Estimated EBITDA impact *(€ million)*	Year Ended December 31, 2009 Estimated EBITDA impact *(€ million)*	Year Ended December 31, 2008 Estimated EBITDA impact *(€ million)*
Zinc price	+/− US$100/tonne	+/− 25	+/− 19	+/− 17
Lead price	+/− US$100/tonne	+/− 1	+/− 1	+/− 1
US$/€	+/− €0.01	+/− 10	+/− 8	+/− 11
AUD/€	+/− €0.01	−/+ 4	−/+ 3	−/+ 4
Zinc TC	+/− US$25/dmt	+/− 32	+/− 22	+/− 29
Lead TC	+/− US$25/dmt	+/− 5	+/− 6	+/− 6

The above sensitivities were calculated by modeling Nyrstar's 2010, 2009 and 2008 underlying operating performance. Each parameter is based on an average value observed during that period and is varied in isolation to determine the 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.

Key operational and financial measures

The primary production measures for the Smelting segment are zinc metal and lead metal. These production measures include production only from the primary smelters (Auby, Balen/Overpelt, Budel, Clarksville, Hobart and Port Pirie) and the ARA joint venture (50%). Internal transfers of cathode for subsequent melting and casting and production at Föhl, Galva 45, Genesis and GM Metal are excluded. In addition, selected other by-product volumes are also provided below, namely gold, silver, copper cathode (all produced at the Port Pirie multi-metal smelter) and sulphuric acid.

The primary production measure for Nyrstar's zinc mines (Tennessee Mines, Contonga and Pucarrajo and the Campo Morado operation) and the Talvivaara Zinc Streaming Agreement is zinc in concentrate. Production of secondary metals in concentrate is also tracked for the Contonga and Pucarrajo and Campo Morado poly-metallic mines. For Coricancha, the primary production measure is gold in concentrate, with secondary metals in concentrates also reported.

''Recordable injuries'' are any injury requiring medical treatment beyond first aid. ''Recordable injury rate'' and ''lost time injury rate'' are twelve-month rolling averages of the number of recordable injuries and lost time injuries (respectively) per million hours worked, and include all employees and contractors across all operations.

A ''recordable environmental incident'' is 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.

''Gearing'' is net debt to net debt plus equity at end of period.

Smelting ''underlying operating cost per tonne of primary market metal'' (zinc and lead) is reported on an asset by asset basis and denominated in Nyrstar's reporting currency (Euro). This Smelting segment measure excludes the refined lead production from ARA.

''C1 cash costs'' as used in this prospectus are as defined by Brook Hunt: 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. Mining C1 cash costs are reported on an asset by asset basis and denominated in U.S. Dollars. For Nyrstar's zinc mines, C1 cash costs are reported on a payable zinc basis, for Coricancha it is reported on a payable gold basis. With respect to the Talvivaara Zinc Streaming Agreement, an ''equivalent'' C1 cash cost is calculated on the basis of the benchmark treatment charge and the extraction and processing fee on a payable zinc basis.

Key operational and financial measures described in this section have neither been audited nor reviewed by Nyrstar's statutory auditor.

Financial and operational overview

The following tables summarize key operational and financial information for Nyrstar and its operating segments for the years ended December 31, 2010, 2009 and 2008.

The following should be read in conjunction with the Nyrstar Financial Statements beginning on page F-1, as well as the information presented elsewhere in this Prospectus.

€ millions	**Year Ended December 31**		
Unless otherwise indicated	**2010**	**2009**	**2008**
Mining Production			
Zinc in Concentrate ('000 tonnes)	84	—	—
Gold in Concentrate ('000 troy ounces)	5	—	—
Smelting Production[(1)]			
Zinc Metal ('000 tonnes)	1,076	809	1,032
Lead Metal ('000 tonnes)	198	227	240
Market			
Average LME zinc price (US$/t)	2,159	1,659	1,870
Average exchange rate (€/US$)	1.33	1.39	1.47
Key Financial Data			
Revenue	2,696	1,664	2,410
Treatment Charges	403	292	404
Free Metal Contribution	378	159	218
Premiums	105	86	159
By-products	124	92	166
Other	(83)	(35)	(65)
Underlying Gross Profit[(2)]	925	594	881
Underlying Operating Costs[(3)]	(721)	(507)	(735)
Underlying EBITDA[(4)]	**207**	**93**	**153**
Results from operating activities before exceptional items	110	32	57
Profit/(loss) for the period	**72**	**10**	**(595)**
Capital Expenditure	**147**	**68**	**116**
Cash Flow and Net Debt			
Net operating cash flow	210	(19)	418
Net debt/(cash), end of period[(5)]	296	38	(147)
Gearing (%), end of period[(6)]	26%	5%	Net Cash

Notes:

(1) Includes production from primary and secondary smelters only (Auby, Balen and Overpelt, Budel, Clarksville, Hobart, Port Pirie and ARA). Internal transfers of cathode for subsequent melting and casting are removed in the elimination line. Production data for 2009 and 2008 was re-stated to exclude Nyrstar Yunnan Zinc Alloys (disposed of in August 2009). Lead production at ARA reflects Nyrstar's ownership (50%). Production at Föhl, Galva 45, Genesis and GM Metal (closed in 2010) are not included.

(2) Equivalent to Gross Profit for the periods presented.

(3) Underlying operating costs are comprised of employee benefits expense, energy expenses, stores and consumables used, contracting and consulting expenses and other expenses (each as set out in the income statement) excluding the net loss on the Hobart smelter embedded derivatives. The Hobart smelter is party to a long-term electricity supply contract with a zinc-price indexation clause. Accordingly, it contains an embedded derivative, which is marked to market. Resulting gains and losses are considered to be non-operational. Underlying operating costs is an unaudited, non-IFRS measure.

(4) Underlying EBITDA includes net profit/(loss) from equity accounted investees. Underlying EBITDA is an unaudited, non-IFRS measure.

(5) Net debt/(cash) is calculated as non-current and current loans and borrowings less cash and cash equivalents.

(6) Gearing is calculated as net debt to net debt plus equity.

Reconciliation of EBITDA and Underlying EBITDA

The following table sets out the reconciliation between the ''Result from operating activities before exceptional items'' to Nyrstar's ''EBITDA'' and ''Underlying EBITDA''.

''EBITDA'' is an unaudited, non-IFRS measure that includes the result from operating activities, before depreciation and amortization, plus Nyrstar's share of the profit or loss of equity accounted investees.

''Underlying EBITDA'' is an additional unaudited, non-IFRS measure of earnings, which is used internally by management to assess the underlying business performance of its operations and reported by Nyrstar to provide greater understanding of the underlying business performance of its operations. Underlying EBITDA excludes items related to restructuring measures, impairment losses, material income or expenses arising from embedded derivatives recognized under IAS 39 and other items arising from events or transactions that management considers to be clearly distinct from the ordinary activities of Nyrstar.

Investors should not consider underlying EBITDA in isolation or as a substitute for Result from operating activities and Profit for the period reported in the Nyrstar Financial Statements and related notes beginning on page F-1, or other statement of operations or cash flow data prepared in accordance

with IFRS as a measure of Nyrstar's profitability or liquidity. Other companies in Nyrstar's industry may calculate underlying EBITDA differently or may use it for different purposes.

€ millions	Year Ended December 31		
	2010	**2009**	**2008**
Underlying EBITDA	**207**	**93**	**153**
Adjustments			
Deduct:			
Restructuring expenses[1]	11	24	24
Impairment losses / (reversals)[2]	1	(2)	615
Net loss / (gain) on disposal of equity accounted investees	—	—	18
Net loss / (gain) on disposal of subsidiaries	—	(6)	—
Net loss / (gain) on Hobart Smelter embedded derivatives[3]	13	5	9
EBITDA	**183**	**71**	**(513)**
Depletion, depreciation and amortization expense	82	50	80
Share of profit / (loss) of equity accounted investees	3	4	7
Restructuring expenses[1]	(11)	(24)	(24)
Impairment (losses) / reversals[2]	(1)	2	(615)
Loss on disposal of equity accounted investees	—	—	(18)
Net gain on disposal of subsidiaries	—	6	—
Result from operating activities before exceptional items	**110**	**32**	**57**

Notes:

(1) Restructuring expenses of €11 million in 2010 (€24 million in 2009; €24 million in 2008) were incurred in relation to the continuation of the Company's organizational restructuring programs, including the 2010 relocation of its management committee and other corporate, marketing and sales functions to its new corporate office in Zurich, Switzerland.

(2) For further information on impairment, see "Operating and Financial Review and Prospects—Significant factors affecting Nyrstar's results of operations—Asset impairments".

(3) The Hobart smelter is party to a long-term electricity supply contract with a zinc-price indexation clause. Accordingly, it contains an embedded derivative, which is marked to market. Resulting gains and losses are considered to be non-operational.

The table below shows key production information for 2010, 2009 and 2008. See "—Results of operations for the years ended December 31, 2010 and 2009" and "—Results of operations for the years ended December 31, 2009 and 2008" for analysis.

	Year Ended December 31		
	2010	**2009**	**2008**
Mining			
Zinc in Concentrate ('000 tonnes)	84	—	—
Gold in Concentrate ('000 troy ounces)	5	—	—
Silver in Concentrate ('000 troy ounces)	271	—	—
Lead in Concentrate ('000 tonnes)	1	—	—
Copper in Concentrate ('000 tonnes)	0	—	—
Smelting[1]			
Zinc Metal ('000 tonnes)	1,076	809	1,032
Lead Metal ('000 tonnes)	198	227	240
Copper cathode ('000 tonnes)	4	4	4
Silver ('000 troy ounces)	13,399	16,665	14,287
Gold ('000 troy ounces)	22	24	16
Sulphuric acid ('000 tonnes)	1,444	1,119	1,414

Note:

(1) Includes production from primary and secondary smelters only (Auby, Balen and Overpelt, Budel, Clarksville, Hobart, Port Pirie and ARA). Internal transfers of cathode for subsequent melting and casting are removed in the elimination line. Production data for 2009 and 2008 was re-stated to exclude Nyrstar Yunnan Zinc Alloys (disposed of in August 2009). Lead production at ARA reflects Nyrstar's ownership (50%). Production at Föhl, Galva 45, Genesis and GM Metal (closed in 2010) are not included.

The table below shows key market information for the years ended December 31, 2010, 2009 and 2008. See ''—Results of operations for the years ended December 31, 2010 and 2009'' and ''—Results of operations for the years ended December 31, 2009 and 2008'' for analysis.

	Year Average		
	2010	2009	2008
Exchange rate (€/US$)	1.33	1.39	1.47
Zinc price (US$/tonne, cash settlement)	2,159	1,659	1,870
Lead price (US$/tonne, cash settlement)	2,148	1,726	2,085
Copper price (US$/tonne, cash settlement)	7,539	5,164	7,228
Silver price (US$/t.oz, LBMA AM fix)	20.19	14.67	14.99
Gold price (US$/t.oz, LBMA AM fix)	1,225	1,125	974

Results of operations for the years ended December 31, 2010 and 2009

The following should be read in conjunction with the audited financial statements for the year ended December 31, 2010 beginning on page F-1, as well as the information presented elsewhere in this Prospectus.

Operations overview—Mining segment

Production *('000 tonnes, unless otherwise stated)*	2010	2009	Δ%	H2 2010	H1 2010	Δ%
Zinc in Concentrate						
Contonga and Pucarrajo	2	—	—	2	—	—
Coricancha	1	—	—	1	—	—
Tennessee Mines	63	—	—	36	27	33%
Talvivaara Zinc Stream(1)	18	—	—	11	7	57%
Total	**84**	**—**	**—**	**50**	**34**	**47%**
Gold ('000 troy oz)						
Coricancha	5	—	—	5	—	—
Silver ('000 troy oz)						
Contonga and Pucarrajo	70	—	—	70	—	—
Coricancha	201	—	—	201	—	—
Lead in concentrate						
Contonga and Pucarrajo	0.1	—	—	0.1	—	—
Coricancha	0.6	—	—	0.6	—	—
Copper in concentrate						
Contonga and Pucarrajo	0.2	—	—	0.2	—	—

(1) Deliveries to Antwerp under the Talvivaara Zinc Streaming Agreement.

The Coricancha mine in Peru, having been on care and maintenance since May 2008 under its previous owner and acquired by Nyrstar in November 2009 (see ''—Results of operations for the years ended December 31, 2009 and 2008—Operations review—Mining segment''), recommenced production in the second half of 2010 following the re-commissioning of the mine and mill and construction of a new tailings facility. In 2010, the Coricancha mine produced approximately 5,000 troy ounces of gold and 201,000 ounces of silver. By the end of 2010, the Coricancha mine was operating at its full capacity, which equates to an annualized rate of approximately 20,000 troy ounces of gold, 1 million troy ounces of silver, 5,000 tonnes of zinc in concentrate and 3,000 tonnes of lead in concentrate. During 2010, Nyrstar expanded the scope of the operations by the addition of a copper circuit to capture unrealized value from copper contained in the ore and commenced an exploration program that is expected to significantly increase mineral resources and reserves and also move a significant portion of mineral resources into the proven and probable categories. In addition, Nyrstar intends to expand the scale of operations at the mine in order to (approximately) double the existing production capacity.

In 2010 the East Tennessee mines produced approximately 50,000 tonnes of zinc in concentrate and were operating at full capacity by the end of the third quarter. The Middle Tennessee mines were operating at approximately 35% of capacity at the end of 2010 and produced approximately 13,000

tonnes of zinc in concentrate. Nyrstar's management expects that, with the successful commissioning of a new ball mill at the Middle Tennessee mines, which was completed in January 2011 and expected completion of the dewatering and rehabilitation activities at the Cumberland and Elmwood mines (Middle Tennessee) in early 2011, Nyrstar Tennessee Mines will be operating at their full capacity of 130,000 tonnes of zinc in concentrate per annum.

Following the acquisition of the Contonga and Pucarrajo polymetallic mines in Peru in July 2010, 2,400 tonnes of zinc in concentrate and 70,000 troy ounces of silver in concentrate were produced at the Contonga mine, and there was no production from the Pucarrajo mine. Nyrstar is in the process of re-commissioning the Pucarrajo mine and expects to re-commence commercial production in the second half of 2011 and thereafter ramp-up to full capacity by the end of 2012. At full production, expected to be reached by the end of 2012, the Contonga and Pucarrajo mines are expected to produce at an annual rate of approximately 40,000 tonnes of zinc in concentrate, 4,000 tonnes of lead in concentrate, 1,000 tonnes of copper in concentrate and 1.5 million troy ounces of silver. The Contonga and Pucarrajo mines are managed in conjunction with the Coricancha mine by a single experienced management team, utilizing the shared services of Nyrstar's Lima office.

In 2010, the Talvivaara Zinc Stream (Finland) delivered approximately 18,000 tonnes of zinc in concentrate to Nyrstar under the streaming agreement, with a strong ramp-up of deliveries in the fourth quarter. Based on public statements by Talvivaara, Nyrstar anticipates approximately 60,000 tonnes of zinc in concentrate to be delivered from this source in 2011 with the mine ramping-up on schedule thereafter to deliver approximately 90,000 tonnes per annum of zinc in concentrate to Nyrstar by 2012. See also ''Business Description—Material contracts''.

Operations review—Smelting segment

Production *('000 tonnes)*	**2010**	**2009**	**Δ%**	**H2 2010**	**H1 2010**	**Δ%**
Zinc metal						
Auby	163	161	1%	83	80	4%
Balen/Overpelt	281	137	105%	140	141	(1)%
Budel	264	224	18%	139	125	11%
Clarksville	120	94	28%	60	60	—
Hobart	247	264	(6)%	127	121	5%
Port Pirie	32	35	(9)%	16	16	—
Elimination	(30)	(106)	(72)%	(17)	(13)	31%
Total[(1)]	**1,076**	**809**	**33%**	**546**	**530**	**3%**
Lead metal						
Port Pirie	179	208	(14)%	92	87	6%
ARA (50%)	19	19	—	9	10	(10)%
Total	**198**	**227**	**(13)%**	**101**	**97**	**4%**
Other products						
Copper cathode	4	4	—	2	2	—
Silver ('000 troy ounces)	13,399	16,665	(20)%	6,169	7,231	(15)%
Gold ('000 troy ounces)	22	24	(8)%	11	10	10%
Sulphuric acid	1,444	1,119	29%	739	706	5%

Note:

(1) Includes production from primary and secondary smelters only (Auby, Balen and Overpelt, Budel, Clarksville, Hobart, Port Pirie, ARA). Internal transfers of cathode for subsequent melting and casting are removed in the elimination line. 2009 production re-stated to exclude Nyrstar Yunnan Zinc Alloys (disposed of in August 2009). Lead production at ARA reflects Nyrstar's ownership (50%). Production at Föhl, Galva 45, Genesis and GM Metal (closed in 2010) are not included.

In 2010, Nyrstar achieved record annual zinc metal production of approximately 1.076 million tonnes, and was once again the world's largest zinc smelting company based on production according to Brook Hunt. Production in 2010 was up 33% compared to 2009, primarily due to the return of the Balen smelter (Belgium) from care and maintenance and the return of the Budel (The Netherlands) and Clarksville (U.S.) smelters from reduced production levels to full production. As a result of this increased production, fewer cathodes were transferred to the Balen/Overpelt complex from other Nyrstar smelters for the production of zinc metal in 2010, consequently reducing internal eliminations compared to 2009.

Production at the Clarksville smelter was 28% higher in 2010 compared to 2009. This is due in part to reduced production levels in the first half of 2009 (in response to market conditions), but also due to zinc recovery improvements through processing local concentrates from the Tennessee Mines. Production at the Budel smelter was up 18% in 2010, again due in part to reduced production in the first half of 2009. Record production at the Auby smelter (France) was achieved for the second consecutive year, with Zinc metal output 2% higher than 2009.

Zinc metal production at Hobart decreased by 6% in 2010 compared to 2009 due to minor equipment failures in the cast house in the first quarter of 2010, and damage to two transformer rectiformers caused by a localized fire in May, which temporarily reduced production to approximately 80% of capacity. The damage was largely repaired in June, restoring production to approximately 95% of capacity at that time, and the operation was restored to 100% of capacity in December 2010.

Lead metal production at the multi-metal Port Pirie smelter (Australia) was down 14% in 2010 due to sinter plant reliability issues in the first quarter, which resulted in two unplanned blast furnace shutdowns and restricted production of all metals. In addition, a planned blast furnace shutdown was carried out in July 2010. Following the planned shutdown, both production performance and reliability have been restored at Port Pirie.

Other operations

In November 2009 Nyrstar announced its intention to close the operations of its wholly-owned subsidiary GM Metal. The plant ceased operations as planned in the first half of 2010.

Health, safety and environment

Nyrstar's recordable injury rate decreased 31% to 12.4 in 2010 compared to 18.1 in 2009, and the lost time injury rate decreased 26% to 4.5 in 2010, compared to 6.1 in 2009.

In 2010, Nyrstar completed the roll out of seven critical safety standards at all sites, the roll out of various safety leadership and behavioral programs across its operations, and the development of action plans at its new mining assets as a result of thorough baseline assessments. In addition, a comprehensive strategy was developed for 2011-2012, including the development of cognitive behavioral safety programs, further frontline leadership development and a continued focus on critical risk at both Nyrstar's smelting and mining operations.

Tragically, despite Nyrstar's strong focus on safety, an employee was fatally injured in an incident related to the commissioning of the Coricancha mine in 2010 and a contractor was fatally injured while working at the Hobart smelter in 2009. Nyrstar remains fully committed to continually improving safety performance across all operations.

There were 28 minor recordable environmental incidents in 2010, which is only four more than 2009 despite the ramping-up of the Tennessee, Coricancha, Contonga and Pucarrajo mining operations in 2010. The total number of recordable environmental incidents in 2009 for all the sites Nyrstar owned as of December 31, 2010, was 38.

Corporate

Nyrstar relocated its management committee and other corporate, marketing and sales functions from Balen (Belgium) and London (United Kingdom) to its new corporate office in Zurich, Switzerland in July 2010. Certain financing functions were also relocated from Balen (Belgium) to Zurich (Switzerland) in January 2011.

Market review

	Year Average[1]				
	2010	**2009**	**△ %**	**H2 2010**	**H1 2010**
Exchange rate (€/US$)	1.33	1.39	(4)%	1.33	1.33
Zinc price (US$/tonne, cash settlement)	2,159	1,659	30%	2,163	2,155
Lead price (US$/tonne, cash settlement)	2,148	1,726	24%	2,209	2,085
Copper price (US$/tonne, cash settlement)	7,539	5,164	46%	7,933	7,130
Silver price (US$/t.oz, LBMA AM fix)	20.19	14.67	38%	22.38	17.62
Gold price (US$/t.oz, LBMA AM fix)	1,225	1,125	9%	1,297	1,153

Note:

(1) Zinc, lead and copper prices are averages of LME daily cash settlement prices. Silver and gold prices are averages of LBMA daily fixing prices.

2010 witnessed a tempered recovery of the world economy following the global financial crisis of 2008/2009, with continuing uncertainty on the medium-term outlook of several industrialized economies leading to an increased but fluctuating demand for and price of most metals.

Zinc

Zinc consumption

Brook Hunt estimates that although the economic recovery has yet to return the global economy to normality, robust economic growth, particularly in the first half of 2010, resulted in global refined zinc consumption growth of 14.2% in 2010 to a record 11.6 million tonnes (slightly above the prior peak of 11.4 million tonnes in 2007). Chinese zinc consumption grew by 14.8% in 2010, compared to 8.0% in 2009, despite efforts to normalize the pace of expansion in the Chinese economy, and moves by the government to cut production at steel mills and other major power consumers. The strong rebound in U.S. manufacturing activity resulted in North American zinc consumption growing in 2010 for the first time since 2006 (by 5.2%). Having contracted by 25.5% in 2009, Europe's zinc consumption grew 16.6% in 2010 due to increased demand in the steel and automotive sectors.

Zinc production

World refined zinc production increased by 12.4% to 12.6 million tonnes in 2010, with the market in surplus by approximately 1 million tonnes. Reflecting the market surplus, stocks on the LME and SHFE increased to approximately 1 million tonnes by the end of 2010, approaching record levels at approximately one month of world consumption.

Zinc price

The average LME zinc price rose 30% to US$2,159/tonne in 2010 reflecting the overall improvement of the world economy and the increased demand for zinc. However the zinc price remained volatile throughout 2010, with the price peaking in early January at US$2,635/tonne and then falling to US$1,595/tonne in early June. Later in 2010 the price peaked at US$2,557/tonne in late October and within one month fell by approximately US$500/tonne; by the end of 2010 the price recovered to US$2,433/tonne.

Lead

Brook Hunt estimates world lead consumption growth of 6.4% to 8.8 million tonnes in 2010, a more modest increase compared to other metals but lead consumption also declined less than other metals in 2008 and 2009. The majority of the growth in lead consumption is attributable to China, where lead consumption increased by 10% to a new record of 3.9 million tonnes.

World refined lead production increased by 5.0% to 9.0 million tonnes in 2010, leaving the market for refined lead with an increased surplus of 0.2 million tonnes. With the market in surplus, LME stocks rose through the year, reaching a eight-year high of approximately 208,000 tonnes at the end of 2010, equivalent to approximately nine days of world consumption.

The LME lead price followed a similar pattern to the zinc price during 2010. The average price for 2010 of US$2,148/tonne was 24% higher than in 2009 (average price US$1,726/tonne). As with zinc, the

price peaked in early January at US$2,591/tonne and then fell to a low of US$1,559/tonne in early June. Later in 2010 the price peaked at US$2,594/tonne in early November and within approximately two weeks the price fell 17% to US$2,150/tonne. At the end of 2010 the price recovered to US$2,587/tonne.

Gold and silver

Gold and silver prices increased throughout 2010, supported by the increasingly risk-averse investor sentiment, with gold rising from US$1,113/troy oz. at the start of the year to US$1,410/troy oz. on December 31, 2010, and silver rising from US$17.74/troy oz. to approximately US$30.63/troy oz. in the same period.

Sulphuric acid

In 2010, prices achieved by Nyrstar on sales of sulphuric acid, which are predominately based on contracts, improved steadily throughout the year to an average of approximately US$35/tonne. The increase in the sulphuric acid price reflects the overall improvement of the global economy and particularly the fertilizer and mining industries over this period.

Financial review

Nyrstar's underlying EBITDA in 2010 more than doubled to €207 million, compared to €93 million in 2009. The result benefited from the first €24 million underlying EBITDA contribution from the Mining segment, which accelerated in the second half of 2010 with the ramp-up of mining assets, higher average metal prices, and the depreciation in the Euro exchange rate in the period. Denominated in Euros, the average LME zinc price in 2010 was 38% higher than in 2009. Nyrstar also achieved €0.74 basic earnings per share, which was more than seven times greater than the €0.10 achieved in 2009.

	Year Ended December 31, 2010			
€ millions	**Smelting**	**Mining**	**Other & Eliminations**	**Total**
Revenue	**2,654**	**13**	**30**	**2,696**
Treatment charges	429	(27)	—	403
Free metal	260	118	—	378
Premiums	105	—	—	105
By-products	115	9	—	124
Other	(81)	(5)	2	(83)
Underlying gross profit	**827**	**96**	**2**	**925**
Employee benefits expense	187	27	48	262
Energy expenses	246	9	1	256
Other expenses	196	35	(29)	203
Underlying operating costs	**629**	**71**	**21**	**721**
Underlying EBITDA	**198**	**24**	**(15)**	**207**

€ millions	Year Ended December 31, 2009			
	Smelting	Mining	Other & Eliminations	Total
Revenue	**1,628**	**—**	**36**	**1,664**
Treatment charges	292	—	—	292
Free metal	159	—	—	159
Premiums	86	—	—	86
By-products	92	—	—	92
Other	(54)	—	19	(35)
Underlying gross profit	**575**	**—**	**19**	**594**
Employee benefits expense	164	1	43	209
Energy expenses	181	1	7	188
Other expenses	133	1	(24)	110
Underlying operating costs	478	3	26	507
Underlying EBITDA	**97**	**(3)**	**(2)**	**93**

Note:

For further information on certain non-IFRS measures, see ''Selected Financial Information''.

Mining segment

The Mining segment delivered a positive underlying EBITDA contribution of €24 million, resulting from increasing production at Nyrstar Tennessee Mines, the Talvivaara zinc stream, and Coricancha. The Contonga Mine is currently on full production and the Pucarrajo mine is expected to continue to ramp-up operations in 2011 and contribute to further growth in the Mining segment.

The Mining segment's underlying gross profit was €96 million in 2010. Smelting TC expense was €27 million, Free Metal income was €118 million, contribution from by-products was €9 million and Other Mining gross profit, which includes realization expenses, was €(5) million. Approximately 88% of the Mining segment's gross profit was generated from inter-company sales to the Smelting segment.

Underlying mining operating costs were €71 million, with costs increasing during the year with the ramp-up of operations at Nyrstar Tennessee Mines, the Talvivaara zinc stream and Coricancha, and the acquisition of the Contonga and Pucarrajo mines in July 2010.

The C1 cash cost for Nyrstar Tennessee Mines was approximately US$1,900 per tonne of payable zinc in 2010, which management expects to decrease to approximately US$1,500 to US$1,600 in 2011 if such mines are operating at full capacity by that time as expected. The C1 cash cost for zinc delivered from the Talvivaara zinc stream was approximately US$1,000 per tonne of payable zinc. The C1 cash cost of the Contonga mine was approximately US$2,915, due to the low volumes produced during ramp-up. At full production, management expects C1 cash costs per tonne of payable zinc for the Contonga and Pucarrajo mines of less than US$1,000 due to significant by-product credits. The C1 cash cost for Coricancha was approximately US$940 per troy ounce of payable gold in 2010; however, management expects at full production the C1 cash costs to decrease to approximately negative US$100 to negative US$200 per ounce of payable gold in 2011 as a result of significant by-product credits.

Smelting segment

Underlying EBITDA from the Smelting segment increased 104% to €198 million in 2010 compared to 2009 as a result of higher average metal prices, strengthening of the U.S. Dollar versus the Euro and a year-on-year 33% increase in zinc metal production.

Smelting segment's underlying gross profit increased 44% to €827 million in 2010, compared to €575 million 2009 as a result of the higher metal prices, stronger U.S. Dollar versus the Euro (the majority of smelting sales are denominated in U.S. Dollars) and increased zinc metal production.

Smelting TC income was €429 million in 2010, a 47% increase compared to €292 million in 2009, primarily due to the increased volumes of concentrate treated as well as higher metal prices. Increased volumes were a result of several smelting assets returning to full production in 2010, following the

production curtailments in 2009 in reaction to the prevailing economic environment. Higher metal prices resulted in Nyrstar achieving a higher average treatment charge for feedstocks containing zinc and lead.

Smelting free metal contribution from zinc and lead rose 64% to €260 million in 2010 from €159 million in 2009, also due to higher metal prices and increased production. In addition there was an improvement in several smelters' recovery rates, notably at the Clarksville smelter from treating Nyrstar Tennessee Mines concentrates, an important synergy from Nyrstar's acquisition of Nyrstar Tennessee Mines.

Smelting premium contribution was €105 million compared to €86 million in 2009, due to increased volumes as well as an increasing demand for zinc and zinc alloys.

Smelting by-product income improved in 2010 compared to 2009, primarily because other metal prices improved from 2009 levels and sulphuric acid volumes also increased. This resulted in a total by-product profit of €115 million, up 25% on 2009 (€92 million). The table below sets out the contribution of smelting by-products to underlying gross profit:

€ millions	**2010**	**2009**	**△ %**	**H2 2010**	**H1 2010**
Sulphuric acid	39	37	4%	26	13
Leach products	33	16	108%	19	14
Copper cathode	19	13	44%	11	8
Silver	5	15	(68)%	3	2
Gold	4	5	(11)%	2	2
Other	15	6	151%	13	2
Total	**115**	**92**	**25%**	**74**	**42**

Smelting other gross profit was negative €81 million in 2010, compared to negative €54 million in 2009, primarily due to higher realization expenses and alloying costs as a result of higher production volumes.

Underlying smelting operating costs were €629 million, an increase of 32% compared to 2009 (€478 million), as a result of the increase in metal production with several smelting assets returning to full production. The weaker Euro versus the U.S. Dollar and Australian Dollar also significantly increased costs in Euro terms at Nyrstar's non-European smelters. As a result of the weaker Euro and temporary production issues at the Hobart and Port Pirie smelters, smelting operating costs per tonne increased (in Euro terms) to €501 in 2010, compared to €470 in 2009. The table below sets out the cost per tonne per smelter.

€ millions per tonne Zinc and Lead Metal[(1)]	**Auby Smelter**	**Balen Smelter**	**Budel Smelter**	**Clarksville Smelter**	**Hobart Smelter**	**Port Pirie Smelter**	**Total**
2010	439	476	385	466	478	699	501
2009[(2)]	460	—	381	490	333	425	470

Notes:

(1) Total smelting cost per tonne is comprised of the six smelters' underlying operating costs per tonne of primary zinc and lead market metal produced at Nyrstar's primary smelters.

(2) The Balen smelter was on care and maintenance during 2009 and therefore its cost per tonne is not provided. The 2009 total smelting cost per tonne includes the Balen smelter's care and maintenance costs.

Other and Eliminations

The Other and Eliminations segment resulted in an underlying EBITDA contribution of €(15) million, comprising of an elimination of unrealized Mining segment earnings of approximately €(83) million (for material sold internally to own smelters), a net positive contribution of €5 million from other operations, and other group costs. The contribution from Nyrstar's smaller entities declined compared to 2009 due to the closure of the GM Metal wholly-owned asset in the first half of 2010.

Other significant events in 2010

The acquisition of Farallon

Nyrstar recently completed the acquisition of Farallon. For further information, see ''Recent Development—Farallon Acquisition''.

Amendments to Nyrstar's credit facilities

In January 2010 Nyrstar entered into a secured four-year €250 million multi-currency Revolving Structured Commodity Trade Finance Facility underwritten by Deutsche Bank. Prior to entering into this facility, Nyrstar cancelled its pre-existing syndicated facility, which commenced with a limit of €350 million in December 2007 and was reduced to €150 million in December 2009.

Deutsche Bank and Nyrstar subsequently commenced a syndication process targeting an increase in the facility limit to €300 million. In March 2010, Nyrstar announced the completion of the syndication process. The syndication process was more than twice over-subscribed and following the scaling back of allocations was closed with an increased facility limit of €400 million. The syndicated facility incorporates an ''accordion'' feature that facilitated an increase in the facility limit on an approved, but uncommitted basis to €500 million. In November 2010, Nyrstar exercised the accordion and the syndicate banks increased their commitments to €500 million, resulting in a facility limit of €500 million at December 31, 2010. For further information on the facility, see ''—Liquidity and capital resources—Funding sources'' below.

Contonga and Pucarrajo

On July 19, 2010, Nyrstar acquired the Contonga and Pucarrajo polymetallic mines in Peru for approximately US$33 million (approximately €26 million), including assumed debt. Part of the purchase price (US$5 million) will be held in an escrow account for twelve months as security for the vendor's obligations in relation to customary representations and warranties relating to the acquisition. At full production, expected by the end of 2012, the Contonga and Pucarrajo mines are expected to produce at an annual rate of approximately 40,000 tonnes of zinc in concentrate, 4,000 tonnes of lead in concentrate, 1,000 tonnes of copper in concentrate and 1.5 million troy ounces of silver. The ramped-up operations are expected to operate with C1 cash costs of less than US$1000 per tonne of payable zinc due to significant by-product credits.

Coricancha

In July 2010, Nyrstar acquired the remaining 15% interest in the Coricancha mine in Peru from Gold Hawk Resources Inc for approximately US$4.8 million.

Share buy back

During May and June 2010, the board of directors utilized the authority granted in Article 13 of Nyrstar's articles of association to acquire 3,321,558 Shares (approximately 3.3% of issued share capital). These shares will be held as treasury shares with suspended dividend rights, for potential delivery to eligible employees in 2011, 2012 and 2013 to satisfy Nyrstar's outstanding obligations under an Executive Long Term Incentive Plan (''**LTIP**'') and a Management Committee Co-Investment Plan (''**Co-Investment Plan**''). See also ''Management and Corporate Governance—Description of Share plans—LTIP'' and ''Management and Corporate Governance—Description of Share plans—Co-Investment Plan'' below. During the relevant period the designated broker, KBC Securities NV, purchased shares for a price not lower than 10% below the average closing price during the 20 trading days prior to such purchase, and not higher than 10% above the average closing price during the 20 trading days prior to such purchase. The total cost of the buy back program amounted to €29,278,364.

Dividend Payment

For the twelve months to December 31, 2009 Nyrstar proposed a dividend of €0.10 per share. This was subsequently approved by shareholders at the annual general meeting on April 28, 2010 and paid in May 2010.

Ironbark Zinc Limited

In March 2010, Nyrstar agreed to acquire an additional 11% interest in Ironbark for €10.3 million, taking Nyrstar's interest in Ironbark to approximately 31%. The amount raised by the placement was used by Ironbark to fund its 2010 drilling program at the Citronen zinc-lead deposit in Northern Greenland, an important step in the completion of a bankable feasibility study in relation to its potential development. Ironbark conducted a private placement in November 2010 to raise a further

AUD$11.5 million; however, Nyrstar chose not to participate in this placement and currently has a diluted shareholding of approximately 26.5%.

Public bonds

In March 2010 Nyrstar successfully completed the placement of five-year 5.5% fixed rate bonds due 2015 for €225,000,000 through a public offering in Belgium and Luxembourg. For further information on these bonds, see ''—Liquidity and capital resources—Funding sources'' below.

Talvivaara Zinc Streaming Agreement

In February 2010, Nyrstar acquired 1.25 million tonnes of zinc in concentrate from Talvivaara Sotkamo Limited for a purchase price of US$335 million (approximately €243 million). In addition to the purchase price, Nyrstar will pay Talvivaara certain extraction and processing fees. The agreement is an innovative approach to the execution of Nyrstar's strategy, providing participation in the economic benefits of a low-cost zinc mine with a defined life of 1.25 million tonnes of zinc in concentrate. Based on Talvivaara's public announcements regarding its planned production, Nyrstar expects a ramp-up to approximately 90,000 tonnes per annum of zinc in concentrate by 2012, with deliveries over a period of 10 to 15 years. On March 10, 2010, Nyrstar announced the appointment of Roland Junck, Nyrstar's CEO, to the board of directors of Talvivaara Mining Company plc by Talvivaara Mining Company plc's nomination committee. See ''Business Description —Talvivaara Zinc Streaming Agreement''.

Results of operations for the years ended December 31, 2009 and 2008

The following should be read in conjunction with the audited financial statements for the year ended December 31, 2009 beginning on page F-1, as well as the information presented elsewhere in this Prospectus.

Operations review—Smelting segment

Production *('000 tonnes)*	**2009**	**2008**	**△ %**	**H2 2009**	**H1 2009**	**△ %**
Zinc metal						
Auby	161	118	36%	83	78	6%
Balen and Overpelt	137	284	(52)%	75	62	21%
Budel	224	239	(6)%	120	104	15%
Clarksville	94	125	(25)%	56	38	47%
Hobart	264	253	4%	133	131	2%
Port Pirie	35	35	0%	17	18	−6%
Other	8	24	(67)%	0	8	(100)%
Elimination	(106)	(21)	405%	(48)	(58)	(17)%
Total[(1)]	**817**	**1,056**	**(23)%**	**436**	**381**	**14%**
Lead metal						
Port Pirie	208	220	(5)%	107	101	6%
ARA (50%)	19	20	(5)%	10	9	11%
Total	**227**	**240**	**(5)%**	**117**	**110**	**6%**
Other products						
Copper cathode	4	4	0%	2	2	0%
Silver ('000 troy ounces)	16,665	14,287	17%	8,147	8,518	(4)%
Gold ('000 troy ounces)	24	16	50%	13	10	30%
Sulphuric acid	1,119	1,414	(21)%	608	511	19%

Note:

(1) Other includes production from Nyrstar Yunnan Zinc Alloys. Nyrstar sold its 60% interest in this entity in August 2009 (see Other Significant Events in 2009)

Zinc market metal production for 2009 was 817,000 tonnes, down 23% compared to 2008 as a result of the decisive action taken by Nyrstar to address the supply-demand balance during the financial crisis, with the Balen smelter (Belgium) on care and maintenance for most of 2009 and the Clarksville smelter (U.S.) and Budel smelter (Netherlands) operating on reduced production for the first half of 2009. In

response to improved market conditions, full production was restarted at Clarksville and Budel in July 2009, followed by a restart of production in Balen in September 2009.

After re-starting, the Balen smelter produced approximately 26,000 tonnes of cathode in 2009 and was running at approximately 70% of capacity at the end of 2009. (The smelter was subsequently ramped up to full capacity by the end of the first quarter of 2010.) Despite the Balen smelter being on care and maintenance for most of 2009, the Overpelt plant continued to produce high value alloys using zinc cathode from Nyrstar's other European smelters, producing approximately 137,000 tonnes in 2009.

The Auby smelter (France) completed its capacity expansion from 130,000 tonnes to more than 160,000 tonnes per annum in mid-February 2009, and produced approximately 161,000 tonnes in 2009 (118,000 tonnes in 2008).

The Hobart smelter (Australia) achieved record annual zinc production of more than 264,000 tonnes in 2009 (253,000 tonnes in 2008), due to continued operational improvements in the cell house.

Lead production at the Port Pirie smelter (Australia) of 208,000 tonnes in 2009 was approximately 5% down on 2008 due to a slag fumer shutdown, however production of silver (up 17%) and gold (up 50%) were both higher than 2008.

Operations review—Mining segment

Nyrstar Tennessee Mines (U.S.)

In December 2009, Nyrstar completed its acquisition of the East Tennessee zinc mine complex for US$127.4 million (including US$1.4 million paid to the sellers for works carried out before the acquisition). The East Tennessee mine complex had been on care and maintenance since February 2009 due to the significant decline in the market environment. Nyrstar acquired the Middle Tennessee zinc mine complex in May 2009 for approximately €9 million, which also had been on care and maintenance since October 2008.

Both mine complexes are now operated together as Nyrstar Tennessee Mines and are managed by one experienced management team, and at full capacity are expected to produce approximately 210,000 dry metric tonnes of concentrates at a zinc grade of approximately 62% (approximately 130,000 tonnes of zinc in concentrate), providing more than 100% of the Clarksville smelter's requirements.

Coricancha (Peru)

In November 2009, Nyrstar completed the acquisition of an 85% interest in the Coricancha poly-metallic mine in Peru for US$15 million. (In July 2010, Nyrstar acquired the remaining 15% interest in the mine for approximately US$4.8 million.) Operations had been suspended at the mine since May 2008 following localized ground displacement caused by a third-party irrigation system. While further ground displacement was stabilized in July 2008, the mine required a new tailings facility and the relocation of existing tailings prior to recommencing operations in October 2010.

Ironbark

In November 2009, Nyrstar completed the acquisition of a 19.9% interest in Ironbark Zinc Limited (ASX: IBG), owner of the world-class Citronen zinc-lead deposit in Northern Greenland, for approximately €4 million. The deposit has a total ore resource (indicated and inferred) of approximately 56 million tonnes at approximately 5.4% zinc and 0.6% lead.

Other operations

During August 2009, Nyrstar completed the sale of its 60% interest in Nyrstar Yunnan Zinc Alloys (China) to Yunnan Yun Tong Zinc Co Limited, and during November 2009, Nyrstar announced its intention to close GM Metal (France), consistent with Nyrstar's strategy to continually review its portfolio of assets to ensure alignment with strategic objectives. GM Metal ceased operations as planned in the first half of 2010.

Health, safety and environment

Nyrstar's recordable injury rate decreased to 18.1 at the end of 2009 compared to 21.0 at the end of 2008, a reduction of 14%. The lost time injury rate decreased to 6.1, compared to 7.6 at the end of 2008, a reduction of 20%.

New initiatives in 2009 included the enhancement of critical safety standards including ''confined space entry'' and ''electrical safety'', the roll-out of safety leadership programs aimed at developing safety skills of frontline leaders, and the continued roll-out of global support systems to harmonize health and safety risk management and medical data tracking across Nyrstar. Meanwhile, health & safety integration plans have been developed for Nyrstar's new mining assets, aimed at quickly including these new site's in Nyrstar's ongoing health & safety efforts.

Tragically, despite Nyrstar's strong focus on safety, a contractor was fatally injured while working at the Hobart smelter in 2009.

There were 24 minor recordable environmental incidents during 2009, one less than the total for 2008. Progress continued during the year on planned environmental projects, which focused on emission reductions and addressing historical contamination. Plant upgrades completed during the year to reduce emissions included installation of equipment to reduce the visible stack plume at Hobart and an upgrade of the Overpelt wastewater treatment plant. Projects to reduce historical contamination undertaken during the year include completion of soil remediation in the local community at Auby, expansion of the groundwater remediation system at Hobart and continuation of the fugitive lead emission reduction measures at Port Pirie.

Corporate

During 2009, Nyrstar initiated a detailed review of the organizational design of its corporate, marketing and sales functions. In order to streamline commodities purchasing and sales activities across Nyrstar, as from July 1, 2009 all trading activities (zinc, lead, related alloys and by-products) are carried out by a single group entity, Nyrstar Sales & Marketing NV. Nyrstar subsequently closed its London office and relocated its management committee and other key corporate, marketing and sales functions to a new office in Zurich, Switzerland in July 2010. As of July 1, 2010 all trading activities (zinc, lead, related alloys and by-products) were transferred from Nyrstar Sales & Marketing NV to a new entity, Nyrstar Sales & Marketing AG (a Swiss entity). Furthermore, certain financing activities were transferred from Nyrstar Finance International NV to Nyrstar Finance International AG (a Swiss entity) in January 2011. This initiative is aimed at further reducing costs and positioning Nyrstar for a long-term sustainable future.

Market review

	Year Average(1)				
	2009	**2008**	**Δ%**	**H2 2009**	**H1 2009**
Exchange rate (€/US$)	1.39	1.47	(5)%	1.45	1.33
Zinc price (US$/tonne, cash settlement)	1,659	1,870	(11)%	1,982	1,322
Lead price (US$/tonne, cash settlement)	1,726	2,085	(17)%	2,107	1,330
Copper price (US$/tonne, cash settlement)	5,164	7,228	(29)%	6,238	4,046
Silver price (US$/t.oz, LBMA AM fix)	14.67	14.99	(2)%	16.12	13.17
Gold price (US$/t.oz, LBMA AM fix)	1,125	974	16%	1,030	915

Note:

(1) Zinc, lead and copper prices are averages of LME daily cash settlement prices. Silver and gold prices are averages of LBMA daily fixing prices.

In 2009 the world economy experienced its deepest downturn for decades, and this led to a sharp drop in demand for most metals.

Zinc

Zinc consumption

Brook Hunt estimates that world refined zinc consumption fell by 9.4% in 2009 to a six-year low of 10.1 million tonnes as construction activity and automotive output contracted. Excluding China, zinc consumption in the rest of the world fell by 17.8% to a 16-year low of 6.0 million tonnes in 2009, with Europe, Nyrstar's largest market, down approximately 25%. In contrast, China's zinc consumption continued to increase, climbing by 8.0% to 4.1 million tonnes and taking its share of the world market to 40% for the first time, from 34% in 2008. However, world zinc consumption had begun to recover on a year-on-year basis by Q4 2009, driven by the substantial fiscal and monetary stimulus in all major

countries around the world including China, which generated some recovery in demand for galvanized steel in construction and automotive applications.

Zinc production

Responding to the drop in demand, world refined zinc production was reduced by 2.2% to 11.2 million tonnes in 2009, leaving the market in surplus by approximately 1 million tonnes, although this represented a cumulative deficit of 1.2 million tonnes over the previous five years. Reflecting the market surplus, stocks on the LME and SHFE increased to approximately 660,000 tonnes by the end of 2009, remaining moderate by historical standards at approximately three weeks of world consumption.

Zinc price

Reflecting the downturn in demand, the average LME zinc price fell 11.3% to a four-year low of US$1,659/tonne in 2009. Whilst remaining volatile, the zinc price rose through most of 2009 as the market moved towards recovery, more than doubling from its lows in February below US$1,100/tonne to more than US$2,500/tonne in December 2009.

Lead

Lead consumption

World lead consumption declined with the downturn in the global economy, falling by 3%, although this reverse was modest by comparison with some other metals markets and at 8.2 million tonnes world lead consumption in 2009 was the second highest total on record. This can be attributed to China, where lead consumption increased by 15% to a new record of 3.5 million tonnes and more than double its level of five years ago, driven by accelerating growth in car production and sales (China overtook the United States to become the world's largest market for new cars in 2009) and continuing strong sales of electric bicycles (e-bikes).

Lead production

World refined lead production was reduced by 0.2% to 8.5 million tonnes in 2009, leaving the market for refined lead with a substantial surplus of 314,000 tonnes, after six years of deficits. With the market in surplus LME stocks rose through the year, reaching a six-year high of 146,775 tonnes at the end of 2009, equivalent to approximately one week of world consumption.

Lead price

The LME lead price followed a similar pattern to the zinc price during 2009, rising from lows of less than US$1,000/tonne early in the year to a peak of approximately US$2,500/tonne in September, and continued to trade between US$2,000/tonne and US$2,500/tonne for the remainder of 2009. However, the average price for the year of US$1,726/tonne was 17.2% lower than in 2008.

Financial review

	Year Ended December 31, 2009								
€ millions	**Auby Smelter**	**Balen Smelter**	**Budel Smelter**	**Clarksville Smelter**	**Hobart Smelter**	**Port Pirie Smelter**	**Chinese Ops.**	**Other Ops.**	**Total**
Revenue	**168**	**216**	**234**	**126**	**346**	**503**	**6**	**65**	**1,664**
Treatment charges	48	10	71	28	87	48	—	—	292
Free metal	27	6	39	10	32	45	—	—	159
Premiums	5	31	23	2	13	11	—	—	86
By-products	17	(1)	11	9	19	37	—	—	92
Other	(11)	(11)	(17)	(3)	(14)	(6)	7	21	(35)
Underlying Gross Profit	**86**	**35**	**127**	**45**	**137**	**135**	**7**	**21**	**594**
Employee benefits expense	20	33	28	16	27	37	2	46	209
Energy expenses	28	14	53	15	34	36	5	2	188
Other expenses	27	38	5	16	28	31	4	(38)	110
Underlying Operating Costs	**75**	**85**	**86**	**47**	**89**	**104**	**10**	**10**	**507**
Underlying EBITDA	**16**	**(46)**	**37**	**(2)**	**43**	**40**	**(3)**	**7**	**93**

€ millions	Year Ended December 31, 2008								
	Auby Smelter	Balen Smelter	Budel Smelter	Clarksville Smelter	Hobart Smelter	Port Pirie Smelter	Chinese Ops.	Other Ops.	Total
Revenue	**211**	**586**	**389**	**206**	**371**	**542**	**60**	**45**	**2,410**
Treatment charges	40	93	83	31	85	72	—	—	404
Free metal	22	39	53	17	32	55	—	—	218
Premiums	4	81	42	7	16	9	—	—	159
By-products	27	36	34	21	14	34	—	—	166
Other	(9)	(28)	(34)	(10)	(7)	(10)	12	19	(65)
Underlying Gross Profit	**83**	**221**	**178**	**67**	**141**	**160**	**12**	**19**	**881**
Employee benefits expense	22	46	32	14	28	39	4	43	227
Energy expenses	20	67	71	20	33	32	9	2	253
Other expenses	35	64	44	22	45	60	4	(18)	255
Underlying Operating Costs	**77**	**177**	**147**	**55**	**106**	**131**	**17**	**26**	**735**
Underlying EBITDA	**7**	**45**	**32**	**12**	**34**	**29**	**(5)**	**(1)**	**153**

In very challenging market conditions Nyrstar remained operationally profitable in 2009, achieving an underlying EBITDA of €93 million and an underlying EPS of €0.32.

Underlying gross profit

Underlying gross profit declined 33% from €881 million in 2008 to €594 million, predominately as a result of lower metal prices and reduced production at the Balen, Budel and Clarksville smelters.

Smelting treatment charge income was €292 million in 2009, compared to €404 million in 2008, due to lower metal prices and the reduced volumes of concentrate treated as a result of the production curtailments.

Smelting free metal contribution from zinc and lead was €159 million in 2009 compared to €218 million in 2008, also due to lower metal prices and production curtailments.

Smelting premium contribution was €86 million compared to €159 million in 2008, due to reduced volumes as well as the reduced demand for zinc and zinc alloys. Pursuant to the terms of Nyrstar's off-take agreement with the members of the Glencore Group (see ''—Contractual obligations and commitments'' below for further description), 2009 premiums for Nyrstar's commodity-grade material were negotiated in late 2008 and were therefore somewhat protected from the downturn.

Sulphuric acid prices continued to fall during 2009, significantly reducing acid's contribution to Smelting by-products compared to 2008. The contribution to by-products from other metals improved throughout the year with increasing metal prices, resulting in a total by-product income of €92 million, down 45% on 2008 (€166 million).

€ millions Unless otherwise indicated	2009	2008	Δ%	H2 2009	H1 2009
Sulphuric acid	37	87	(57)%	9	28
Leach products	16	14	14%	4	12
Copper cathode	13	22	(41)%	6	7
Silver	15	15	—	3	12
Gold	5	6	(17)%	2	3
Other	6	22	(73)%	4	2
Total	**92**	**166**	**(45)%**	**28**	**64**

Nyrstar's Smelting Other gross profit was negative €35 million in 2009, compared to negative €65 million in 2008, primarily due to lower realization expenses and alloying costs as a result of lower production volumes. The contribution from Nyrstar's smaller entities remained at similar levels to 2008.

Underlying operating costs

Underlying operating costs of €507 million were reduced by 31% compared to 2008 (€735 million), due to cost saving initiatives combined with curtailed production and lower electricity prices.

As a result of smelting operating costs per tonne decreased to €470 in 2009, compared to €553 in 2008. See table below for cost per tonne per smelter.

€ millions per tonne Zinc and Lead Metal	**Auby Smelter**	**Balen Smelter[1]**	**Budel Smelter**	**Clarksville Smelter**	**Hobart Smelter**	**Port Pirie Smelter**	**Total**
2009[1]	460	—	381	490	333	425	**470**
2008[2]	653	623	615	440	419	514	**553**

Notes:

(1) The Balen smelter was on care and maintenance during 2009, therefore its cost per tonne is not provided. Total smelting cost per tonne is comprised of the six smelters' underlying operating costs per tonne of primary zinc and lead market metal produced at Nyrstar's primary smelters. The 2009 total smelting cost per tonne includes Balen smelter care and maintenance costs. The 2009 operating costs per tonne have been restated to be consistent with the 2010 operating costs per tonne calculations.

(2) Total smelting cost per tonne is comprised of the six smelters' underlying operating costs per tonne of primary zinc and lead market metal produced at Nyrstar's primary smelters.

Other significant events in 2009

Nyrstar Yunnan Zinc Alloys

On August 3, 2009, Nyrstar completed the sale of its 60% interest in Nyrstar Yunnan Zinc Alloys to Yunnan Yun Tong Zinc Co Limited. The final purchase price received was approximately €5 million resulting in a profit on disposal attributable to Nyrstar of approximately €6 million in the second half of 2009.

Convertible bonds

On July 2, 2009 Nyrstar completed the offering of €120 million 7% senior unsecured convertible bonds due 2014. For further information on the convertible bonds, see ''—Liquidity and capital resources—Funding sources'' below.

Dividend Payment

In 2008 Nyrstar conducted an impairment review of its assets, triggered by the fall of the Company's market capitalization below its net asset value coupled with adverse market conditions in the second half of 2008. The review was carried out using a variety of data, including externally sourced forecasts on future metal prices. The outcome of the review was a total impairment charge of €615 million. As a consequence of the impairment review and its effect on the Company's distributable reserves, the Company was unable to declare a 2008 dividend.

For the four months to December 31, 2007 Nyrstar proposed a dividend of €0.40 per share. This was subsequently approved by shareholders at the annual general meeting in April 2008 and paid in May 2008.

Liquidity and capital resources

Funding sources

Nyrstar funds it operations primarily through net cash from operations and proceeds from debt financings. These funds are used primarily to finance Nyrstar's working capital and capital expenditure requirements, acquisitions and dividend payments to shareholders. Nyrstar's debt financings include bond issuances and bank borrowings, as described below.

Convertible bonds

In July 2009, Nyrstar issued €120 million of senior unsecured convertible bonds due July 10, 2014. The convertible bonds pay a fixed interest rate of 7% payable semi-annually in arrears. The conversion price at time of issue was €7.6203 per share. As of May 5, 2010 this was adjusted to €7.54 due to the payment of the 2009 dividend. As a result of the Offering, the conversion price of the convertible bonds will be adjusted downwards from €7.54 per Share depending on the Share price on and before the start of the Rights Subscription Period. To date, convertible bonds in an aggregate principal amount of €100,000 have been converted and all other bonds remain outstanding. The convertible bonds include a negative pledge and, among other events of default a cross default provision. The convertible bonds are

listed on the official list of the Luxembourg Stock Exchange and are admitted to trading on the regulated market of the Luxembourg Stock Exchange's Euro MTF Market.

Public bonds

In April 2010, Nyrstar issued €225 million of fixed rate bonds due April 9, 2015 through a public offering in Belgium and Luxembourg. The public bonds pay a fixed interest rate of 5.5% payable semi-annually in arrears. The public bonds have the benefit of a negative pledge and, among other events of default, a cross default provision. To date, all of the public bonds remain outstanding. The bonds are listed on the official list of the Luxembourg Stock Exchange and are admitted to trading on the regulated market of the Luxembourg Stock Exchange.

Revolving Structured Commodity Trade Finance Facility

In January 2010 Nyrstar entered into a secured four-year multi-currency Revolving Structured Commodity Trade Finance Facility for an initial amount of €250 million underwritten by Deutsche Bank. Prior to entering into this facility, Nyrstar cancelled its pre-existing syndicated facility, which commenced with a limit of €350 million in December 2007 million and had been reduced to €150 million in December 2009. The new facility is designed to better suit the nature of Nyrstar's business as the borrowing base adjusts to changing working capital requirements. Specifically, the amount available for drawing is referenced to the value of Nyrstar's inventories and receivables and accordingly adjusts as commodity prices change, thereby offering greater financial flexibility than traditional credit line financing. Borrowings under this facility are secured by Nyrstar's inventories and receivables.

Deutsche Bank and Nyrstar subsequently commenced a syndication process targeting an increase in the facility limit to €300 million. The syndication process was more than twice over-subscribed, and following the scaling back of allocations was closed with an increased facility limit of €400 million. The participating banks in the facility are Deutsche Bank, BNP Paribas Fortis, Fortis Bank (Nederland), ING Belgium, KBC Bank, Natixis, Société Générale, Royal Bank of Scotland, Banco Bilbao Vizcaya Argentaria, Banque LBLux, National Australia Bank Limited, Scotiabank, Dexia Bank, Raiffeisen Zentralbank Oesterreich and Westpac Banking Corporation.

The syndicated facility incorporates an ''accordion'' feature that facilitated an increase in the facility limit. In November 2010, Nyrstar exercised the accordion and the syndicate banks increased their commitments to €500 million, resulting in a facility limit of €500 million. At December 31, 2010, US$150 million (approximately €112 million) was drawn under this facility leaving undrawn capacity of €388 million. In January 2011, Nyrstar agreed with the facility lenders an additional ''accordion'' feature that facilitates a further increase in the facility limit to €750 million, of which €250 million remains uncommitted.

The facility has a maturity of four years (with run-off period during the fourth year leading to a maturity of January 28, 2015), and a margin of 1.9% above EURIBOR. 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. The borrower under the facility was originally Nyrstar Sales & Marketing NV but was subsequently transferred to Nyrstar Sales & Marketing AG. The obligations of the borrower under the facility are guaranteed by Nyrstar NV.

Bilateral facilities

Nyrstar has three existing bilateral facilities.

In connection with the Farallon Acquisition, Nyrstar Finance International AG refinanced, on more favorable terms, Farallon's US$36 million secured export finance facility with an uncommitted multi-currency CHF 50 million bilateral credit facility with Credit Suisse AG. The facility, guaranteed by Nyrstar NV, may be used to finance short-term liquidity (up to three months) and documentary credits and hedging (up to twelve months) and is subject to a negative pledge.

Nyrstar NV and Nyrstar Finance International NV have entered into a committed €50 million bilateral loan agreement with KBC Bank NV, of which nil was outstanding on December 31, 2010. The facility matures June 30, 2011.

Compañía Minera San Juan (Perú) S.A. had at December 31, 2010 a US$13 million bilateral loan agreement with BBVA Banco Continental, of which the entire amount was outstanding on such date. In February 2011, the facility amount was increased to US$20 million, with a 90-day maturity. This facility is guaranteed by a standby letter of credit issued by Banco Bilbao Vizcaya Argentaria SA, Belgian Branch, which in turn is counter-guaranteed by Nyrstar NV.

Working capital statement

In Nyrstar's opinion, its working capital is sufficient for its present requirements and for the twelve month-period following the date of this Prospectus.

Cash flow data

Summary cash flow for years ended 31 December 2010, 2009 and 2008.

	Year Ended December 31		
(€ million)	**2010**	**2009**	**2008**
Cash flows from operating activities			
Profit for the period	72.2	10.4	(594.7)
Non-cash adjustments	105.0	51.2	709.0
	177.2	61.6	114.3
Changes in inventories	(51.5)	(185.4)	179.1
Changes in trade and other receivables	(30.6)	50.7	46.0
Changes in trade and other payables	135.1	85.3	37.9
Other operating cash flows from operating activities	(19.9)	(31.2)	(40.5)
Net cash (outflows) from operating activities	**210.5**	**(19.0)**	**417.8**
Cash flows from investing activities			
Acquisition of property, plant and equipment	(145.3)	(67.9)	(116.4)
Acquisitions of zinc purchase interest, subsidiaries and investments	(288.1)	(108.3)	(30.1)
Proceeds from sale of subsidiaries and equity accounted investees	—	5.1	33.6
Other cash flows from investing activities	6.8	15.8	15.6
Net cash (outflows) from investing activities	**(426.8)**	**(155.3)**	**(97.3)**
Cash flows from financing activities			
Net borrowings	330.7	(37.0)	(178.7)
Distributions to shareholders	(10.0)	—	(40.0)
Other cash flows from financing activities	(29.3)	—	(1.9)
Net cash (outflows) from financing activities	**291.4**	**(37.0)**	**(220.6)**
Net increase (decrease) in cash held	75.1	(211.3)	99.9
Cash at the beginning of the reporting period	84.0	297.0	198.8
Exchange fluctuations	1.5	(1.7)	(1.7)
Cash and cash equivalents at the end of the reporting period	**160.6**	**84.0**	**297.0**

Year ended December 31, 2010

As of December 31, 2010, cash and cash equivalents were €161 million, an increase of €76.6 million from December 31, 2009.

Cash flows from operating activities in 2010 generated an inflow of €210 million compared to an outflow of €19 million in 2009, reflecting higher profits due to improved market conditions and successful ramp-up of mining assets. This includes a working capital inflow of €53 million due in part to a lower zinc price at December 31, 2010 compared to December 31, 2009 (US$2,433 per tonne and US$2,570 per tonne respectively).

Cash flows from investing activities in 2010 mainly relate to mine acquisitions. This includes the prepayment of €242.6 million to Talvivaara Sotkamo Limited for 1.25 million tonnes of zinc in concentrate under a streaming agreement, the acquisition of the remaining 15% interest in Coricancha mine (Peru) for approximately €3.8 million, the acquisition of the Contonga and Pucarrajo mines (Peru) for approximately €25.7 million, and investments in Herencia and Ironbark for approximately €1.5 million

and €10.3 million, respectively. In total, mine acquisitions amounted to an outflow of approximately €284 million in 2010, compared to €111 million in 2009. In addition the acquisition of property, plant and equipment increased by €77.4 million in 2010 compared to 2009 (see ''—Capital Expenditure'' below for further explanation).

Cash inflows from financing activities increased to €291 million to finance acquisitions. Included in this amount are the €225 million proceeds of the 5.5% fixed rate bonds due 2015, issued in April 2010. Cash and available credit lines were sufficient to fund all acquisitions during 2010.

Net debt at December 31, 2010 was €296 million. There was a significant decrease in working capital requirements in part due to renegotiated and accelerated payment terms under the commodity grade off-take agreement (€107 million).

Continuing volatility in metal prices and exchange rates, and their significant impact on working capital requirements, due to their impact on the value of metal inventories, trade receivables and trade payables, of the Smelting segment in particular, significantly influenced Nyrstar's cash flows.

Year ended December 31, 2009

In 2009, Nyrstar's operations generated a negative cash flow of €19 million compared to a positive cash flow of €418 million in 2008.

There was a working capital outflow of €49 million in 2009, largely due to the significant increase in inventory value due to the high year-end commodity prices in 2009. Changes in inventory amounted to an outflow of €185 million for the twelve months to December 31, 2009, whereas there were cash inflows for both trade and other payables and trade and other receivables.

Cash outflows from investing activities increased in 2009 to €155.3 million compared to €97.3 million in 2008 largely due to the acquisition of Tennessee Mines, an 85% interest in Coricancha and a 19.9% interest in Ironbark; in addition, in 2008 Nyrstar disposed its 24.9% holding in Padaeng Industry Public, generating a €34 million cash inflow.

Cash outflows from financing activities were €37 million, compared to €221 million in 2008, with Nyrstar raising €120 million through an issue of convertible bonds in July 2009. In addition Nyrstar subsequently entered into a Revolving Structured Commodity Trade Finance Facility in an original amount of €250 million.

Year ended December 31, 2008

Nyrstar's operations generated positive cash flows of €418 million in the year ending December 31, 2008, of which €263 million was generated through the release of working capital due to weaker commodity prices and production curtailments.

Net cash flow for the year was positive €100 million and included: proceeds from the sale of Padaeng (€34 million), reduction of external debt (€179 million), dividends paid to shareholders (€40 million) and the settlement of purchase price adjustments with Zinifex and Umicore (€76 million).

Consolidated net cash at the end of 2008 was €147 million, a significant improvement over the net debt position of €155 million reported at the end of 2007.

Capital expenditure

Nyrstar makes capital expenditures on an ongoing basis to maintain its operations and to undertake business improvements and expansions.

Year ended December 31, 2010

Capital expenditure was €147 million in 2010, which includes approximately €60 million for mines, of which approximately €24 million was invested to ramp up Nyrstar's mining operations. Capital expenditure for smelters was €81 million in 2010, which included both maintenance and growth spend. In addition, approximately €6 million was invested at other operations and corporate offices.

Year ended December 31, 2009

Nyrstar sharply curtailed its capital expenditure in 2009 by 41% to €68 million in light of the economic downturn and to preserve cash. This amount also included approximately €4 million capital expenditure on newly-acquired mines.

Year ended December 31, 2008

Capital expenditure was €116 million in 2008. Key growth projects were completed, including the expansion of the cell house at Auby and the significant improvement in zinc recovery at Hobart. The former increased capacity by 30,000 tonnes per annum and was completed on budget, while the latter was finished at only a fraction of the initial estimate. New transformers and cells were installed at Auby. Commissioning began in January with the full capacity increase achieved during February 2009.

Contractual obligations and commitments

The following table sets forth, by major category of commitment and obligation, Nyrstar's material contractual obligations and their maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements as of December 31, 2010:

			Payment due by period			
December 31, 2010 *(€ million)*	**Carrying Amount**	**Contractual cash flows**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**
Non-derivative financial liabilities						
Finance Lease Liabilities	(0.5)	(0.5)	(0.4)	(0.1)	—	
Loans and Borrowings	(456.3)	(566.0)	(29.5)	(4.2)	(21.0)	(511.3)
Trade and Other Payables	(314.0)	(314.0)	(298.9)	(15.1)		
Total	(770.8)	(880.5)	(328.8)	(19.4)	(21.0)	(511.3)
Derivative financial liabilities						
Commodity contracts—fair value hedges	(23.6)	(23.6)	(23.6)	—	—	—
Foreign exchange contracts—held for trading	(1.2)	(1.2)	(1.2)	—	—	—
Embedded derivatives	(5.4)	(5.4)	(2.7)	(2.7)	—	—
Total	(30.2)	(30.2)	(27.5)	(2.7)	—	—

With respect to debt obligations, please see ''—Liquidity and Capital Resources—Funding sources'' above.

In December 2008, Nyrstar entered into an off-take agreement with members of the Glencore Group (also a shareholder of the Company) in relation Nyrstar's commodity grade zinc and lead metal. This agreement came into effect in January 2009 and has a term of five years. It provides for the supply by Nyrstar of quantities to be set by Nyrstar of its commodity grade zinc and lead metal on an exclusive basis (with certain exceptions) to Glencore for sale and marketing via Glencore's extensive global marketing and distribution network. The off-take agreement provides for prices based on the LME prices plus market-based, annually agreed premiums.

In February 2010, Nyrstar acquired 1.25 million tonnes of zinc in concentrate from Talvivaara Sotkamo Limited for a purchase price of US$335 million. In addition to the purchase price, Nyrstar will pay Talvivaara certain extraction and processing fees. Based on Talvivaara's public announcements regarding its planned production, Nyrstar expects a ramp-up to approximately 90,000 tonnes per annum of zinc in concentrate by 2012, with deliveries over a period of 10 to 15 years. See ''Business Description—Talvivaara Zinc Streaming Agreement''.

Nyrstar is dependent on a limited number of suppliers for a significant proportion of its zinc and lead concentrate supply, and a disruption in supply could have a material adverse effect on its production levels and results of operations. The business of Nyrstar is dependent on its ability to source adequate supplies of zinc and lead concentrate. The availability and price of zinc and lead concentrate may be negatively affected by a number of factors largely beyond Nyrstar's control, including interruptions in production by suppliers, decisions by suppliers to allocate supplies of concentrate to other purchasers,

price fluctuations and increasing transport costs. Nyrstar has life-of-mine contracts with Mining and Metals Group for zinc and lead concentrates from the Century and Rosebery mines in Australia and has other multi-year tonnage contracts with a number of other suppliers in place. These agreements provide that the key commercial terms (including TCs) are renegotiated annually.

Other commercial and regulatory commitments

Nyrstar has certain other commercial commitments, which are not recognized as liabilities on the balance sheet. These consist of capital commitments for the acquisition of plant and equipment contracted and operating leases. At December 31, 2010 these amounted to €15.0 million and €2.2 million, respectively.

Nyrstar also has €59.2 million of guarantees, that are not on its balance sheet, made in relation workers' compensation, environmental obligations, suppliers and other parties.

Related party transactions

Nyrstar has not undertaken any related party transactions except the compensation paid to its board of directors and management, as set out in note 33 to its audited consolidated financial statements as of and for the year ended December 31, 2010 included herein.

Disclosure on market risk

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 Nyrstar'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 analyze 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 assisted in its oversight role by an internal audit function.

Commodity price risk

In the normal course of its business, Nyrstar is exposed to risk resulting from fluctuations in the market prices of commodities and raw materials. 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. 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 realized from hedging arrangements are recorded within operating profit. Nyrstar currently does not undertake any structural or strategic hedging which means that its results are exposed to fluctuations in zinc, lead and other metal prices. Nyrstar may review its hedging policy from time to time. For further information, see ''—Significant factors affecting Nyrstar's results of operations—Sensitivity analysis'' above.

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 Peruvian Sol 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 the costs of Nyrstar are primarily in Euros, Australian Dollars, U.S. Dollars, Peruvian Sols and Swiss Francs. As a result, movement of the U.S. Dollar, the Australian Dollar, Peruvian Sol, 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. For further information, see ''—Significant factors affecting Nyrstar's results of operations—Sensitivity analysis'' above.

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 bonds and fixed rate bonds 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 30(f) to the audited consolidated financial statements beginning on page F-1. 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. The goal of this policy is to limit the effect in profit and loss of a parallel shift of 1% of the entire interest curve, calculated on the projected net financial debt amount, to below a certain predefined limit per year. In addition Nyrstar's policy states that interest rates cannot be fixed for periods more than ten years through the purchase or sale of interest rate derivatives.

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. Nyrstar has a credit policy under which each new customer is analyzed 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 December 31, 2010, 2009 and 2008 no guarantees were outstanding to external customers.

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 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).

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 optimizing the return.

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 net operating income divided by total shareholders' equity, excluding non-controlling interests.

The board of directors also monitors the level of dividends to ordinary shareholders. Nyrstar's dividend policy is to ensure that while 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 Nyrstar's non-consolidated Belgian GAAP financial statements. In accordance with Belgian company law, Nyrstar's articles of association also require that Nyrstar allocates each year at least 5% of its annual net profits to its legal reserve, until the legal reserve equals at least 10% of Nyrstar'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.

Nyrstar has established an Employee Share Acquisition Plan (''**ESAP**''), an 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 Nyrstar and its wholly owned subsidiaries. The key terms of each Plan are set out below in note 29 to the audited consolidated financial statements beginning on page F-1.

Neither Nyrstar nor any of its subsidiaries are subject to externally imposed capital requirements.

Critical accounting estimates and judgments

Estimates and judgments 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 judgments 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.

For information on Nyrstar's significant accounting policies, see note 4 to the audited consolidated financial statements beginning on page F-1.

Critical accounting estimates and assumptions

Impairment of assets

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 below). For further information refer to note 3(h) and note 11 to the audited consolidated financial statements beginning on page F-1.

Determination of fair values in business combination

The consolidated entity has applied estimates and judgments in order to determine the fair value of assets acquired and liabilities and contingent liabilities assumed by way of a business combination.

The value of assets, liabilities and contingent liabilities recognized at the acquisition date are recognized at fair value. In determining fair value the consolidated entity has utilized valuation methodologies including discounted cash flow analysis. The assumptions made in performing these valuations include assumptions as to discount rates, foreign exchange rates, commodity prices, the timing of development, capital costs, and future operating costs. Any significant change in key assumptions may cause the acquisition accounting to be revised including the recognition of additional goodwill or a discount on acquisition.

Determination of ore reserves and resources estimates

Estimated recoverable reserves and resources are used to determine the depreciation of mine production assets, in accounting for deferred costs and in performing impairment testing. 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 will impact the carrying value of assets and depreciation and impairment charges recorded in the income statement.

Restoration obligations

Provision is made for the anticipated costs of future restoration and rehabilitation of smelting and refining sites and mining areas from which natural resources have been extracted to the extent that a legal or constructive obligation exists. These provisions include future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition, decontamination, water purification and permanent storage of historical residues. These future cost estimates are discounted to their present value. 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 benefit obligations

An asset or liability in respect of defined benefit pension or medical plans is recognized on the consolidated statement of financial position. The present value of a defined benefit obligation is dependent upon a number of factors that are determined on an actuarial basis. Nyrstar determines the appropriate discount rate to be used at the end of each year.

Critical judgments in applying Nyrstar's accounting policies

Recovery of deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable profits are available to utilize 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 recoupment.

Recent developments

See ''Recent Development—Farallon Acquisition'' below.

No significant change in Nyrstar's financial or trading position

Except as disclosed in this Prospectus, there has been no significant change in the financial or trading position of Nyrstar or any other company of Nyrstar since December 31, 2010.

THE MINING AND SMELTING INDUSTRY

The following information relating to the zinc, lead, sulphuric acid, copper, silver and gold market and industry overview has been provided for background purposes only. The information relating to the zinc, lead, sulphuric acid and copper markets has been prepared by Brook Hunt. In particular, any projections set forth below with respect to future periods have been prepared by Brook Hunt, and not the Company. All information has been extracted from a variety of sources released by public and private organizations. The industry information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Zinc industry overview

Introduction

Zinc metal has physical, electrochemical and chemical properties that enable it to be used in a wide variety of industrial applications. Zinc is chemically active and alloys well with other metals such as copper, aluminum and magnesium. It is durable and reacts readily with iron, imparting good corrosion resistance to steel substrate when used as a galvanized or applied coating. Zinc is relatively hard with a low melting point making it and its alloys very suitable for die casting but yet still soft enough to be formed, rolled or extruded.

Zinc is usually found in ore bodies in association with other metals, commonly lead, copper, silver or gold. Zinc occurs naturally in minerals, most commonly as zinc sulphide (ZnS) but also in oxidized forms (ZnO). Zinc minerals are extracted using underground or open pit mining methods and then processed to a concentrated form typically containing more than 50% zinc. Concentrate is treated by smelting and refining processes to produce zinc metal. Mines sell zinc concentrate to zinc smelters under annual or multi-year delivery contracts (frame tonnage contracts) or for prompt delivery on the spot market.

The most common smelting and refining process, accounting for over 90% of all concentrate treated is hydrometallurgical, commonly called the roast leach electrolysis (''**RLE**'') process. The other process route is pyrometallurgical, encompassing blast furnace (ISF), electrothermic and vertical retort smelting and refining. Nyrstar owns and operates five zinc smelters all of which use the RLE process. It also operates the Port Pirie multi-metals smelter which produces lead, zinc and other metals using pyrometallurgical and hydrometallurgical processes.

Zinc metal is produced in a variety of shapes, weights and qualities according to customer requirements or to the standards of the terminal exchanges, the LME and the SHFE. Nyrstar smelters produce special high grade zinc (SHG 99.995% Zn), continuous galvanizing alloys (CGG), die casting alloys and special alloys.

Nyrstar is the world's largest producer of refined zinc. In 2010 it produced approximately 1.1Mt of zinc, which equated to 8.6% of global production.

The SHG zinc price is determined by daily trading on the LME. It provides the basis for most commercial transactions involving the buying and selling of zinc concentrate or zinc metal. In China, commercial transactions use published producer prices or the quoted SHFE zinc price.

Zinc metal demand and end-uses

Galvanizing is the predominant first use for zinc. This process involves coating steel with molten zinc to prevent corrosion. There is a linear relationship between the thickness of the resultant coating and the life of the protective layer. Galvanized steel is used in a variety of products including car bodies, white goods, street fittings and utility poles and towers.

The next largest first use of zinc is in brass, an alloy of copper which contains 5-50% zinc depending on its required properties. Brass can be cast, forged, and formed into sheet, wire and rod. Due to its high tensile and yield strength, brass is machinable. The material is widely used in electrical and hydraulic components as well as plumbing, door and window fittings. Brass has a high scrap value, usually at least 80% of its intrinsic metal value, which encourages a high level of recycling.

Zinc is also used to produce die casting alloys (in which it is typically alloyed with 3.5-4.3% aluminum and smaller amounts of magnesium and copper). Die cast zinc alloys are used to mass produce a wide variety of manufactured goods as well as in plumbing, door and window fittings.

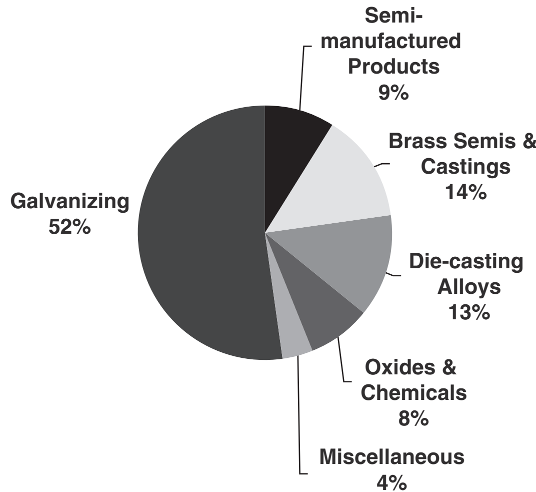
Zinc is also converted into rolled and extruded semi-manufactured products which are in turn used in the production of disposable batteries and architectural cladding products. The metal is also used to make zinc oxides and chemicals, the most important use of which is in the vulcanization and hardening of rubber which in turn is primarily used in the production of automotive tires.

The largest end-use sector for zinc is construction, which together with publically funded infrastructure activity accounted for 67% of global end-use zinc consumption in 2010. The second most important end use sector is transport (primarily the automotive sector) which accounted for 20% of zinc consumption. Consumer products accounted for 6% of consumption and the remainder was used in the manufacture of industrial goods and equipment.

Like many materials, zinc faces the threat of substitution and thrifting. However, historically the substitution of zinc has not been driven by price but rather by the need to reduce weight in the automotive sector, which resulted in the replacement of zinc by aluminum in the production of some die cast parts and galvanized steel body panels. More recently, high zinc prices have encouraged the development of new aluminum and magnesium zinc alloys that allow thinner coatings to be used in the galvanizing of steel, without compromising the degree of corrosion protection.

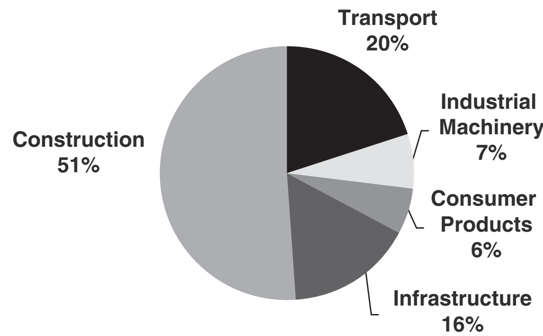
As a consequence of zinc end use being dominated by the construction and infrastructure sectors, the ongoing urbanization and industrialization of the developing world will be the primary driver of global zinc consumption. Also, the elevated intensity of use (zinc consumption per unit of gross domestic product (''**GDP**'')) has been boosted by the effective transfer of manufacturing capacity from the developed world to the lower cost economies of the developing world. The combination of these trends has resulted in Chinese per capita zinc consumption growing from just 0.4kg in 1990 to 1.1 kg/capita in 2000. By 2010, China's per capita zinc consumption had grown to 3.5kg to exceed that of the United States and France. In the longer term, as the Chinese economy evolves, per capita zinc consumption is forecast to reach 6kg in 2020. This is some 4kg below the levels seen currently in South Korea's export dominated economy.

Zinc consumption by first use in 2010



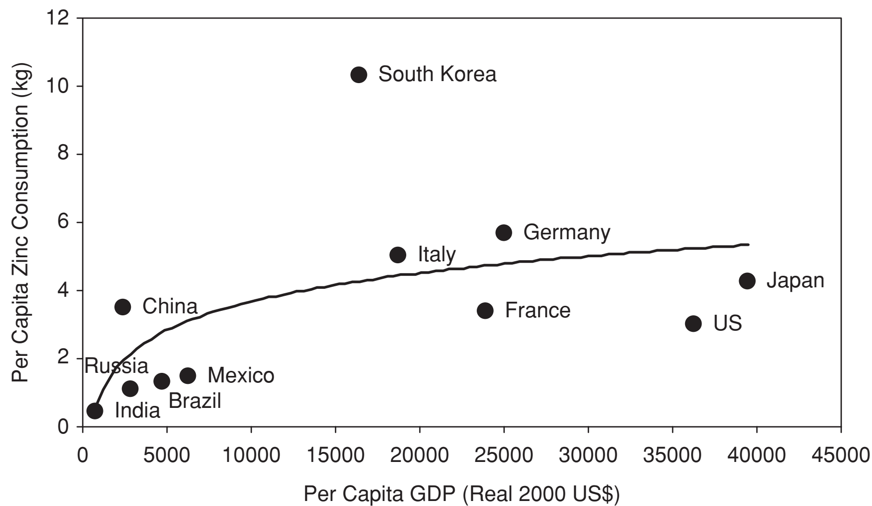
Source Brook Hunt—A Wood Mackenzie Company

Zinc consumption by end use in 2010



Source Brook Hunt—A Wood Mackenzie Company

Per capita zinc consumption versus per capita GDP



Source Brook Hunt—A Wood Mackenzie Company

In 2009, when zinc consumption contracted by 20.3% in the mature economies due to the global economic recession, consumption in the developing world exhibited a relatively modest 3.1% reduction. This was largely the result of the heavy investment in infrastructure and real estate in China where zinc consumption grew by 8% to 4.1Mt.

In 2010, zinc consumption growth is estimated to have expanded by 14.3% in the developing world and 13.9% in mature economies. Zinc consumption is projected to grow at a CAGR of 6.6% p.a. over the period 2010-2015.

In 2011, the efforts by many developing world economies to curtail the pace of economic expansion should begin to bear fruit and are projected to result in zinc consumption growth among these economies slowing to 8.7%. In 2012, growth in developing world economies is projected to moderate further. However, with the developing world now accounting for almost 70% of global zinc demand, these growth rates still represent significant projected increases in zinc consumption of 0.7Mt in 2011 and 0.6Mt in 2012.

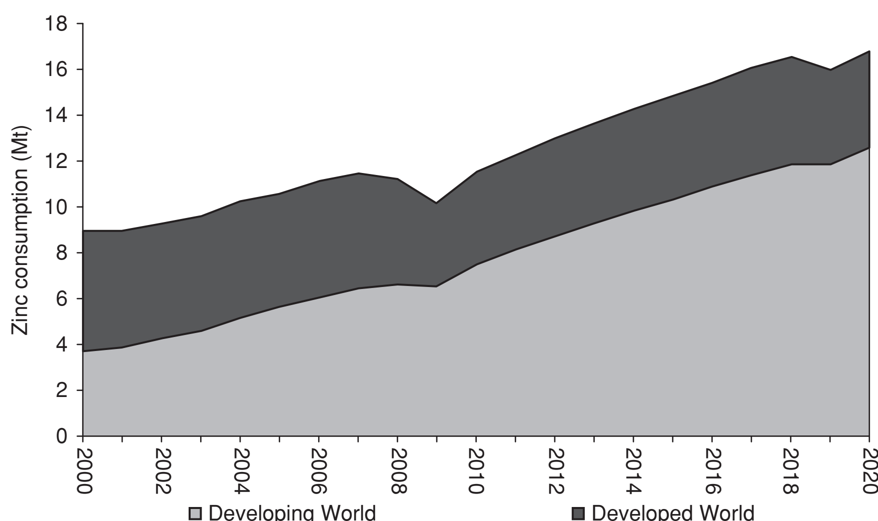
In the longer term, demand in the developing world will continue to be the primary driver of zinc consumption. The ongoing urbanization and industrialization of China, India and many other developing world nations, together with the elevation of living standards and consequentially higher disposable incomes, will all serve to boost zinc consumption. As a result of these trends, developing world zinc consumption is forecast to grow at a CAGR of 7.8% over the period 2010-2015.

By contrast, zinc's intensity of use in the world's mature economies is weakening. In the medium to longer term, the prospects for zinc demand growth from the world's mature economies is challenged by

a number of factors. Lower levels of public sector spending are likely to have a particularly negative impact on zinc-intensive sectors such as infrastructure and other public sector construction. This together with the ongoing transfer of manufacturing capacity from the world's mature economies to developing economies will result in modest growth in zinc demand in the world's mature economies.

In summary, after contracting by 9.4% in 2009, global zinc consumption rebounded in 2010, growing by 14.2%. In 2011, growth is expected to moderate, falling back to an estimated 6.5%. Further moderation is expected in 2012 with projected growth of 5.7%. Over the period 2010-2015, global zinc consumption is projected to grow strongly, driven by the developing world, at a rate of 6.6% p.a. from 10.1Mt in 2009 to 14.9Mt in 2015.

Global zinc consumption (mt)



Source Brook Hunt—A Wood Mackenzie Company

(1) Developed economies include Europe, North America, Japan and Oceania. Developing economies include Africa, China, Latin America and Asia (excluding Japan).

Supply: zinc mining

Zinc mineral deposits are formed in various tectonic environments at different temperatures and pressures and from fluids with diverse sources which can be simply classified into eight main types of ore bodies: Volcanogenic Massive Sulphide (''**VMS**''), Skarns, Sedimentary Exhalative (''**SEDEX**''), Oxide, Mississippi Valley Type (''**MVT**''), Epithermal and Mesothermal, Carbonate Replacement and miscellaneous Hydrothermal Other.

The largest individual deposits, measured on the basis of contained zinc, are generally SEDEX (typically from 0.5Mt to >17Mt Zn), followed by VMS (0.2Mt to >8Mt Zn), Oxide (1Mt to >5Mt), Skarn (0.2 to >5Mt Zn), Other (0.1Mt to >5Mt), Carbonate Replacement (0.1 to >2.5Mt Zn), MVT (0.1Mt to >2Mt), Epithermal and Mesothermal (0.1Mt>0.6Mt).

Nyrstar's owned and operated mines cover a wide range of these deposit types: Nyrstar Tennessee Mines are MVT, Contonga and Pucarrajo are Carbonate Replacement, Campo Morado is VMS and Coricancha is Epithermal.

Economic ore bodies have a finite life. To ensure the continued availability of zinc in concentrate as a raw material for producing zinc metal, mining companies must continually carry out exploration to discover and ultimately develop new ore bodies. Exploration is a technical enterprise consisting of regional target selection before investigation of specific anomalous areas using a range of geological, geochemical and geophysical techniques. Finally, detailed work is required to define the shape of the mineralized body of rock and separately to determine if the extraction and processing of the mined material is economically viable and to establish a verified mineral resource and ore reserve.

The process of advancing a project through the stages of ore body identification and verification, preliminary economic evaluation, economic ore reserve definition, bankable feasibility study, financing,

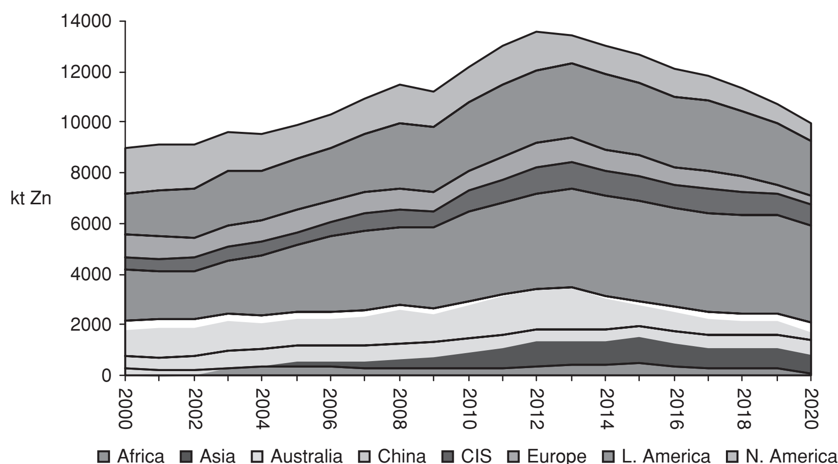
licensing and permitting, engineering and technical design, procurement and construction, and finally commissioning can take many years. An example of a rapid development sequence from discovery to production of less than five years is provided by the G-9 Mine at the Campo Morado operation. This project's first intersection of high-grade mineralization in the G9 deposit was in June 2005, with commercial production declared four years later in April 2009. More typically the timescale will be more than ten years or indeed longer. Once a company has approved a positive feasibility study, the subsequent development stages will usually be completed within three to seven years subject to a positive outlook for metal prices.

Brook Hunt makes its projections of future zinc mine production capability based on mine operating plans and company guidance when available but otherwise considers known or anticipated technical developments relating to ore grade trends, stripping ratios, mining configuration and metallurgical performance. Individual mine lives are estimated based on currently identified ore reserves and mineral resources. Projected global mine production capability will therefore trend down on anticipated ore body depletion. To meet projected increases in demand for zinc concentrate and zinc metal, new production will need to be established from mine life extensions, projects currently classified as only probable or possible future producers and the development of new ore bodies. Probable projects are at an advanced development stage with an identified ore reserve and are being progressed through feasibility, permitting and financing. Possible projects are at an earlier development stage and generally only have an identified mineral resource.

World zinc mine production was 11.5Mt/a Zn in 2008. It contracted by 2.1% to 11.3Mt/a in 2009 when the developed world was faced with economic recession and a financial crisis that reduced the demand for zinc concentrate and metal. With stabilization of the financial system and a return to positive economic growth, mine output grew strongly in 2010, increasing by an estimated 8.6% to 12.2Mt/a.

The world's largest producing country is China (3.6Mt/a) followed by Australia (1.46Mt/a), Peru (1.4Mt/a), and then India, Canada and the United States each at around 0.7Mt/a.

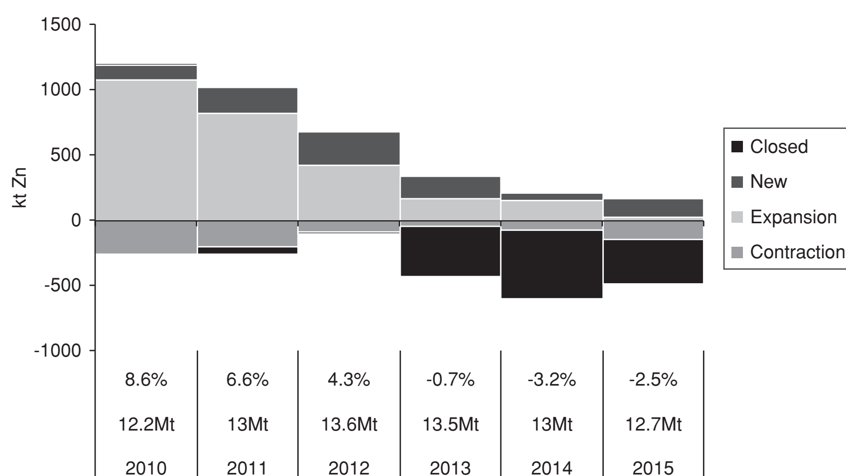
Forecast world mine production capability by region (kt Zn)



Source Brook Hunt—A Wood Mackenzie Company

World mine production capability from existing mines and committed projects is projected to increase to 13.5Mt/a in 2013. Thereafter, incremental output from committed new mines and expansion projects is not enough to offset production losses from the anticipated closure of mines due to reserve depletion.

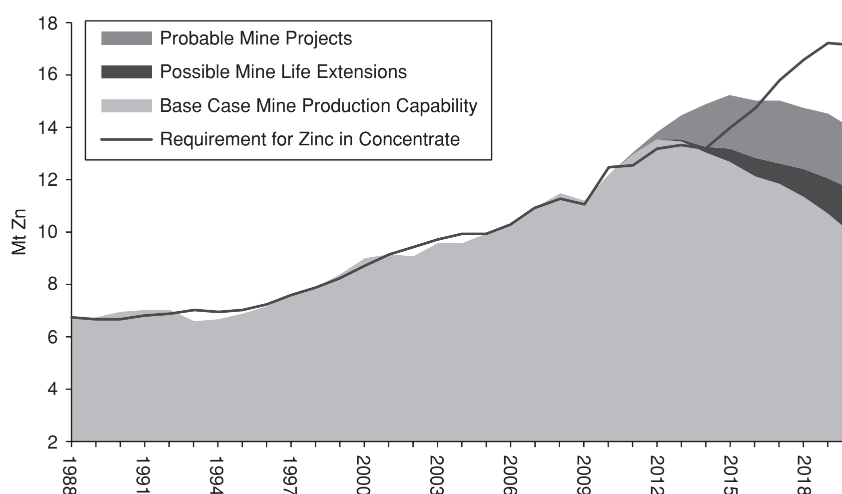
Forecast world mine production capability (kt Zn)



Source Brook Hunt—A Wood Mackenzie Company

Projected capability is thus expected to decline to 12.7Mt in 2015 and 9.4Mt in 2020. By 2020, Brook Hunt expects that over 7Mt/a of additional and replacement mine capability will be required to meet anticipated demand.

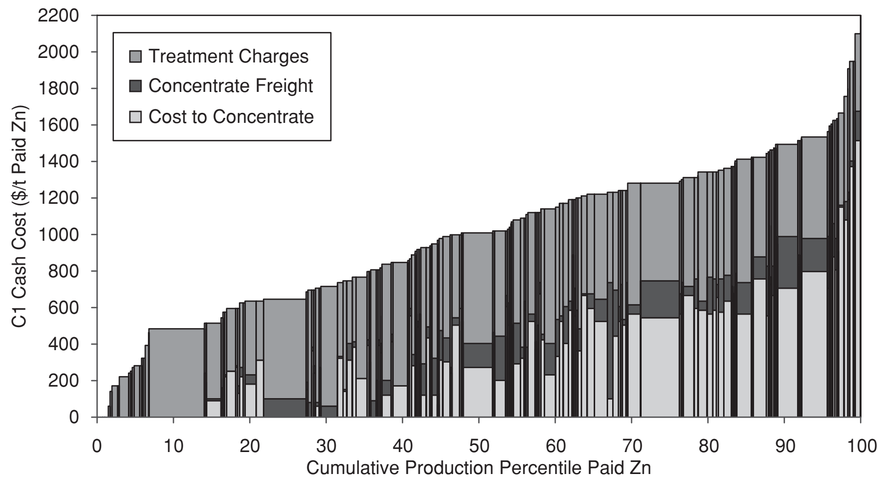
Requirement and sources of future world mine production (kt Zn)



Source Brook Hunt—A Wood Mackenzie Company

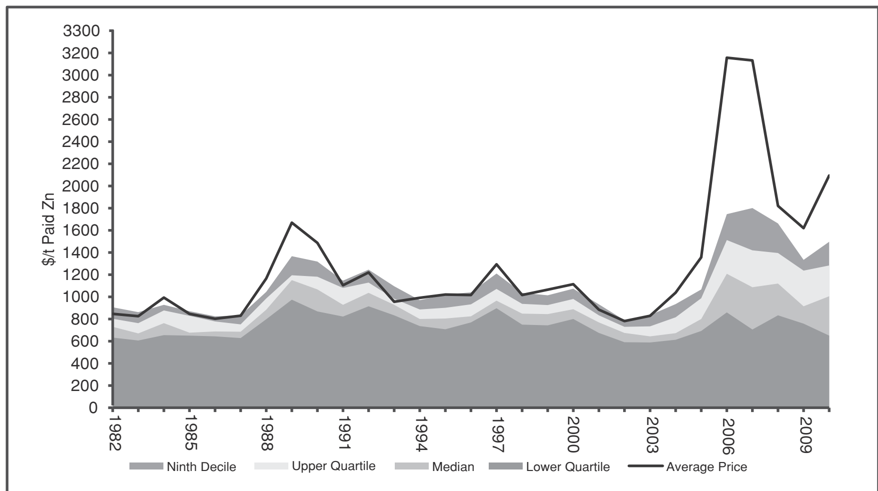
There is a great deal of variation in operating costs across primary zinc mines. To compare the operating costs of mining operations, Brook Hunt uses a metric called the C1 cash cost. The C1 cash cost is the costs of mining, milling and concentrating, on-site administration and general expenses, property and production royalties not related to revenues or profits, zinc concentrate treatment charges, and freight and marketing costs less the net value of by-product credits. The zinc price less the C1 cash cost defines the M1 profit margin (equivalent to EBITDA but calculated on a production basis rather than sales). The position of a mine or project on a C1 competitive cost ranking is measured by the cumulative production percentile (the percentage of global production that has a lower C1 cash cost than the mine in question). The lower the percentile value, the better placed is an individual mine to survive or profit from the zinc price and treatment charge cycle.

2010 direct cash cost (C1) competitive cost curve



Source Brook Hunt—A Wood Mackenzie Company

C1 cash cost profile and zinc price range



Source Brook Hunt—A Wood Mackenzie Company

2010 zinc mine and mining company ranking—top ten

Rank	Mine	Production (Kt Zn)	World Share (%)	Company	Production (kt Zn)	World Share (%)
1	Rampura-Agucha (Hindustan Zinc)	655	5.4	Xstrata AG	1107	9.1
2	Red Dog (Teck)	542	4.4	Hindustan Zinc	730	6.0
3	Century (MMG)	505	4.1	Minmetals	696	5.7
4	Antamina (BHP Billiton (33.75%), Xstrata AG (33.75%), Teck (22.5%), Mitsubishi (10%))	375	3.1	Teck	648	5.3
5	Mount Isa Pb/Zn (Xstrata AG)	330	2.7	Glencore	442	3.6
6	San Cristobal (Sumitomo Corp.)	300	2.5	Vedanta Resources	361	3.0
7	Brunswick (Xstrata AG)	224	1.8	Minera Volcan	329	2.7
8	Lanping (Jinding Zinc)	194	1.6	Sumitomo Corp	303	2.5
9	McArthur River (Xstrata AG)	177	1.4	New Boliden	292	2.4
10	Lisheen (Anglo Base Metals)	173	1.4	Votorantim	274	2.3

Source: Brook Hunt—A Wood Mackenzie Company

Supply: zinc smelting

The most common zinc smelting and refining process accounting for over 90% of all concentrate treated is hydrometallurgical, commonly called the electrolytic process or RLE. The other process route is pyrometallurgical, encompassing blast furnace (ISF), electrothermic and vertical retort smelting and refining. Nyrstar's zinc smelters and refineries employ the electrolytic method which comprises several process stages—receipt of raw materials, roasting of sulphide concentrate and secondary raw materials to calcined zinc oxide; the leaching of calcined zinc oxide using sulphuric acid; staged purification of the leachate to remove deleterious elements; the electro-winning to zinc cathode from the leachate; and the melting and casting of zinc cathode to various shapes and weights of slab zinc according to client requirements and market demand.

Smelters purchase most concentrate under annual or multi-year tonnage contracts but also from the spot market. In addition to concentrate, smelters may also treat secondary feed materials (such as zinc oxides), which provide around 7% of total raw material to the world's zinc smelters (compared with approximately 20% on average across Nyrstar's zinc smelters).

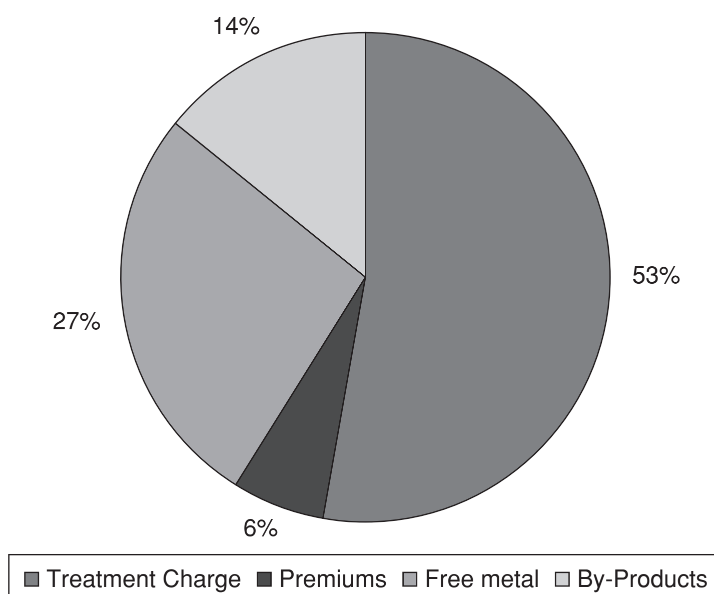
Concentrate and secondary feed material is purchased using a standard commercial contract:

- The smelter pays the seller for 85% of the zinc contained in concentrate. The paid zinc metal is valued at the LME official cash price of zinc averaged over an agreed quotation period.

A zinc smelter obtains revenue from four main sources—treatment charges, premiums, free metal and by-products:

- Treatment Charges—The smelter will receive from the seller a treatment charge (TC) expressed in US$ per tonne of concentrate. The contract typically provides for a base TC at a basis zinc price with escalation and de-escalation clauses that produce a higher or lower realized TC as the actual zinc price varies from the basis zinc price over the quotation period. Treatment charge contract terms are agreed by negotiation between the smelter and seller. In any given year, TCs tend to settle around norms established through negotiations between major buyers and sellers of concentrate.
- Free Metal—The metallurgical recovery of zinc contained in concentrate for a typical electrolytic smelter will be higher than the proportion paid to the seller. The average metallurgical recovery for Nyrstar's five smelters is above 96% of zinc contained in concentrate. The difference between this recovery rate and the 85% of contained zinc paid to the seller when valued at the LME price is called free metal.
- Premiums—A smelter will sell all its recovered zinc at the LME price plus a premium. Premiums are agreed by negotiation between smelters and customers.
- By-Products—Depending on the technology employed at a smelter and the quality of the concentrate feed, smelters may recover copper, cadmium, silver, gold, indium, gallium and germanium, for which the smelter earns by-product credits. Payment terms vary but usually comprise a deduction from the concentrate grade and payment for a proportion of the balance valued at an agreed metal market price e.g. for silver deduct three ounces per dmt of zinc concentrate from the final silver content and pay 70% of the balance; for gold deduct 1 gramme/tonne and pay 80% of the balance. Payment for cadmium and copper is uncommon. Standard terms for indium, gallium and germanium are not yet established. Smelters may also make sulphuric acid and use a portion as part of the smelting process. The excess is sold at an agreed market price on a delivered basis.

Smelter sources of revenue 2000 to 2010 average %



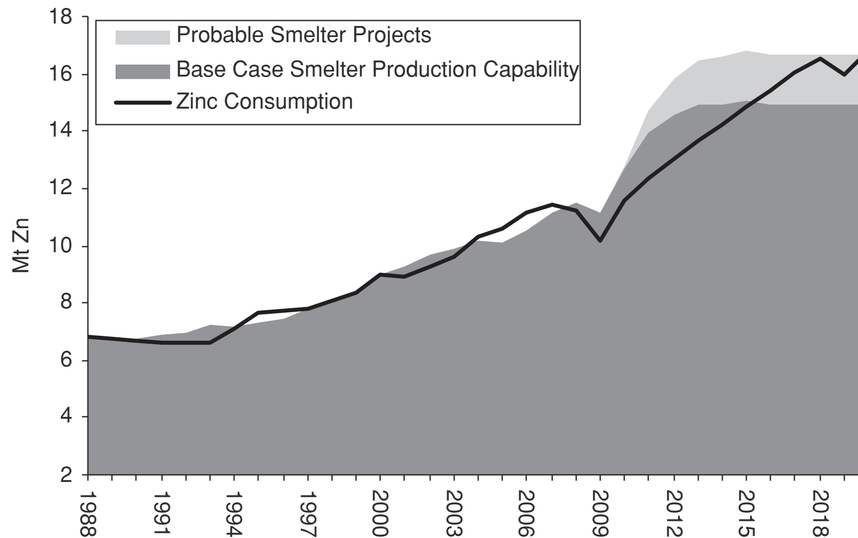
Source Brook Hunt—A Wood Mackenzie Company

World zinc smelter production was 11.5Mt/a Zn in 2008. It contracted by 2.6% to 11.2Mt/a in 2009 when the world was faced with economic recession and a financial crisis that reduced the demand for zinc concentrate and metal. With stabilization of the financial system and a return to positive economic growth, smelter output grew strongly in 2010, increasing by an estimated 12.4% to 12.6Mt/a.

There are thirty-one countries in the world that produce refined zinc. The world's largest producing country is China (5.1Mt/a) followed by India (0.8Mt/a), South Korea (0.7Mt/a), Canada (0.7Mt/a), Japan (0.6Mt/a) then Spain and Australia each at around 0.5Mt/a. The expansion of capacity in China in recent years has outstripped both the availability of concentrate and market demand for metal. Consequently, average capacity utilization rates have been around 75% compared to 90% in the late 1990s. Outside China, utilization rates have also been lower than usual as output was reduced in response to weak demand for zinc. Plant utilization rates are now increasing and with a projected high price environment for this decade Brook Hunt anticipates a return to more historical world average levels of at least 90% utilization by mid-decade. With higher utilization rates and new capacity under construction, world smelter production capability is projected to increase to 14.9Mt/a in 2013.

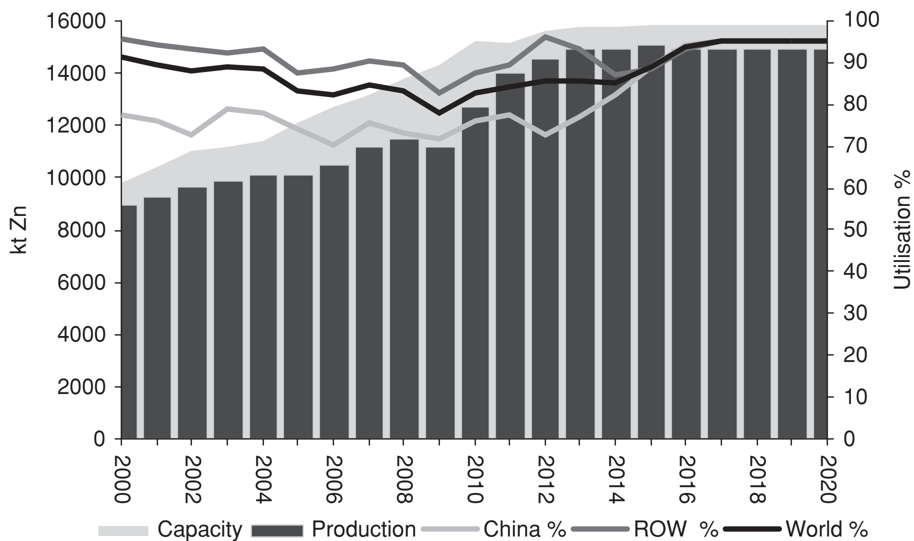
By 2020, Brook Hunt anticipates that 2.2Mt/a of additional smelting capacity will be required and that this will arise from as-yet unidentified expansions at existing producers, and from new smelters that are most likely to be classified currently as probable and possible projects. Once the investment decision has been made and planning permissions obtained, construction times for a new greenfield smelter will typically vary from eighteen months to three years.

Sources of future smelter capacity



Source Brook Hunt—A Wood Mackenzie Company

Zinc smelter capacity, production and utilization



Source Brook Hunt—A Wood Mackenzie Company

2010 zinc smelter and smelting company ranking—top ten

Rank	Smelter	Production (kt Zn)	World Share (%)	Company	Production (kt Zn)	World Share (%)
1	San Juan de Nieva (Xstrata AG)	486	3.8	Nyrstar[(1)]	1,098	8.6
2	Onsan (Korea Zinc)	465	3.7	Korea Zinc Group	974	7.7
3	Zhuzhou (Zhuye Smelter Torch Metal Company)	445	3.5	Hindustan Zinc	701	5.5
4	Chanderiya EL (Hindustan Zinc)	345	2.7	Xstrata AG	666	5.2
5	Kokkola (Boliden)	302	2.4	Votorantim	500	3.9
6	Sukpo (Young Poon Corporation)	286	2.2	New Boliden	452	3.6
7	Trail (Teck)	270	2.1	Huludao Zinc Co	367	2.9
8	Valleyfield (Valleyfield Income Trust)	265	2.1	Glencore	362	2.8
9	Budel (Nyrstar)[(1)]	258	2.0	Teck	270	2.1
10	Balen (Nyrstar)[(1)]	250	2.0	Minmetals	269	2.1

Source: Brook Hunt—A Wood Mackenzie Company

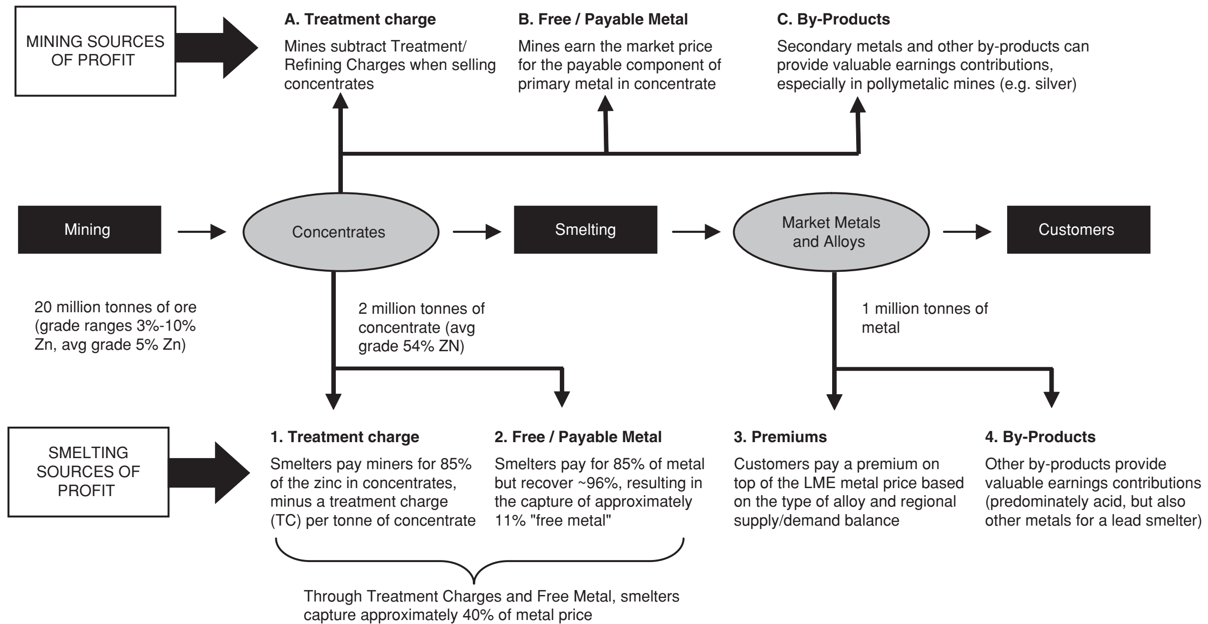
Note:

(1) Actual 2010 production volumes for Nyrstar, Budel and Balen are 1,076 kt Zn, 264 kt Zn and 281 kt Zn, respectively.

Economic drivers for zinc miners and smelters

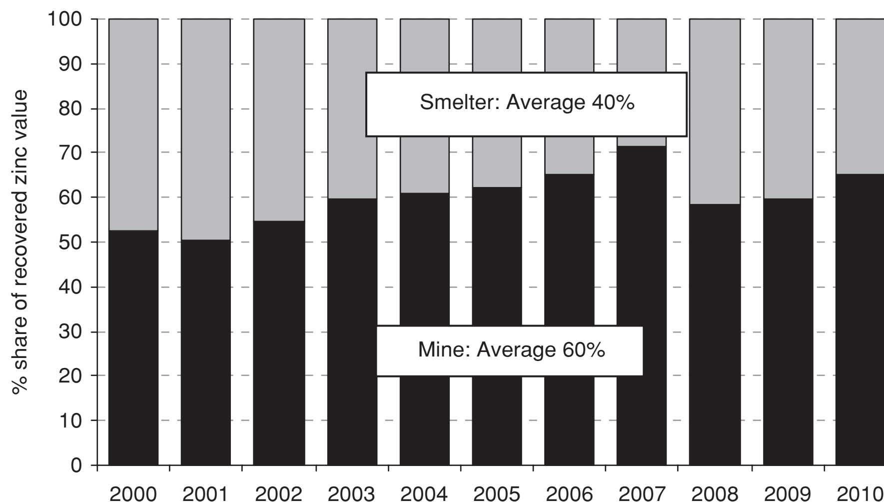
The zinc market consists of two sequential markets, the market for zinc concentrate between mines and smelters and the market for refined zinc between smelters and consumers. The price of metal in the refined market is set by trading on the LME with smelter-specific premium adjustments according to conditions in markets. The amount of recoverable zinc in concentrate priced at the LME price plus smelter premiums determines concentrate zinc value. As illustrated in the graph below, this value is apportioned between mines and smelters by way of the commercial concentrate sales contract such that miners receive a net income consisting of the paid contained zinc value less treatment charges and smelters receive a net income consisting of the concentrate treatment charges, free metal, premiums and by-products.

Integrated mining and smelting business model: sources of profit



As illustrated in the graph below, over the period 2000 to 2010, mines received 60% and smelters 40% of the recovered zinc value based on average annual zinc prices, premiums and realized treatment charges.

Mine and smelter share of the recovered zinc value in concentrate



Source Brook Hunt—A Wood Mackenzie Company

While cash operating costs are generally higher for mines than smelters (by an average 11% for the period 2000 to 2010), mines benefit from a higher share of the concentrate zinc value and typically have higher by-product credits than smelters. As a consequence, the average cash operating margin (i.e. the cash operating profit divided by zinc sales) expressed as a percentage of the zinc price was 33% for mines and 17% for smelters over the period 2000 to 2010. Over the last five years, 2006 to 2010, the average cash operating margin for mines has been approximately 2.3 times higher than that of smelters.

An integrated smelting operation is one where a company treats concentrate produced by its own mines. The smelter obtains security of raw material supply, integrated revenue is fully derived from the zinc price and profitability is dependant on this and the combined costs of mining and smelting. Brook Hunt estimates that 36% of global zinc concentrate production was treated on an integrated basis in 2010.

A custom mining or smelting operation is one where the concentrate is traded on an arm's length commercial basis. Security of offtake and supply is derived from frame tonnage contracts and revenues are derived from both the zinc price and the treatment charge. Two-thirds of the world's zinc concentrate production is judged to be treated on a custom, non-integrated basis.

Nyrstar currently operates primarily in the custom market but will become more vertically integrated as it increases production from its own mines and projects. The concentrate from its U.S. zinc mines is optimal for processing at its Clarksville smelter. The more varied qualities of concentrate from its polymetallic operations could be treated at its technically flexible smelters or sold to the custom markets. Ownership of polymetallic mines brings exposure to other sources of income and different metal price cycles. In 2010, for instance, the total net revenue of zinc producing mines globally was estimated to be 35% from zinc, 14% from lead, 27% from copper, 17% from silver, 5% from gold and 2% other.

Given the difficulty of discovering new deposits and the many years then required to commission a new mine it rarely occurs that world mine production precisely matches smelter capacity and that refined production precisely matches demand for refined zinc. It is therefore common for the concentrate and refined markets to be either in surplus or in deficit, usually congruently, with stocks increasing or being drawn down. The fundamental economic relationship is that prices (being treatment charges in the concentrate market and zinc prices in the refined zinc market) fall when the market is in surplus and rise when the market is in deficit. Historically, the concentrate market has been the first to move to surplus with a consequential increase in treatment charges. Smelters have then processed all available concentrate to refined metal and the refined zinc market has then moved to surplus with a decline in metal prices.

Since the middle of the last decade commodities, including non-ferrous metals such as lead and zinc, have become increasingly viewed as a distinct asset class. Investors are using a range of investment vehicles to gain exposure to commodity markets.

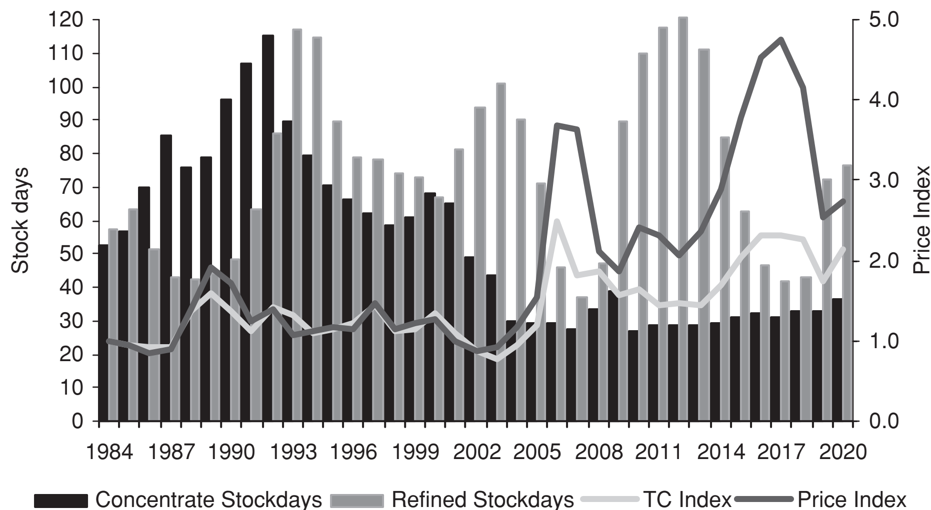
The very large influx of investor funds has been responsible for a number of significant developments in the base metal markets. These include increased levels of price volatility, a greater degree of co-movement in the prices of the different metals traded on the LME and an increased degree of correlation between price movements on the LME, oil and the equity markets. As a consequence of these developments, movements in the zinc price are now strongly influenced by developments in the copper market as well as wider macro economic developments.

Thus a tight refined market in late-2006 together with the multiplier effect of fund investment generated high prices of over US$4,400/t until short selling precipitated a persistent downtrend to average US$1,735/t in September 2008. As the U.S. and European banking crisis developed, the zinc price, in common with all base metals, retreated further to end 2008 at US$1,154/t. As the global recession began to impact in the last quarter of 2008, demand collapsed and the concentrate and metal markets moved to surplus. From this point and well into 2009, producers exercised discipline and there were a large number of mine and smelter production cuts and closures that temporarily eliminated over one million tonnes of potentially surplus production from the market.

Even so, 2009 recorded a modest concentrate stock increase of 0.15Mt Zn but a very large refined surplus of 1.05Mt. The latter took overall implied refined stocks (exchange stocks, reported consumer and producer stocks and estimated, unreported inventory) to 2.49Mt, equivalent to 91 days of consumption. In a reversal of the traditional stock-price relationship, 2009 and 2010 have seen both higher refined stocks and higher zinc prices as a result of the ongoing influence of fund investors in the market. At the end of 2010, LME stocks were 701kt and Shanghai stocks were 311kt together equivalent

to about thirty-two days of zinc demand. Total implied stocks are estimated to be 3.49Mt, equivalent to 110 days of demand. The closing cash LME price at the end of 2010 was US$2,432/t and the annual average cash price was US$2,160/t.

Cumulative stock days and price/TC indexes



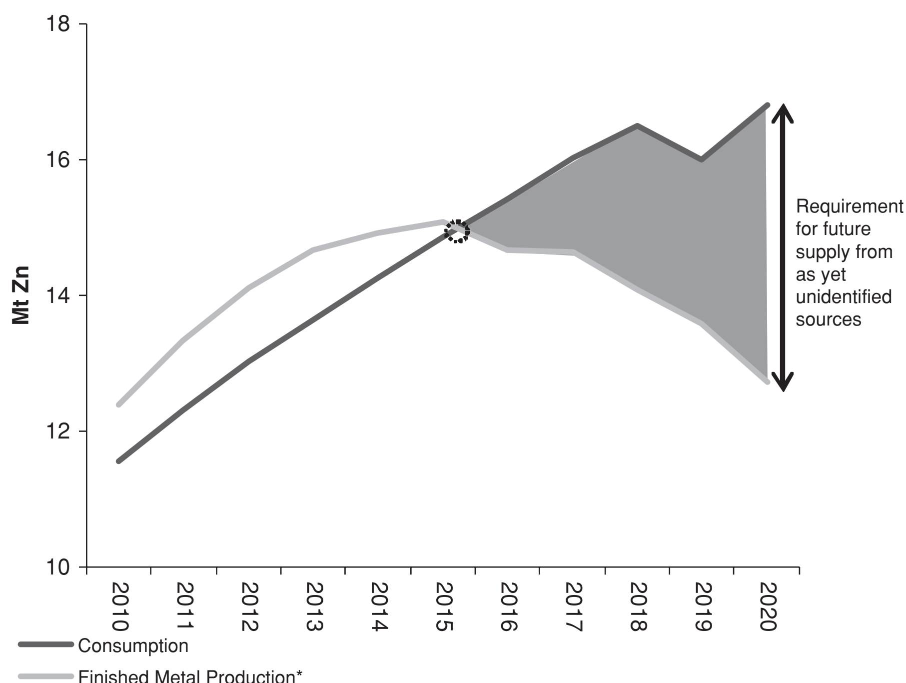
Source Brook Hunt—A Wood Mackenzie Company

Brook Hunt anticipates that smelters will continue to process all available concentrate to refined metal as they have done in 2010 and in previous periods of high zinc prices. As a consequence the concentrate market is expected to be tight over the medium term (i.e. zinc concentrate demand exceeding available supply) and this is expected to put downward pressure on treatment charges. Consequently, over this decade Brook Hunt expects the zinc concentrate value split to continue to favor zinc miners. The refined metal market, however, is expected to be in surplus through to 2012 with cumulative implied stocks reaching record levels of over 120 days by the end of that year. Subsequently, four years of projected annual deficits will slowly remove the stock overhang from the market with a tight metal market anticipated around 2016 and commensurately higher zinc prices. This positive economic background will encourage the construction of new mine and smelter capacity and both the concentrate and metal markets are expected to trend to surplus in the latter part of the decade.

Currently there is sufficient feed material (assuming probable mining projects are implemented and secondary feed materials continue to represent approximately 7% of smelter feed requirements) to satisfy global zinc metal consumption. In addition, refined stocks, reported exchange stocks and unreported inventory, are today at a relatively elevated level and are expected to increase further in the near term. This may have a moderating influence on the zinc price in the near term. Conversely, continued financial trading in zinc could provide an offsetting impact against relatively elevated zinc stocks and inventories.

As shown in the graph below, Brook Hunt expects that, over the medium term, the challenges facing the mining sector will result in tightness in the concentrate market. This tightness will result in an increasing requirement for future supply from as yet unidentified sources (i.e., above and beyond mine production at currently operating mines, probable mining projects, and secondary production).

Zinc market supply and demand fundamentals



* Based on 94.8% smelter recovery and mine production including probable projects and secondary production (assuming secondaries represent on average 7% of global zinc smelter raw material)

Source: Brook Hunt—A Wood Mackenzie Company

With the tightness in the concentrate market forecast over the medium term, the refined market is projected to trend to ever larger deficits with a consequential drawdown of the refined stock overhang. A tight refined market (i.e. zinc metal demand exceeding available zinc metal supply) around the middle of the decade is projected to provide fundamental support for high zinc prices. It is expected that concentrate tightness may allow miners to improve on their 60% share of recovered zinc value that they obtained on average over the last decade by way of the paid metal and treatment charge. Smelter revenues are expected to benefit from higher prices for the free metal that they recover and higher premiums. Brook Hunt projects that mine and smelter profit margins will on average be higher over this decade than in previous comparative periods. It is forecast by Brook Hunt that towards the end of the decade, with a forecast downturn in global economy and the addition of new mines increasing the availability of zinc concentrates and ultimately elevating levels of metals supply, zinc prices will trend lower.

Forecast cumulative stock days and price

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Market Balances											
Concentrate Surplus (+) Deficit (−)	−275	77	39	16	10	131	115	51	132	78	163
Cumulative concentrate stock days	27	29	28	29	29	31	32	31	33	33	37
Refined Implied Surplus (+) Deficit (−)	997	473	348	−143	−862	−761	−564	−149	106	1,229	360
Cumulative refined stock days	110	117	121	111	85	62	47	42	43	72	77
Price											
Zinc Price $/t Zinc nominal	2,160	2,050	1,850	2,100	2,566	3,373	4,034	4,235	3,703	2,266	2,440
Zinc Price $/t Zinc real	2,160	2,024	1,773	1,936	2,250	2,900	3,400	3,500	3,000	1,800	1,900

Source: Brook Hunt—A Wood Mackenzie Company

Sulphuric acid

The majority of primary zinc smelters treat sulphide zinc concentrates. The main process technologies for zinc smelting cannot turn the zinc sulphide directly into zinc metal and as such the sulphur component is removed by roasting or sintering the concentrate. The gas stream from these processes contains the sulphur component. Due to its harmful environmental properties, the sulphur component is converted into revenue-earning sulphur compounds, the main one being sulphuric acid.

Today the main market for sulphuric acid from zinc smelters is for the manufacture of fertilizer but it is also widely used in the petroleum, chemical and metals industries.

There are significant regional differences in price, with key pricing areas including North West Europe, the Mediterranean, Chile and Tampa, U.S.. Acid prices will vary with time according to the state of the markets, surplus or deficit, and depending on whether the acid is sold on a spot or long term contract basis. Over the decade ending 2010, the ex-works acid price received by zinc smelters globally averaged US$43/t with a high of US$104/t in 2008 and low of $25/t in 2002. The global freight and marketing costs borne by smelters for all modes of distribution averaged US$15/t, with a high of US$18/t in 2008 and low of US$12/t in 1999. Sulphuric acid has generated an average net revenue for zinc smelters over the decade of US$28/t acid, with a high of US$87/t in 2008 and low of US$13/t in 2002. With the acid market characterized by volatility many smelters sell on contract rather than to the spot market.

The amount of acid produced varies according to the size of the smelter but over the last decade has averaged an approximate yield of 1.5t of acid for 1t of slab zinc production. On average, Nyrstar produces 1.4Mt of acid per year.

Copper

Copper is one of the most efficient thermal and electrical conductors amongst the metals and is also highly recyclable. Due to its conductivity, copper is commonly used in wires, electromagnets, printed circuit boards as an electrical conductor and heat exchangers as a thermal conductor. Globally, the major end markets for copper are construction (33%), electronics (33%), industrial equipment (13%) and transportation (13%), which account for more than 92% of global copper demand. Copper is also used as a constituent of various metal alloys, commonly in association with zinc, tin and nickel.

Copper is often found in ore bodies in association with other metals, most notably gold and silver but also zinc, lead, nickel, cobalt and molybdenum. The world's major deposits are located in the Americas, particularly in Chile and Peru. Chile is the world's largest producer of mined copper with an estimated market share of 34% in 2010 followed by China (8%), Peru (7%) and the United States (7%). Mined copper ores are processed to a concentrated form or treated directly to produce metallic copper (SX/EW process). Miners sell the concentrate under annual or multi-year tonnage contracts (frame contracts) or on the spot market to copper smelters, either directly or via traders. The smelting and refining process then produces high purity (99.99%) copper cathodes that are dispatched to customers in bundles. The price of copper cathodes is typically set by reference to the current price on the LME or the North American COMEX exchange, both are transparent, terminal markets for the buying and selling of refined metal.

China is the world's largest consumer of copper, accounting for approximately 38% of global consumption in 2010. A combination of heavy re-stocking of end use copper products by most leading consumer regions of the world and strong underlying demand, especially from China, has resulted in an estimated 10.4% increase in global demand to 19.3Mt for 2010. Supply has struggled to keep pace with demand, largely due to mine disruptions, and Brook Hunt estimates that the market moved from a surplus of refined copper in 2009 to a deficit in 2010. Given supply constraints and rising investor interest, the copper price appreciated strongly during 2010, hitting a record of US$9,739/t, to average US$7,536/t, up 46% from 2009. The current shortfall in supply will need to be satisfied by the reactivation of closed mines, exploitation of new ore discoveries at currently producing mines, incremental expansions, or the development of greenfield projects. Brook Hunt expects that higher prices leading to higher refined production will help the market return to balance by 2012.

Lead industry overview

Introduction

Lead is a soft, malleable, ductile, bluish-white element principally extracted from galena and found in association with zinc, silver and copper. Its physical properties, including its density, malleability, and resistance to corrosion, encouraged early usage in the form of pipes and tank linings, as well as sheet designed to keep water out from churches and dwellings. Furthermore, its chemical properties have allowed lead to find uses ranging from cosmetics to glazes in paints for the ceramics sector.

The metal—both pure and alloyed, and typically cast into ingots or rolled into sheet—has found modern-day uses in the power and protection sectors, from batteries for vehicles and energy back-up storage, to radiation protection and undersea power and communications cables protection.

Importantly, lead recycling rates generally exceed 90% in mature economies, making lead one of the most recycled materials on earth.

Lead is predominately mined as a by-product of zinc and there are very few lead-only mines in existence today. Over the last decade, zinc mines averaged 25% of their revenue from lead. Extraction of lead is largely done via two methods: mining of ore to produce concentrates at the mine site which are then smelted (sometimes with secondary material, most commonly from batteries and residues and drosses) and refined to produce refined lead, and the processing of lead scrap, predominately lead from used batteries, at smelters which process only secondary materials.

Lead miners sell lead concentrate under annual or multi-year tonnage contracts (frame contracts) or on the spot market to lead smelters. Lead metal is then produced in a variety of grades and alloys according to customer requirements. The two main grades of lead are 99.94% minimum (known as pure, corroding or common lead), and 99.90% minimum (chemical lead). High grade lead of 99.99% is also available commercially. London Metal Exchange (LME) lead is required to be a minimum grade of 99.97%, in ingots weighting no more than 55kg.

Lead is most commonly alloyed with antimony, calcium, tin and arsenic. Traditional lead-antimony alloys have now been replaced by lead-calcium alloys in a number of applications, in particular, storage battery grids and casting applications. These alloys contain 0.03-0.15% Ca.

The 99.97% lead price is determined by daily trading on the LME. It provides the basis for most commercial transactions involving the buying and selling of lead concentrate and lead metal. In China a producer price published on the SHFE is often used.

Lead demand

Lead's physical properties, including its malleability, and resistance to corrosion, make it suitable for a range of applications, but it is lead's chemical properties which have allowed it to remain at the forefront of power applications for well over 100 years. Today, batteries are the predominant first use for lead, accounting for over 80% of global lead demand in 2010, with transportation the major end use. Lead is present in a metallic form in battery plates, which are grids of lead alloyed most commonly with antimony or calcium and as an oxide it forms the paste used in the grid.

There are two main types of lead-acid batteries. SLI (Starting-Lighting-Ignition) batteries currently account for over half of all lead demand. These are mainly used in cars and light vehicles, but are also found in other applications such as golf carts and boats. Industrial batteries currently consume around one quarter of all lead produced and are principally used in back-up power supply systems, telecommunications networks and industrial equipment such as forklift trucks.

Approximately 8% of lead consumption comes from the chemical industry where it is used in lead-based pigments and other compounds. Principal markets are PVC stabilizers and oxides for glass and ceramics. Lead is also used in rolled and extruded products, including lead sheet and strip, which is used extensively in roofing applications in some European countries, and also in shot, fishing weights and wheel weights. Its density makes it suitable for use in radiation shielding, in both medical and food applications. The use of lead in alloys is small, although lead has historically been widely used in solder alloys.

Lead has been subject to substitution over the past few years in the non-battery sector, mainly on environmental grounds. This includes paints, gasoline, solder, wheel and fishing weights, cable sheathing and sheet, where the use of lead has either been eliminated or greatly reduced. Non-battery substitution is likely to continue, particularly in developing economies as environmental legislation improves, but at a much slower rate than previously with no suitable alternatives yet available to some of the applications such as radiation protection.

Growth in lead demand is therefore being driven by the battery industry. This in turn is being mainly driven by the developing economies, especially China, as vehicle production and ownership increases. The massive electric bicycle (e-bike) market, the most affordable method of transport for the majority of the population especially in rural areas, accounted for over 25% of Chinese lead demand in 2010. Industrial battery demand is being boosted in countries such as China and India by ongoing infrastructure development via spending on transportation, schools, hospitals, warehousing and power generation.

In both developing and mature economies it is the replacement market which largely drives demand. Vehicle batteries need replacing on average every 5 years in the developed world, every 1-2 years in developing economies such as China. E-bike batteries need replacing every 1-1.5 years.

Industrial batteries have a longer life, but still require replacement within a decade, depending on how well they have been maintained. Although lead demand contracted in 2009 it fared significantly better than most other base metals owing to the large nature of the replacement battery sector, with a swift recovery in 2010. Looking forward, the cheap and efficient nature of lead-acid batteries (''**LABs**'') means that there is no effective substitute at this stage, thus indicating a secure future for lead as the leading battery technology for many years to come. Although an increasing number of new battery technologies are being developed, mainly for the automotive market, these are designed to replace some or all of the role of the internal combustion engine, rather than the role of current LABs. Vehicles using these newer technologies still require conventional LABs to power ancillary services such as climate control and navigation systems. Furthermore, new LAB technologies are being developed which may well prove to be more-than-adequate competitors to non-lead technologies. With the global vehicle population estimated to be 941Mn at the end of 2008, and with hybrid technologies estimated to represent less than 0.5% of this population, it is likely to be decades before there is any real threat to LABs as the leading automotive battery technology.

Lead demand growth over the next few years will be most evident in the developing economies of Asia and Latin America, with China expected to retain its spot as the world's number one consumer. Its share of global lead demand is forecast to increase from 44% in 2010 to 51% by 2015. Lead demand growth in the developing economies is forecast at 7.7% p.a., and at 4.6% p.a. excluding China over the period 2010-2015. Lead demand growth in the mature economies is forecast to increase by 1.4% p.a. over the same period as demand continues to recover following the recent global recession. The rate of lead demand growth forecast in the developing economies highlights the ongoing shift in the global demographics of lead demand, including the migration of manufacturing to cheaper locations such as Eastern Europe and Asia. However, the cost of shipping such a weighty product does mean that there will always remain localized markets for battery production, particularly for the replacement market. Total global lead demand growth over the period 2010-2015 is forecast at 5.5% p.a., from 8.8Mt to 11.5Mt.

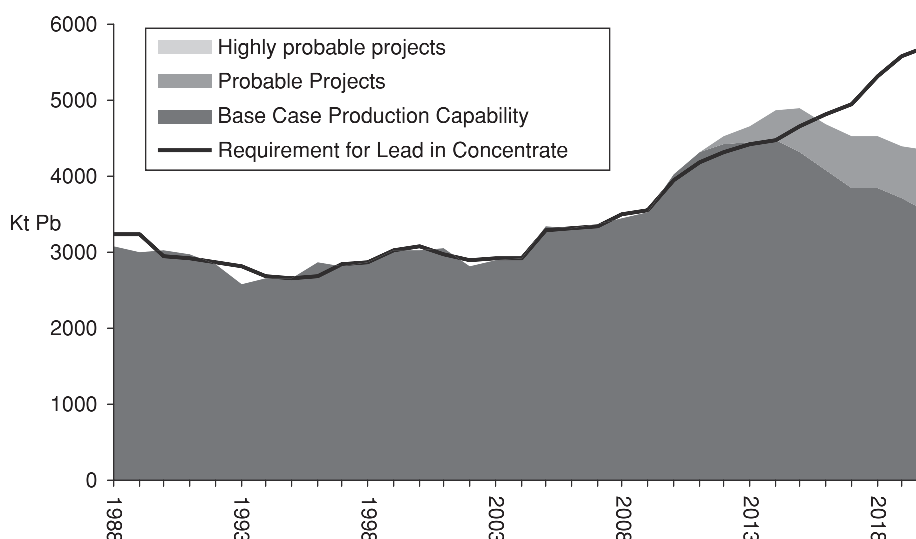
Lead mining

Brook Hunt makes its projections of future lead mine production capability based on mine operating plans and company guidance when available but otherwise considers known or anticipated technical developments relating to ore grade trends, stripping ratios, mining configuration and metallurgical performance. Individual mine lives are estimated based on currently identified ore reserves and mineral resources. Projected global mine production capability will therefore trend down on anticipated ore body depletion. To meet projected increases in demand for lead concentrate and lead metal, new production will need to be established from mine life extensions and projects currently classified as probable or possible future producers. Probable projects are at an advanced development stage with an identified ore reserve and are being progressed through feasibility, permitting and financing. Possible projects are at an earlier development stage and generally only have an identified mineral resource.

Global lead mine production was 3.46Mt/a Pb in 2008. It increased by 2.1% to 3.5Mt/a in 2009 despite the economic recession and financial crisis in the developed world. Further growth of 13.7% to 4.0Mt followed in 2010 supported by growth in Chinese output and an improvement in global economic conditions. The largest producer is China (1.8Mt) followed by Australia (0.6Mt) and then the United States and Peru, both with approximately 0.3Mt.

World mine production capability from existing mines and committed projects is projected to increase to 4.5Mt/a in 2014. Thereafter, incremental output from committed new mines and expansion projects is not enough to offset production losses from the anticipated closure of mines due to reserve depletion. Projected capability thus declines to 3.5Mt in 2020.

Requirement and sources of future global mine production (kt Pb)



Source Brook Hunt—A Wood Mackenzie Company

Lead smelting

The production of primary lead is usually a pyrometallurgical process through a two stage operation of smelting followed by refining. Traditionally, lead concentrates (usually sulphide in nature) and lead containing residues are fed to a lead blast furnace, having first been sintered to convert the lead compounds to oxides. Over the past decade secondary feed to primary smelters has averaged 27% of total feed, with the remainder from concentrates. Over one third of primary lead is produced via blast furnaces, and this is the method used at Nyrstar's Port Pirie multi-metals smelter. The remainder is produced from newer direct smelting processes which remove the need for sintering and can handle sulphide materials directly using flash smelting technology.

The crude lead is sent to a lead refinery which may or may not be on the same site as the smelter. The lead is refined to give a >99% Pb product and this is typically done via a pyrometallurgical process with operations to remove copper, arsenic, antimony, silver and bismuth. An alternative electrolytic refining operation, known as the Betts Process, is also used to refine crude lead. Refined lead can then be alloyed according to customer specifications.

Secondary lead is produced predominately from used lead-acid batteries, but also pipe, sheet, cable coverings and other lead scrap. A battery breaking plant removes the lead containing components (plates and paste) from batteries and these are then treated in a blast or rotary reverberatory furnace. The resulting lead can then be refined and alloyed as required.

Primary smelters purchase most concentrate under annual or multi-year tonnage contracts but also from the spot market using a standard commercial contract.

The smelter will generally pay the seller for 95% of the contained lead in concentrate. The paid lead is valued at the LME price averaged over an agreed quotation period.

Similar to a zinc smelter, a primary lead smelter obtains revenue from four main sources—treatment charges, premiums, free metal and by-products.

Global lead refined production was 8.6Mt in 2008, with a 0.2% contraction to 8.5Mt in 2009 when the developed world was faced with economic recession and a financial crisis that reduced the demand for lead metal. Refined output recovered in 2010, increasing by an estimated 5%, to 9.0Mt. Output from primary smelters accounted for an estimated 52% of total refined output in 2010. Refined lead is produced in over 50 countries, with primary lead produced in 20 countries. The largest producer is China (3.9Mt estimated in 2010) followed by the United States (1.3Mt), Germany (0.4Mt) and the United Kingdom (0.3Mt refined lead produced from bullion shipped from Australia).

Global refined production capability (primary and secondary) from existing and committed projects is projected to increase to 11.3Mt by 2015.

Primary refined capability is projected to increase to 6.5Mt by 2015, driven by growth in China, at which time it will account for 58% of total refined production capability. Secondary production capability

is projected to increase to 4.7Mt by 2015 as recycling rates improve in developing countries such as China and India.

2010 lead smelter and smelting company ranking—top ten

Rank	Smelter	Production (Kt Pb)	World Share (%)	Company	Production (kt Pb)	World Share (%)
1	Yuguang (Yuguang Gold and Lead Co.)	330	7.1	Yuguang Gold and Lead Co	330	7.1
2	Onsan (Korea Zinc Group)	200	4.3	Xstrata AG	244	5.3
3	Port Pirie (Nyrstar)	170	3.7	Korea Zinc Group	200	4.3
4	Mount Isa BF (Xstrata AG)	159	3.4	Nyrstar	170	3.7
5	Torreon (Penoles)	157	3.4	Industrias Penoles	157	3.4
6	Nordenham (Recyclex)	128	2.8	The Doe Run Company	120	2.6
7	Herculaneum (Doe Run (Renco))	120	2.6	Quexco	110	2.4
8	Yubei (Yubei Nonferrous Metals)	110	2.4	Yubei Nonferrous Metals	110	2.4
9	Stolberg (Eco-Bat Technologies)	110	2.4	Chizhou Nonferrous Metals	105	2.3
10	Chizhou (Chizhou Nonferrous Metals)	105	2.3	Glencore	101	2.2

Source Brook Hunt—A Wood Mackenzie Company

Economic drivers for lead miners and smelters

The lead market consists of two sequential markets, the market for lead concentrate between mines and smelters and the market for refined lead between smelters and consumers. The price of metal in the refined market is set by trading on LME with appropriate premium adjustments according to conditions in regional markets. The price of concentrate is the value of recoverable contained lead apportioned between mines and smelters by the commercial concentrate sales contract. Mines receive a net income of the paid contained lead value less treatment charges; smelters receive the premiums and free metal and the concentrate treatment charges. Over the period 2000 to 2009 mines received 67% and smelters 33% of the recovered lead value based on average annual lead prices and realized treatment charges.

Since the middle of the last decade commodities, including non-ferrous metals such as lead and zinc, have become increasingly viewed as a distinct asset class. Investors are using a range of investment vehicles to gain exposure to commodity markets.

The very large influx of investor funds seems to have been responsible for a number of significant developments in base metal markets. These include increased levels of price volatility, a greater degree of co-movement in the prices of the different metals traded on the LME and an increased degree of correlation between price movements on the LME, oil and equity markets. As a consequence of these developments movements in the lead and zinc price are now strongly influenced by developments in the copper market as well as wider macro economic developments.

The refined lead market started to tighten in 2006, supported by a number of fundamental issues together with the effect of fund investment. Prices really took off in 2007, however, when refined market stocks reached a new historic low, driving prices as high as US$4,000/t towards the end of the year. In 2008, the emergence of the financial crisis and ensuing global recession resulted in prices retreating across the base metals complex. The cash lead price fell to US$949/t by the year end and averaged US$2,084/t for the year. Fundamental support came mainly in the shape of substantial mine production cutbacks as lead miners exercised discipline, with a corresponding impact on lead concentrate production. By the fourth quarter a number of smelter cutbacks had started to filter through, although not in time to prevent the refined market returning to surplus for the first time in five years.

As the fall-out from the recession continued into 2009, demand for lead contracted and the refined market returned to a substantial surplus, with stock days recovering strongly. Total stocks (exchange stocks, reported consumer and producer stocks and estimated, unreported inventory) increased during the year by 0.3Mt, to 1.1Mt. Prices were correspondingly low and fell to a cyclical low of US$1,725/t for the year.

The lead concentrate market returned to a modest surplus in 2010 as mine production improved substantially. The corresponding increase in refined output more than offset the strong recovery in lead demand during the year, and the refined market recorded a further substantial surplus. The traditional relationship between prices and stocks was reversed in 2010, as a result of the ongoing influence of fund investors in the market, with both increasing over the previous year's levels. At the end of 2010 LME stocks were 208.3kt, with total implied stocks estimated to be 1.3Mt, equivalent to 53 days of demand. The closing cash LME price at the end of 2010 was US$2,586/t and the annual average cash price was US$2,146/t.

Silver and gold industry overview

Silver

Nyrstar is currently one of the world's leading refined silver producers, having produced approximately 13.5 million troy ounces, 16.7 million troy ounces and 14.3 million troy ounces of refined silver in 2010, 2009 and 2008, respectively. Additionally, once Nyrstar's mines are fully ramped up, Nyrstar expects to mine approximately 5.5 million troy ounces of silver per annum.

Silver is a precious metal and, as such, is widely used in the manufacture of jewelry and decorative objects. It is also seen by investors as a store of value and an inflation hedge and is, therefore, frequently acquired as an investment. The majority of the world's silver supply is, however, used for a variety of industrial purposes. In 2010, world silver demand is estimated to have been comprised of demand from industrial usages (46%), jewelry and silverware (23%), investment (13%), coins (10%), photography (8%) and de-hedging (<1%).

The primary sources of silver supply are mine production and silver scrap. Mine supply constituted approximately 78% of supply in 2010, an increase of approximately 2% from 2009 levels, lifted by strong output from gold mines where silver is a by-product. The following countries and regions dominate the world's supply of mined silver: Peru, Mexico, China, Australia, Bolivia, Russia, Chile, the United States, Poland, Kazakhstan and Canada. Silver is mainly mined as a by-product to zinc, lead, copper and gold mining. In 2009, approximately 30% of mined silver production is estimated to have come from mines which are primarily silver mines. Thus, the majority of the world's silver production is not currently directly geared to demand for, or the price of, silver. Scrap silver constituted approximately 20% of silver supply in 2010. The main source of silver-containing scrap has historically been the photographic industry—scrap flow arises when films are processed as the majority of the silver contained in color and black and white film paper is transferred to the fixing solution from which it can be recovered. A further source of silver supply is official sector sales (e.g. government and central banks) of silver stocks. Government sales of silver are estimated to have accounted for approximately 2% of forecast 2010 global silver supply.

Silver investment demand has seen the same support from events driving gold investment, namely U.S. Dollar devaluation, the sovereign debt crisis in Europe, inflation fears, low interest rates and the continued growth in commodities as an investment asset class. Silver's industrial applications have also enabled it to be regarded by investors as a precious metal with industrial exposure, which allows it to benefit from economic recovery and fast growth in developing countries such as China and India. For some, silver is a more affordable alternative to gold as a store of value given its lower absolute U.S. Dollar unit price per ounce. The relatively small market size of silver as compared with the global market for gold—the value of total silver supply is forecast at less than US$19 billion in 2010 compared to US$170 billion for gold—means that the silver price is highly sensitive to growth in investor inflows.

In line with a surge in interest from investment funds in commodities in general, investment demand has contributed to the rally in the silver price in 2010. The silver price reached a thirty-year high in 2010 of US$30.70 per ounce. The silver price ranged from US$15.14 to US$30.70 per ounce in 2010, with an average market price of US$20.19 per ounce. In 2009 the silver price ranged from US$10.51 to US$19.18 per ounce, with an average market price of US$14.67 per ounce. In 2008 the silver price ranged from US$8.88 to US$20.92 per ounce, with an average market price of US$14.99 per ounce.

There are a number of factors that appear supportive of future silver demand and prices, if trends continue, including strong forecast investment demand for silver, ongoing recovery in industrial demand and the lack of forecast threat to prices from higher scrap or government sales.

Silver prices have been sourced from London Bullion Market Association using London PM Gold Market Fixing price data. All statistics (other than gold prices and gold reserves) have been sourced from GFMS 'The Silver Market in 2010' (Philip Klapwijk, November 17, 2010) and from the GFMS 'World Silver Survey 2010' (May 2010).

Gold

Nyrstar produces a significant amount of gold, both through its smelting operations and through its mining operations, having produced approximately 22 thousand troy ounces, 24 thousand troy ounces and 16 thousand troy ounces of gold in 2010, 2009 and 2008, respectively. Once Nyrstar's current mines are fully ramped up, its combined mining and smelting capacity is expected to reach 79 thousand troy ounces of gold per annum.

Gold is relatively liquid compared to other commodity markets, and significant depth exists in futures and forward gold sales on the various exchanges. Bullion investment and product fabrication are the two principal sources of physical gold demand. Gold is fabricated for various markets such as jewelry, electronics, dentistry, medals, coins and industrial and other applications. Jewelry is the most significant of these fabrication markets, representing an estimated 75% of fabrication demand in 2010. World investment demand in 2010 is estimated to have totaled 1,616 tonnes, its volume down by 15% on 2009's level, although the approximate value of this demand grew by 9% to US$64 billion. Within this figure, the decline was primarily driven by an estimated 527 tonne fall in implied net investment. Notwithstanding the estimated year-on-year fall in implied net investment, 2010 marked the second highest level of implied net investment in gold over the last two decades, with 2009 marking the highest level. With respect to world investment's other key elements, bullion bar hoarding is estimated to have more than doubled to 455 tonnes in 2010, while all coin sales, at an estimated 282 tonnes, were broadly flat year-on-year.

The increase in world investment in gold in recent years has been facilitated by more readily accessible and liquid gold investment vehicles (such as exchange traded funds, or ''**ETFs**''). In 2010, total fabrication demand is estimated to have grown by approximately 13% versus 2009, principally because of an estimated 16% rise in jewelry demand as compared to 2009. Fabrication continues to be the largest component of gold demand overall and represented an estimated 64% of total demand in 2010.

The primary sources of gold supply are mine production and gold scrap. Global gold mine production rose 3% year-on-year in 2010 to a new record high of 2,652 tonnes. Production benefited from a combination of new mine supply from significant, recently commissioned projects, and expansions at several larger established operations. World scrap supply is estimated to have fallen by just over 1% in 2010, though remained high in absolute terms relative to historical levels. Over the past decade, the official sector (e.g. governments and central banks), have traditionally been active sellers of their gold reserves. However, with gold currently viewed as an important strategic asset, many central banks have over recent years ceased their sales of gold and have undertaken gold purchases. Net official sector purchases reached an estimated 87 tonnes in 2010, compared with net sales of an estimated 30 tonnes in 2009. This shift was primarily driven by considerably lower disposals from signatories to the Central Bank Gold Agreement, although the fall was partly offset by on-market gold sales from the IMF which completed its sales program by end-2010.

Since 2001, the price of gold has generally been increasing due to investment demand, stimulated by, amongst other factors, the weakening of the U.S. Dollar and low (in some cases negative) real interest rates, elevated industrial fabrication, producer de-hedging demand and constrained supply from mines and, more recently, net official sector purchases. On the back of the financial crisis, a new investment-driven phase has emerged, the key features of which have been concern about volatility in the financial markets, increased risk aversion, inflation concerns, the weakening of the U.S. Dollar and a fear of global recession. The rise of commodities as a mainstream asset class in general has also contributed to gold's rising price, facilitated by the development of gold ETFs across many markets that have broadened the access to gold for retail investors as well as the high net worth individuals.

The gold price reached a record high in 2010 of US$1,421.0 per ounce. The gold price ranged from US$1,058.0 to US$1,421.0 per ounce in 2010, with an average market price of US$1,224.5 per ounce. In 2009, the gold price ranged from US$810.0 to US$1,212.5 per ounce, with an average market price of US$972.3 per ounce. In 2008, the gold price ranged from US$712.5 to US$1,011.3 per ounce, with an average market price of US$872.0 per ounce.

There are a number of factors that appear supportive of future gold demand and prices, if trends continue. The most significant of these is investment demand for gold as a ''safe haven'' in the face of continued economic uncertainty on the one hand, and possible inflationary measures and currency revaluations in the medium term on the other hand, driven by the quantum of monetary stimulus and quantitative easing.

Gold prices have been sourced from London Bullion Market Association using London PM Gold Market Fixing price data. (b) All statistics (other than gold prices and gold reserves) have been sourced from GFMS '2010 Gold Survey 2010 Update 2' (January 2011).

BUSINESS DESCRIPTION

Overview

Nyrstar is a leading global multi-metals business, producing significant quantities of zinc and lead as well as other products, such as silver, copper and gold.

Nyrstar's primary focus is zinc production.

Zinc provides excellent corrosion resistance to steel and is primarily used in steel galvanizing. Zinc is also a relatively hard metal with a low melting point, making it suitable for die casting, but still soft enough to be formed, rolled or extruded. Zinc has diverse applications and uses, from construction and infrastructure, to transport, industrial machinery, communications and electronics, consumer products and even human health. This makes it an essential and highly sought after resource in an ever demanding world.

Nyrstar was originally formed in 2007, predominantly as a zinc and lead smelting company. All of Nyrstar's smelting assets have long operating histories under previous owners and operators. Since 2009, Nyrstar has been undergoing a significant strategic transformation by expanding upstream into mining both to secure raw material supply for its smelters and to gain exposure to the more profitable part of the zinc value chain (zinc mining being historically more profitable than zinc smelting).

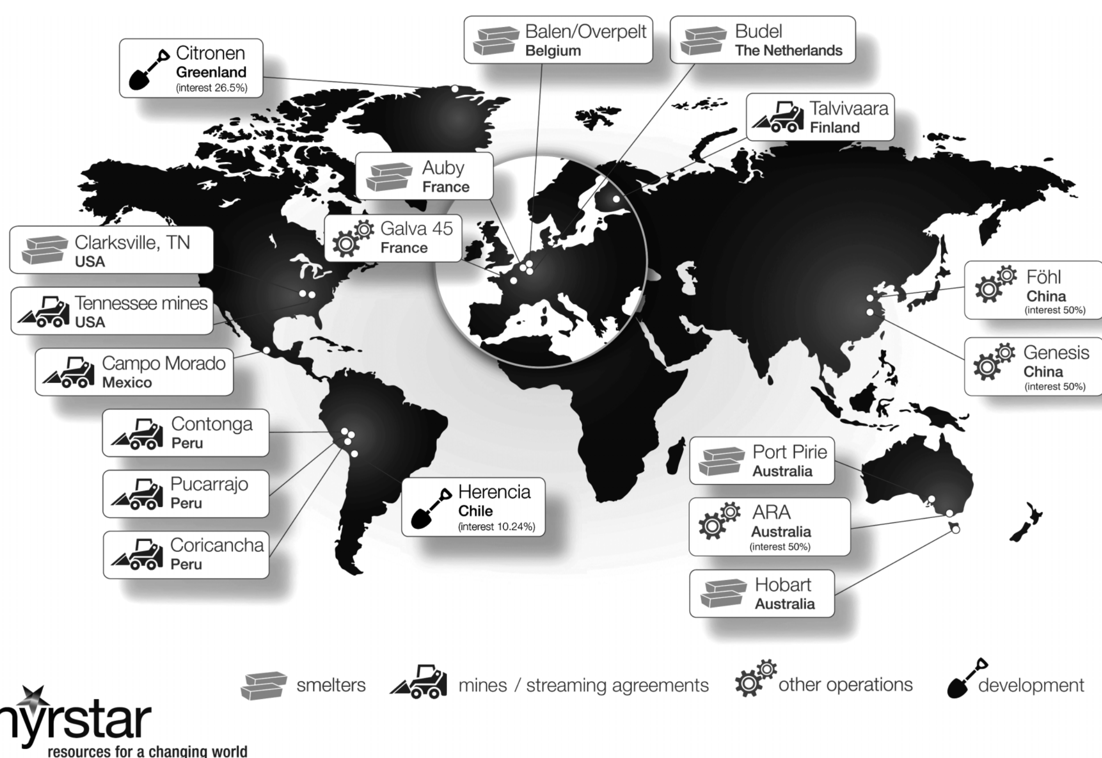
The principal raw materials for Nyrstar's smelting business are zinc concentrate supplied by zinc mines, including from its own mining operations, and a significant portion of secondary feed materials (such as zinc oxides). Nyrstar's zinc smelters convert the zinc concentrate and secondary feed materials into zinc metal for use in numerous end use applications. In addition to commodity grade zinc metal (SHG), Nyrstar also produces value-added alloys (such as die casting alloys), many of which hold strong competitive positions in niche technical applications.

Nyrstar is the world's largest zinc smelting company, based on 2010 production volumes according to Brook Hunt. Having produced 1.1 million tonnes of zinc in 2010, Nyrstar's share of the global zinc market in 2010 was 8.6% according to Brook Hunt. Nyrstar's smelters in Auby (France), Balen and Overpelt (Belgium), Budel (The Netherlands), Clarksville (U.S.), and Hobart (Australia) are all primary zinc smelters, that is, the primary production is from smelting zinc-containing ore. Nyrstar's smelter in Port Pirie in Australia is a primary lead smelter with multi-metal recovery capabilities, giving it the flexibility to process a wide range of lead-containing feedstocks to produce refined lead, zinc, silver, copper and gold.

Since 2009, Nyrstar has acquired mines in the United States (Tennessee), Peru (Coricancha, Contonga and Pucarrajo) and Mexico (the Campo Morado operation) and has entered into an innovative zinc streaming agreement with Talvivaara in relation to the Sotkamo nickel mine in Finland, which has substantial zinc by-products. These mines are currently at various stages of being rendered operational or ramped-up to full production capacity. Management expects that these mines, once at full production (as expected by the end of 2012) will be capable of producing the equivalent of approximately 31% of Nyrstar's zinc raw material requirements (based on smelting operations at full capacity). (See also ''—Strategy'' below.) At such level, Nyrstar's current zinc mining operations (including the Talvivaara Zinc Streaming Agreement) would be one of the ten largest in the world based on 2010 production according to Brook Hunt. Nyrstar has a medium-term goal of being capable of producing the equivalent of 50% of its zinc raw material requirements (zinc concentrates and secondary feed materials) from its own mining operations and streaming agreements.

Nyrstar has also acquired interests in mining development projects in Chile (Herencia Resources plc) and Northern Greenland (Ironbark Zinc Limited).

Nyrstar has global operations, with mines and smelters close to key customers and major transport hubs to facilitate delivery of raw materials and distribution of finished products. The map below illustrates Nyrstar's current operations.



Nyrstar NV is incorporated in Belgium and also has corporate offices in Zurich, Switzerland. The ordinary shares of Nyrstar NV have been admitted to trading on Euronext Brussels since October 29, 2007.

Strengths

Management believes that Nyrstar benefits from the following principal competitive strengths:

- ***Well positioned to leverage off strong zinc market fundamentals.*** According to Brook Hunt, the prices for zinc metal are expected to exceed long-term historical averages over the medium term as a result of forecasted supply constraints as a number of larger zinc mines are expected to deplete in the next five years and as demand for zinc metal increases, primarily driven by the urbanization of China's growing economy. As the world's largest zinc smelting company, and, once Nyrstar's zinc mining operations (including the Talvivaara Zinc Streaming Agreement) are ramped-up, one of the ten largest zinc mining companies, management believes that Nyrstar's strong market position will enable it to leverage off the strong zinc market fundamentals and capitalize on the expected growth in zinc prices (see ''The Mining and Smelting Industry'').
- ***A clear strategy to expand into mining, which is the more profitable part of the zinc value chain.*** Nyrstar has a clear strategy to continue to selectively pursue opportunities in the mining sector, where it applies a rigorous and disciplined approach to all of its investment opportunities to ensure that they comply with Nyrstar's investment requirements and create value for Nyrstar's shareholders. Expanding upstream into mining will provide Nyrstar with exposure to the more profitable part of the zinc value chain and, where zinc concentrate produced at these mines is to be consumed by Nyrstar's smelters, enable Nyrstar to secure raw material supply. Based on historical market trends, management believes that producing one tonne of zinc in concentrate is on average more than two times more profitable than smelting one tonne of zinc.
- ***Industry leadership.*** Nyrstar is the world's largest zinc smelting company and, once ramped-up, Nyrstar expects its zinc mining operations (including the Talvivaara Zinc Streaming Agreement) to be among the ten largest in the world. Nyrstar believes that its scale, overall and on both the

mining and smelting sides of the industry, positions it well to take a leading role in shaping the zinc industry's future.

- ***Large and geographically diversified portfolio of assets.*** Nyrstar operates multiple large scale sites, and consequently, Nyrstar's financial and operational exposure to one particular site is significantly reduced. Further, as its operations are geographically diversified, the foreign exchange exposure associated with costs being denominated in currencies other than U.S. Dollars (being the currency in which Nyrstar's earnings are largely denominated) is increasingly mitigated as the relative impact of a particular exchange rate and currency is reduced.
- ***High environmental standards and management systems to maintain environmental and safety track records.*** The sustainability of Nyrstar's operations is a result of its ability to provide economic benefits to its stakeholders, while minimizing negative effects on its people, its neighbors or the environment. Nyrstar has what it considers to be best-in-class environmental standards.
- ***An experienced management team with a proven track record of executing its strategy.*** Nyrstar's management team combines extensive industry and market experience and includes individuals who have worked in zinc smelting and mining and associated industries for an average of 20 years. Equipped with international experience, the management team's ability to implement Nyrstar's strategy has been evidenced by the numerous mining acquisitions and other transactions that have been successfully completed since the announcement of the new growth strategy in June 2009.
- ***Strong operational capabilities and expertise.*** Nyrstar's management team has consistently demonstrated an ability to improve the performance of Nyrstar's existing assets and to integrate new mining acquisitions into the Nyrstar business in a timely and efficient manner. This ability has most recently been evidenced by the ramping-up of Nyrstar's recent mining acquisitions at Coricancha in Peru and the Tennessee Mines in the United States despite these mines having been on care and maintenance at the time of Nyrstar's acquisition.

Strategy

Nyrstar's strategic framework is comprised of the following elements:

- portfolio management;
- business improvement; and
- growth.

Nyrstar continually reviews its portfolio of assets to ensure alignment with strategic objectives. It continually strives to improve the effectiveness and efficiency of the business, drive continuous improvement, realize synergies and employ the best people.

Nyrstar's growth strategy is focused on selectively pursuing opportunities in mining, favoring mines that support its existing smelting assets and where it has expertise and proven capability. Nyrstar's aim is that both smelting and mining will provide valuable contributions to its earnings and it believes that an integrated business could facilitate broader industry consolidation. Vertical integration into mining provides Nyrstar with exposure to the more profitable part of the zinc value chain; based on historical market trends, management believes that producing one tonne of zinc in concentrate is on average more than two times more profitable than smelting one tonne of zinc. Where zinc concentrate produced at its own mines is to be consumed by Nyrstar's smelters, such vertical integration also secures raw material supply. However, zinc concentrate produced at Nyrstar's mines is not necessarily consumed by its smelters. Based on economic optimization, Nyrstar decides whether concentrate produced by its mines is most profitably consumed within its smelters, sold to third parties or swapped for concentrate produced by a third party mine. The main variables that dictate where concentrate produced by Nyrstar's mines are consumed are whether or not the mine is subject to an off-take agreement; the assay specifications of the concentrate and how efficiently the Nyrstar smelters can extract value from such concentrate and the location of the concentrate. Accordingly, vertically integrating into mining provides Nyrstar not only with physical concentrate production that can potentially be used at Nyrstar's smelters (subject to the considerations described above), but also an attractive financial exposure to the operating margins that are available in zinc mining.

The primary focus of Nyrstar's mining integration strategy is on zinc. However, the polymetallic nature of the ore bodies in the recent mining acquisitions made by Nyrstar in Peru and Mexico means that, in addition to zinc, Nyrstar is increasingly mining deposits that contain silver, copper, gold and lead.

In executing its growth strategy, Nyrstar is targeting mines that are operational or capable of being operational in the short term, with relatively low capital requirements and low ongoing operating costs. Nyrstar is also targeting an average mine operating cost (''**C1 cash cost**'') (see ''Annex A—Glossary of Key Industry Terms'') of less than US$1,000 per tonne across all of its mining operations once at full production, placing those operations, on average, within the second quartile of the zinc mining C1 cash cost curve.

Management expects that its own mines (including the Talvivaara Zinc Streaming Agreement and the recently acquired Campo Morado operation), once at full production (as expected by the end of 2012), will be capable of producing the equivalent of approximately 31% of Nyrstar's zinc raw material requirements (based on smelting operations at full capacity). Accordingly, and giving effect to the Farallon Acquisition completed in early January 2011, Nyrstar has now exceeded its stated target of 30% mining integration. Although there are no specific acquisition plans that can be announced at present, Nyrstar is now targeting 50% mining capacity integration at full production in the medium term through further mine acquisitions and streaming agreements.

With respect to its longer-term strategic vision, Nyrstar has recently launched ''Nyrstar 2020'', an internal project aimed at creating a framework for a long term sustainable future for Nyrstar's business. Nyrstar 2020 is primarily a deep reaching change initiative aimed at embedding in Nyrstar a culture of value creation through innovative and creative thinking as reflected in a set of behavioral characteristics known as ''The Nyrstar Way''. The seven elements of The Nyrstar Way are:

- Prevent Harm
- Be Open and Honest
- Keep our Word
- Take Bold Decisions
- Create Value
- Use Innovative and Creative Thinking
- Be Driven

Nyrstar 2020 is supported by a five-year strategic road map (2011 to 2015) that focuses on the following core strategic initiatives:

- Raw material integration—Continued growth into mining (as described above);
- Excellence in the existing business—Aimed at creating an externally focused business driven by commercial, operational and financial excellence; and
- Unlocking untapped value—Growth aimed at exploring the opportunities available to Nyrstar to grow and strengthen its business in addition to expanding into mining, principally by exploring untapped value in Nyrstar's polymetallic raw materials and by-product streams.

During 2011, Nyrstar expects to formally launch internally a number of strategic initiatives, in particular with respect to the last two initiatives above.

Nyrstar's business operations

Nyrstar's business is divided into two operating segments, mining and smelting. The table below sets forth Nyrstar's revenue and underlying EBITDA for each operating segment for the periods indicated. Underlying measures exclude exceptional items related to restructuring measures, impairment of assets, material income or expenses arising from embedded derivatives recognized under IAS 39 and other items arising from events or transactions that management considers to be clearly distinct from the ordinary activities of Nyrstar. For a reconciliation of Underlying EBITDA, see

''Operating and Financial Review and Prospects—Financial and operational overview—Reconciliation of EBITDA and Underlying EBITDA''.

(€ millions)	Year Ended December 31 2010	2009	2008
Smelting Revenue	2,654	1,628	—
Mining Revenue	13	—	—
Other and eliminations	30	36	—
Total Revenue	2,696	1,664	2,410
Underlying Mining EBITDA	24	(3)	—
Underlying Smelting EBITDA	198	97	—
Underlying Other and eliminations EBITDA	(15)	(2)	—
Total Underlying EBITDA	**207**	**93**	**153**

Mining

Overview

The table below provides key data on Nyrstar's mining operations, including the Talvivaara Zinc Streaming Agreement and the Campo Morado operation (acquired on January 5, 2011), as at December 31, 2010.

Operation	Location	Type	Employees	Estimated annual capacity at full production: Zinc in concentrate ('000 tonnes)	Estimated annual capacity at full production: Other metals (by type)	Status of operations	2010 production ('000 tonnes of zinc/ '000 ounces of gold)
Nyrstar Tennessee Mines	United States	Underground zinc mines	673	130	N/A	Full production expected early 2011	Zinc—63
Contonga and Pucarrajo	Peru	Underground polymetallic mines	290	40	Copper—1,000 tonnes Silver—1.5 million ounces Lead—4,000 tonnes	Contonga—Full production Pucarrajo—Full production expected by end of 2012	Zinc—2
Campo Morado (acquired January 5, 2011)	Mexico	Underground polymetallic mine	421	70	Copper—8,000 tonnes Gold—35,000 ounces Silver—3 million ounces Lead—7,000 tonnes	Full production expected by end 2012	Zinc—42.2 Gold—19
Talvivaara (third party owner/operator)	Finland	Open pit mine (Zinc streaming agreement)	N/A	90	N/A	Full production expected by end 2012	Zinc—18 (delivered production)
Coricancha	Peru	Underground polymetallic mine	599	5	Gold—20,000 ounces Silver—1million ounces Lead—3,000 tonnes	Full production	Gold—4.7 Zinc—1
Total				**335**	**Copper—9,000 tonnes** **Silver—5.5 million ounces** **Lead—14,000 tonnes** **Gold—55,000 ounces**		**Zinc—126.2** **Gold—23.7**

Mining process

Zinc is mined from deposits of ore in the earth's crust. Ore deposits may be close to the surface, in which case they will be mined from an open pit (approximately 8% of the world's zinc mines). Alternatively, the ore may be some distance underground and cannot be mined directly from the surface (approximately 80% of the world's zinc mines). In some instances, a surface deposit is mined and, once exploited, underground mining follows, or surface and underground mining may be carried out in a combined way (approximately 12% of the world's zinc mines). The ore that is mined comprises valuable minerals together with waste materials. Common waste materials are silica, aluminum oxide, calcite, dolomite and various iron compounds.

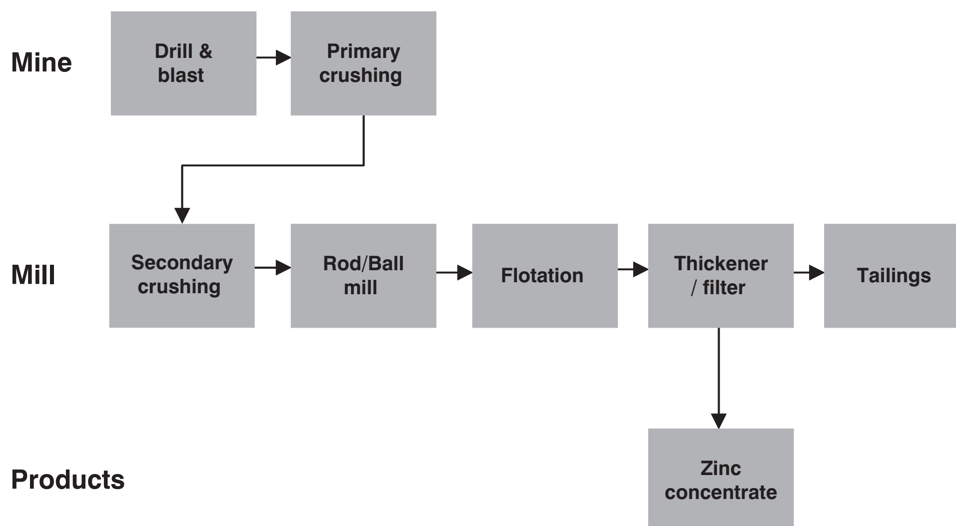
The largest zinc mining regions in the world are Latin America, China, Australia and North America (mainly Canada). As zinc concentrates are a bulk commodity that ship relatively easily, there is a major world trade in zinc concentrates, mainly out of Australia, Latin America and Canada and into Asia and Western Europe.

The principal mineral from which zinc is produced is zinc sulphide (ZnS). More than 95% of the world's zinc concentrate is produced from zinc sulphide. This mineral rarely occurs alone and, in practice, zinc is often found in polymetallic ore bodies that contain varying quantities of lead, copper, silver, gold and cadmium, as well as traces of many other metals. The separation of zinc from the other minerals and waste product contained in the ore is a process that is initially carried out at the mine site, since zinc ore generally only contains between 3% and 10% zinc.

In underground zinc mines such as Nyrstar Tennessee Mines, ore is drilled and blasted in large volumes, transferred to underground rock crushers by large loaders and trucks before being hoisted to the surface in skips or driven directly to the surface by truck via a spiral access tunnel called a decline. Open pit mines, such as the Talvivaara mine, extract ore by similar methods as underground mining; however, hoisting is not required. At the surface, the ore is subjected to additional crushing and fine grinding to enable its optimal separation from the other minerals. The flotation process is then used to separate the zinc and other valuable sulphide minerals from the waste rock particles or tailings to form a concentrate.

In the flotation process, ground ore, water and special chemicals are mixed and constantly agitated in banks of flotation cells. Air is blown through the mixture in each cell, and the fine zinc sulphide particles stick to the bubbles which rise to form a froth on the surface of the flotation cell. The waste product of flotation, gangue minerals known as tailings, flow from the bottom of the flotation cell to a tailings thickener for dewatering. The froth is skimmed off and the resulting zinc sulphide concentrate is dried. This process upgrades the ore, which generally ranges from 3% to 10% zinc, to a concentrate containing on average 54% zinc and, depending on the type of deposit, some copper, lead and iron.

The chart below provides a schematic illustration of the typical zinc mining process:



Nyrstar Tennessee Mines

Overview

Nyrstar Tennessee Mines comprise the East Tennessee underground zinc mine complex and the Middle Tennessee underground zinc mine complex.

In December 2009, Nyrstar acquired the East Tennessee zinc mine complex for US$127.4 million (€87.2 million) from the Glencore Group. The East Tennessee zinc mine complex had been on care and maintenance since February 2009. The complex comprises three separate mines (Young, Immel and Coy). All three mines are located within approximately 20 miles of each other and approximately 250 miles of Nyrstar's Clarksville smelter and the Middle Tennessee zinc mine complex. Ore from the three mines is processed into zinc concentrate at the Young mine site. The East Tennessee zinc mine complex has a close association with Nyrstar's Clarksville smelter.

In May 2009, Nyrstar acquired the Middle Tennessee zinc mine complex for approximately US$12 million (approximately €9 million) from Mid-Tennessee Zinc Corporation (a wholly owned subsidiary of Strategic Resource Acquisition Corporation), which was at the time undergoing Chapter 11 bankruptcy proceedings. The Middle Tennessee zinc mine complex had been on care and maintenance since October 2008. The complex comprises three mines (Elmwood, Gordonsville and Cumberland). All three mines are located within approximately ten miles of each other within an approximately 20 square mile area of Smith County, Tennessee, approximately 50 miles east of Nashville. In addition to the three mines, there are four additional ore bodies that have been delineated as NI 43-101 compliant resources (Horseshoe Bend, Stonewall, Carthage and OMZ). Similar to the East Tennessee zinc mine complex, the Middle Tennessee zinc mine complex has a history of close association with Nyrstar's Clarksville smelter, which was originally constructed to treat zinc concentrate from the mines. Ore mined at the three mines is processed into zinc concentrate at the Gordonsville zinc mine complex, which is located approximately 100 miles from Nyrstar's Clarksville smelter.

Nyrstar Tennessee Mines is managed by a single experienced management team. At full production, Nyrstar Tennessee Mines are expected to have production capacity of approximately 210,000 dry metric tonnes of zinc concentrate at a zinc grade of approximately 62% (which is equivalent to 130,000 tonnes of zinc in concentrate) providing more than 100% of the concentrate requirements for Nyrstar's Clarksville smelter. Concentrate that is produced at Nyrstar Tennessee Mines in excess of the concentrate consumption requirements of the Clarksville smelter can, depending on the economics, either be sold to third parties or used at other Nyrstar smelters.

In 2010, the East Tennessee mines produced approximately 50,000 tonnes of zinc in concentrate and were operating at full capacity by the end of the third quarter. The Middle Tennessee mines were operating at approximately 35% of capacity at the end of 2010 and produced approximately 13,000 tonnes of zinc in concentrate. Nyrstar's management expects that, with the successful commissioning of a new ball mill at the Middle Tennessee mines, which was completed in January 2011 and expected completion of the dewatering and rehabilitation activities at the Cumberland and Elmwood mines in early 2011, Nyrstar Tennessee Mines will be operating at their full capacity of 130,000 tonnes of zinc in concentrate per annum. At full production, management expects C1 cash costs per tonne of payable zinc at Nyrstar Tennessee Mines to be US$1,500 to US$1,600.

Reserves and resources

The most recent reserves and resources statement for the East Tennessee zinc mine complex prepared on behalf of the Glencore Group in May 2009 for the Young and Coy mines and in June 2009 for the Immel mine, in both cases prepared pursuant to the JORC Code, is summarized below:

Total (Proven and Probable) Reserves

Ore reserves	Tonnes	Zn (%)	Contained zinc (tonnes)
Young	5,822,400	2.6%	150,919
Immel	2,568,900	5.4%	139,547
Coy	1,385,040	3.5%	48,715
Total ore reserves	**9,776,340**	**3.5%**	**339,181**

Total (Measured, Indicated and Inferred) Mineral Resources

Mineral resources	Tonnes	Zn (%)	Contained zinc (tonnes)
Young	11,724,300	3.1%	364,130
Immel	3,696,100	5.4%	201,077
Coy	1,531,340	4.0%	61,836
Total mineral resource	**16,951,740**	**3.7%**	**627,043**

From the acquisition of the East Tennessee mines by Nyrstar in December 2009 through December 31, 2010, 50,000 tonnes of zinc metal contained in concentrate had been extracted.

The most recent reserves and resources statement for the Middle Tennessee mine complex prepared on behalf of Strategic Resource Acquisition Corporation in May 2007 pursuant to NI 43-101 is summarized below:

	Tonnes	Zn %
Reserves		
Proven	—	—
Probable	—	—
Total	**—**	**—**
Resources		
Measured	—	—
Indicated	12,468,586	3.35
Total	**12,468,586**	**3.35**
Inferred	**16,646,092**	**3.43**

From the acquisition of Middle Tennessee mines by Nyrstar in May 2009 through December 31, 2010, 13,000 tonnes of zinc metal contained in concentrate had been extracted.

Contonga and Pucarrajo

Overview

In July 2010, Nyrstar acquired the Contonga and Pucarrajo polymetallic mines in Peru for approximately US$33 million (approximately €26 million). The Contonga and Pucarrajo mines comprise approximately 4,600 hectares of mining concessions, located 450 kilometers north of Lima in the Ancash region, which is well known for its significant zinc, lead, silver, gold and copper deposits.

The Contonga mine is an underground polymetallic mine with more than 100 years of operating history, and is currently producing approximately 660 tonnes of ore per day. The Pucarrajo mine is an underground polymetallic mine which has been in operation for more than 30 years, and has an expected capacity of approximately 1,100 tonnes per day of ore. Operations at the Pucarrajo mine were suspended in June 2009 by its previous owner due to cash constraints as a result of the financial crisis. Currently, Nyrstar is in the process of re-commissioning the Pucarrajo mine and expects to re-commence commercial production in the second half of 2011 and thereafter ramp-up to full capacity by the end of 2012.

The Contonga and Pucarrajo mines are managed in conjunction with the Coricancha mine by a single experienced management team, utilizing the shared services of Nyrstar's Lima office.

At full production, expected to be reached by the end of 2012, the Contonga and Pucarrajo mines are expected to produce at an annual rate of approximately 40,000 tonnes of zinc in concentrate, 4,000 tonnes of lead in concentrate, 1,000 tonnes of copper in concentrate and 1.5 million troy ounces of silver. In 2010, there were 2,000 tonnes of zinc in concentrate, 250 tonnes of copper in concentrate and 100 tonnes of lead in concentrate produced at the Contonga mine.

At full production, management expects C1 cash costs per tonne of payable zinc for the Contonga and Pucarrajo mines of less than US$1,000 due to significant by-product credits.

Reserves and resources

The most recent reserves and resources statement for the Contonga and Pucarrajo mines prepared on behalf of Minera Huallanca S.A. in March 2009 pursuant to NI 43-101 is summarized below:

	Contonga Mineral Resources and Mineral Reserves				
	Tonnes (kt)	Zn (%)	Pb (%)	Cu (%)	Ag (oz/t)
Reserves class					
Proven Mineral Reserves	1,494	4.67	1.71	0.47	2.93
Probable Mineral Reserves	405	4.55	1.34	0.66	2.91
Total Mineral Reserves	**1,899**	**4.64**	**1.63**	**0.51**	**2.93**
Resources class					
Measured resources	1,639	5.15	1.78	0.58	3.01
Indicated resources	430	4.94	1.47	0.72	3.12
Inferred resources	1,020	4.79	0.99	0.89	2.32
Total resources	**3,089**	**5.00**	**1.47**	**0.70**	**2.80**

	Pucarrajo Mineral Resources and Mineral Reserves				
	Tonnes (kt)	Zn (%)	Pb (%)	Cu (%)	Ag (oz/t)
Reserves class					
Proven Mineral Reserves	182	8.22	0.83	—	2.32
Probable Mineral Reserves	158	8.23	0.79	—	2.24
Total reserves	**340**	**8.23**	**0.81**	**—**	**2.29**
Resources class					
Measured resources	199	7.98	0.77	—	2.16
Indicated resources	1,116	7.45	0.57	—	1.69
Inferred resources	715	7.51	0.76	—	2.00
Total resources	**2,030**	**7.52**	**0.66**	**—**	**1.85**

From the acquisition of the Contonga and Pucarrajo mines by Nyrstar in July 2010 through December 31, 2010, approximately 2,400 tonnes of zinc metal contained in concentrate had been extracted.

Similar to the Coricancha mine, exploration at the Contonga and Pucarrajo mines by previous owners was limited. Accordingly, Nyrstar is currently undertaking a modern exploration program that it expects to result in a significant increase in mineral reserves and resources.

Campo Morado

Overview

In January 2011, Nyrstar successfully completed its acquisition of Farallon, the owner of the Campo Morado zinc-rich polymetallic mining operation in Mexico (the ''**Campo Morado operation**'') by way of a friendly takeover for approximately CAD409 million (approximately €296 million). For further information, see ''Recent Development—Farallon Acquisition''.

The Campo Morado operation comprises approximately 12,000 hectares in six mining concessions, located 160 kilometers south-southwest of Mexico City. The mineral 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. In addition to the G-9 Mine, there are four additional ore bodies that have been delineated as JORC compliant resources (Reforma, El Largo, El Rey and Naranjo).

Nyrstar is currently ramping-up production to an expected rate of 2,500 tonnes per day of ore by the end of 2012, representing production of approximately 70,000 tonnes per annum of zinc in concentrate, 8,000 tonnes of copper in concentrate, 7,000 tonnes of lead in concentrate, 3 million troy ounces of silver and 35,000 troy ounces of gold. In 2010, the Campo Morado operation produced 42,000 tonnes of zinc

in concentrate, 4,000 tonnes of copper in concentrate, 1.8 million troy ounces of silver and 19,000 troy ounces of gold.

Once at full production, the G-9 Mine is expected by Nyrstar's management to have a C1 cash cost of less than US$500 per tonne of payable zinc due to significant by-product credits.

Reserves and resources

The most recent reserves and resources statement for the G-9 mine prepared on behalf of Farallon in December 2009 pursuant to NI 43-101 and the resources statement for the other deposits are summarized below:

	G-9 Mineral Resources and Mineral Reserves(1)				
	Tonnes (kt)	Zn (%)	Cu (%)	Ag (g/t)	Au (g/t)
Reserve class					
Proven Mineral Reserves	525	10.36	1.28	274	3.69
Probable Mineral Reserves	1,425	9.87	1.37	187	2.77
Total reserves	**1,950**	**10.00**	**1.34**	**211**	**3.03**
Resource class					
Measured resources	1,418	8.65	1.23	239	3.64
Indicated resources	1,606	10.04	1.39	185	2.72
Inferred resources	930	9.17	1.14	187	2.50
Total resources	**3,954**	**9.34**	**1.27**	**205**	**3.00**

Note:

(1) Mineral resource inclusive of mineral reserve with a 3% zinc cut-off grade.

	Additional Deposit Resources(1)					
	Category	Tonnes (kt)	Zn (%)	Cu (%)	Ag (g/t)	Au (g/t)
South West Zone	Inferred	242	6.10	0.83	169	2.51
Development El Largo	Indicated	2,860	6.69	0.34	124	0.79
	Inferred	241	6.43	0.42	151	1.41
El Rey	Indicated	323	5.88	0.53	162	2.98
Naranjo	Indicated	577	6.00	0.66	178	3.11
Reforma	Indicated	1,173	5.90	0.58	262	4.74
Total	**Indicated**	**4,933**	**6.37**	**0.45**	**166**	**2.14**
	Inferred	**483**	**6.26**	**0.63**	**160**	**1.96**

Note:

(1) Using a 5% zinc cut-off grade.

Nyrstar believes that there is significant exploration potential at the G-9 mine and surrounding deposits, as demonstrated by Farallon's announcement on October 20, 2010 of a newly discovered zinc rich polymetallic zone at the G-9 mine and by extensive due diligence conducted during the acquisition process.

Talvivaara Zinc Streaming Agreement

In January 2010, Nyrstar agreed to acquire 1.25 million tonnes of zinc in concentrate from Talvivaara for a purchase price of US$335 million (approximately €243 million). The conditions to that agreement were satisfied in February 2010. The agreement provides an innovative approach to the continued execution of Nyrstar's strategy, providing participation in the economic benefits of a nickel mine with a defined life of 1.25 million tonnes of zinc in concentrate produced as a by-product at relatively low cost.

Under the Zinc Streaming Agreement, Talvivaara will deliver 100% of its zinc concentrate production to Nyrstar until the 1.25 million tonnes of zinc in concentrate has been delivered. Based on Talvivaara's public announcements regarding its planned production, Nyrstar expects a ramp-up to approximately 60,000 tonnes of zinc in concentrate delivered in 2011 and approximately 90,000 tonnes per annum of

zinc in concentrate by 2012, with deliveries thus extending over a period of 10 to 15 years. Nyrstar currently expects that the majority of the concentrate will be used as raw material for its Budel smelter.

In addition to the US$335 million purchase price, Nyrstar also pays Talvivaara an extraction and processing fee of €350 per tonne of zinc in concentrate delivered (with escalators in relation to the price of elemental sulphur and propane), as well as the following price participation per tonne delivered:

- until the later of the seventh anniversary of the agreement or delivery of 600,000 tonnes of zinc in concentrate, Nyrstar will pay to Talvivaara 10% of the LME zinc price exceeding US$2,500 per tonne (up to US$3,000 per tonne), and 30% of the LME zinc price exceeding US$3,000 per tonne; and
- thereafter, Nyrstar will pay to Talvivaara 30% of the difference between the LME zinc price and the extraction and processing fee.

Talvivaara has informed Nyrstar that it intends to install a drying facility during the second half of 2011 to reduce the moisture content of the zinc concentrate and to otherwise ensure that the zinc concentrate meets the contractual specifications under the Talvivaara Zinc Streaming Agreement. However, it is possible that prior to the installation of that drying facility zinc concentrate supplied by Talvivaara may not meet the contractual specifications under the Talvivaara Zinc Streaming Agreement (e.g. due to excessive moisture content) and may cause process disruptions at Nyrstar's smelters or impact the volume of zinc concentrate supplied by Talvivaara that Nyrstar is able to process.

At full production, the Talvivaara Zinc Streaming Agreement is expected by Nyrstar's management to have a C1 cash cost equivalent of US$1,000 to US$1,110 per tonne of payable zinc, calculated on the basis of a benchmark treatment charge and the extraction and processing fee converted into U.S. Dollars.

For further information on the accounting treatment of this agreement, see note 15 to Nyrstar's Financial Statements for the year ended December 31, 2010.

Coricancha

Overview

In November 2009, Nyrstar acquired an 85% interest in the Coricancha polymetallic mine in Peru for US$15 million (approximately €10.2 million) from Gold Hawk Resources Inc. and subsequently purchased the remaining 15% interest in July 2010 for US$4.8 million (approximately €3.8 million). The Coricancha mine is primarily a gold mine.

The Coricancha mine is an underground polymetallic mine with more than 60 years of operating history, which comprises a 600-tonne per day ore processing facility, underground mine and reserves and resources containing gold, silver, zinc, lead and copper. The mine's polymetallic processing plant utilizes the BIOX® bio-leaching process to recover refractory gold in an environmentally sound manner. The mine is located approximately 90 kilometers east of Lima, Peru in close proximity to a number of other significant mining operations and exploration properties.

In May 2008 and prior to Nyrstar's acquisition, operations at the mine were suspended following localized ground displacement at the mine caused by a third party irrigation system. The ground displacement was stabilized in July 2008; however, the mine required a new tailings facility to allow the recommencement of operations. Since the acquisition in November 2009, Nyrstar has re-commissioned the mine and mill and completed the construction of a new tailings facility. As of the end of 2010, mining operations at Coricancha were fully operational.

The mine has three main product streams, comprising gold/silver doré, zinc concentrate (suitable for treatment at Nyrstar's European and Hobart smelters) and lead concentrate high in precious metals (suitable for treatment at Nyrstar's Port Pirie smelter). In 2010, the Coricancha mine produced approximately 4,700 troy ounces of gold and 201,000 ounces of silver. By the end of the year, the Coricancha mine was operating at its full capacity which equates to an annualized rate of approximately 20,000 troy ounces of gold, 1 million troy ounces of silver, 5,000 tonnes of zinc in concentrate and 3,000 tonnes of lead in concentrate.

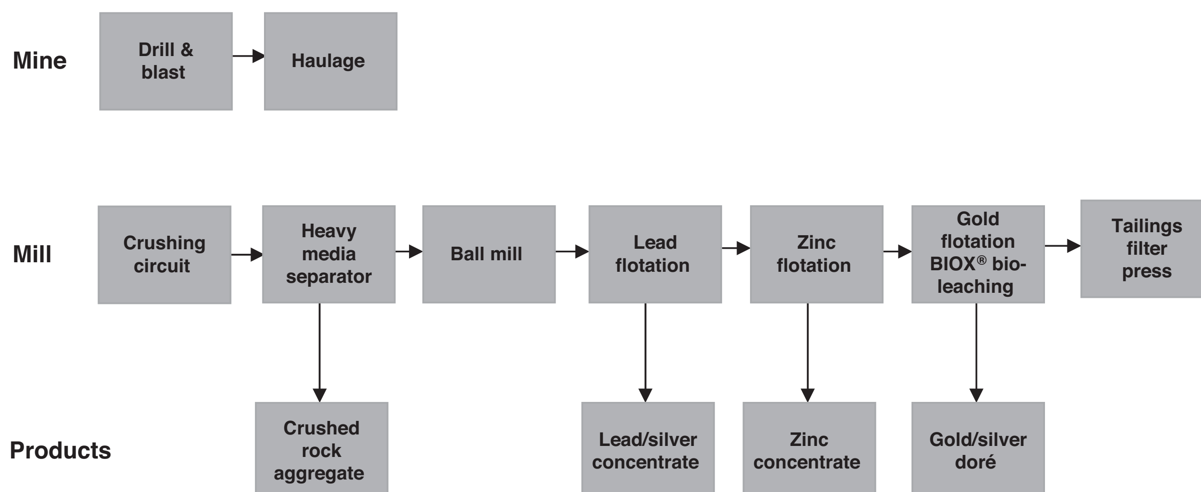
Because the Coricancha mine is primarily a gold mine, the C1 cash costs are expressed in terms of the costs of producing one ounce of gold metal less revenue earned from other by-product metals. At full

production, Coricancha's C1 cash costs are expected to be approximately negative US$100 to negative US$200 per ounce of payable gold as a result of significant by-product credits.

The Coricancha mine is managed in conjunction with the Contonga and Pucarrajo mines by a single experienced management team, utilizing the shared services of Nyrstar's Lima office.

Production Process

The production process at the Coricancha mine is different to Nyrstar's other mines as it is primarily a gold mine rather than a zinc mine. The chart below summarizes the production process at the Coricancha Mine:



Reserves and resources

The most recent reserves and resources statement for the Coricancha mine prepared on behalf of Gold Hawk Resources Inc. in March 2009 pursuant to NI 43-101 is summarized below:

	Total Proven and Probable Diluted Mineral Reserves					
	Tonnes	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Cu (%)
Reserve Class						
Proven Mineral Reserves	325,157	4.83	166.8	2.18	2.72	0.34
Probable Mineral Reserves	133,277	4.73	180.4	2.10	3.19	0.35
Total Mineral Reserves	**458,434**	**4.80**	**170.7**	**2.16**	**2.86**	**0.34**

	Total Measured and Indicated Mineral Resources					
	Tonnes	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Cu (%)
Resource Class						
Measured resources	486,582	6.43	187.9	2.50	3.27	0.39
Indicated resources	211,736	6.35	191.5	2.28	3.48	0.42
Total resources	**698,318**	**6.41**	**189.0**	**2.43**	**3.33**	**0.40**

	Total Inferred Mineral Resources					
	Tonnes	Au (g/t)	Ag (g/t)	Pb (%)	Zn (%)	Cu (%)
Resource Class						
Total inferred resources	**3,911,200**	**6.50**	**261.2**	**2.56**	**3.12**	**0.35**

From the acquisition of Coricancha by Nyrstar in November 2009 through December 31, 2010, approximately 5,000 troy ounces of gold had been extracted.

Exploration at the mine by previous owners had been limited, with no modern exploration (e.g. diamond drilling, geochemical or geophysical exploration) having been undertaken. During 2010, Nyrstar expanded the scope of the operations by the addition of a copper circuit to capture unrealized

value from copper contained in the ore and commenced an exploration program that it expects to result in significant increase in mineral resources and reserves and also to move a significant portion of mineral resources into the proven and probable categories. In addition, Nyrstar intends to expand the scale of operations at the mine in order to (approximately) double the existing production capacity.

Development projects

Paguanta project, Chile: Herencia Resources plc

In April 2010, Nyrstar purchased through a private placement 10.4% of the ordinary shares in Herencia Resources plc, a base metal exploration company listed on the Alternative Investment Market in London, for €0.9 million. The objective of the capital raising was to fund the drilling of a newly discovered vein in Herencia's most advanced zinc-lead-silver-gold Paguanta project in Northern Chile. Nyrstar also participated in a further capital raising in Herencia in December 2010, whereby it maintained its holding of 10.4% for a purchase price of €0.6 million. Due to an exercise of warrants by a third party, Nyrstar's current interest in Herencia amounts to 10.24%.

Citronen project, Northern Greenland: Ironbark Zinc Limited

In September/October 2009, Nyrstar acquired a 19.9% interest in Ironbark Zinc Limited, an Australian publicly listed company, for €4.1 million in cash. Ironbark is the owner of the world-class Citronen zinc-lead deposit in Northern Greenland. As detailed in Ironbark's announcement on December 22, 2010, the Citronen deposit has total ore resources (indicated and inferred) of approximately 59.9 million tonnes at approximately 5.3% zinc and 0.5% lead.

In March 2010, Nyrstar agreed to acquire an additional 11% interest in Ironbark for €10.3 million, taking its interest to approximately 31%. Ironbark conducted an equity private placement in November 2010 to raise a further AUD11.5 million; however, Nyrstar chose not to participate in this placement and currently has a diluted shareholding of approximately 26.5%.

Operating costs

As is illustrated in the table below and in the descriptions of the mining operations above, there is a high level of variation in the C1 cash costs achieved across Nyrstar's mining segment. The polymetallic ore bodies that exist in the Contonga and Pucarrajo mines and the Campo Morado operation contain high levels of by-products such as gold, silver, lead and copper that reduce (via by-products credits) the C1 cash costs of producing zinc from such mines. The C1 cash costs of the mines also include the royalty obligations that are payable to private individuals or government bodies. Nyrstar's mining operations in Tennessee do not pay royalties to government bodies; however, the Peruvian mines and the Campo Morado operation all pay royalties to the relevant government bodies in Peru and Mexico, respectively on a basis linked to revenues expected from the mines' mill feed, taking into consideration mill recoveries, the cost of transporting concentrates to the smelter, TCs and RCs, and other deductions at the smelter.

At full production, expected by the end of 2012, across Nyrstar's existing mining operations the average C1 cash cost is expected by Nyrstar's management to be less than US$1,000 per tonne of zinc metal.

	C1 cash cost US$/payable tonne zinc		Other metal by-products (per annum)	Annual capacity at full production
	For the year ended December 31, 2010	At full production		
Talvivaara	1,005	1,000 to 1,100		90kt Zn
Contonga and Pucarrajo	2,915	<1,000	4kt Pb, 1kt Cu, 1.5m oz Ag	40kt Zn
Tennessee mines	1,901	1,500 to 1,600		130kt Zn
Campo Morado	717	<500	8kt Cu, 7kt Pb, 3m oz Ag, 35k oz Au	70kt Zn

	C1 cash cost US$/payable troy ounce gold		Other metal by-products	Annual capacity at full production
	For the year ended December 31, 2010	At full production		
Coricancha	940	(100) to (200)	5kt Zn, 3kt Pb, 1m oz Ag	20k oz Au

Smelting

Overview

The table below provides an overview of Nyrstar's principal smelting facilities.

Smelter	Location	Process	Employees (as at December 31, 2010)	Main products	Zinc Annual Production Capacity ('000 tonnes)(1)	2010 Zinc production ('000 tonnes)(2)
Hobart	Australia	Roast leach electrolysis (“**RLE**”) smelting	467	SHG zinc and zinc alloys	280	247
Clarksville	United States	RLE smelting	250	SHG zinc and zinc alloys	125	120
Budel	The Netherlands	RLE smelting	437	SHG zinc and zinc alloys	260	264
Auby	France	RLE smelting	283	Zinc cathode and indium (cement)	160 (Zinc cathodes)	163
Balen and Overpelt	Belgium	RLE smelting Oxide washing	547	SHG zinc and zinc alloys and washed oxides	270	281
Port Pirie	Australia	Lead: sinter plant and blast furnace. Zinc: slag fumer, leach, electrolysis. Copper: solvent extraction, electrolysis	705	Lead and alloys, SHG zinc and alloys, copper, gold and silver	40	32
Elimination						(30)
				Total:	1,135	1,076

Notes:

(1) In addition to zinc, Nyrstar's smelters have the capacity to produce 250,000 tonnes of lead metal (of which 230,000 tonnes relates to the Port Pirie smelter and 20,000 tonnes relates to 50% of lead produced at ARA); 16 million troy oz. of silver (at Port Pirie); 4,000 tonnes of copper (at Port Pirie); and 24 thousand troy oz. of gold (at Port Pirie).

(2) Includes production from primary smelters only. Internal transfers of cathode for subsequent melting and casting and production at Föhl, Galva 45, Genesis and GM Metal (closed in 2010) are excluded.

Zinc smelting process

Overview

Zinc smelting is the process of recovering and refining zinc metal out of zinc-containing feed material such as zinc-containing concentrates or secondary feed materials such as zinc oxides. Apart from zinc, the concentrate contains approximately 25% to 40% or more sulphur, as well as different amounts of iron, lead and silver and other minerals. Before metallic zinc can be recovered, by using either hydrometallurgical or pyrometallurgical techniques, sulphur in the concentrate must be removed. This is done by roasting or sintering. The concentrate is brought to a temperature of more than 900° Celsius, where zinc sulphide (ZnS) converts into the more active zinc oxide (ZnO). At the same time, sulphur reacts with oxygen, giving out sulphur dioxide which subsequently is converted to sulphuric acid—an important commercial by-product.

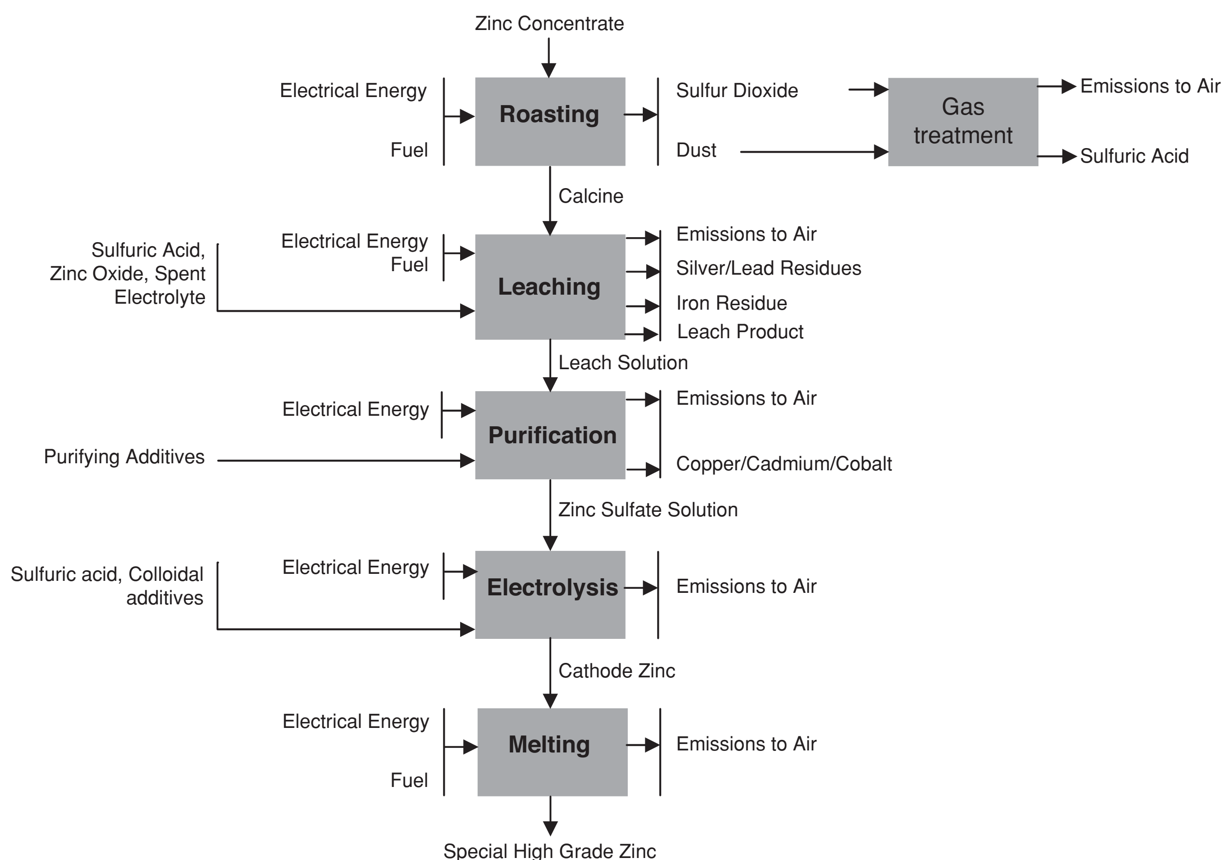
In summary, the process sequence for zinc smelting is:

- Step 1: Receipt of raw materials (concentrates and secondary feed materials such as zinc oxides) and storage;
- Step 2: Roasting: an oxidation stage removing sulphur from the sulphide feed materials, resulting in so-called calcine;
- Step 3: Leaching transforms the zinc contained in the calcine into a solution such as zinc sulphate, using diluted sulphuric acid;
- Step 4: Purification: removing impurities that could affect the quality of the electrolysis process (such as cadmium, copper, cobalt or nickel) from the leach solution;

- Step 5: Electrolysis or electro-winning: zinc metal extraction from the purified solution by means of electrolysis leaving a zinc metal deposit (zinc cathodes); and
- Step 6: Melting and casting: melting the zinc cathodes typically using electrical induction furnaces and casting the molten zinc into ingots.

Additional steps can be added to the process transforming the pure zinc (typically 99.995% pure zinc known as Special High Grade or SHG) into various types of alloys or other marketable products.

The schematic below shows the basic steps in the production of SHG zinc using the electrometallurgical zinc smelting process, also called the Roast-Leach-Electrowin or RLE process, which is used by all of Nyrstar's primary zinc smelters (that is, Auby (France), Balen and Overpelt (Belgium), Budel (The Netherlands), Clarksville (U.S.) and Hobart (Australia)).



Energy consumption

Due to the energy-intensive nature of the smelting process, Nyrstar's smelting operations consume a much higher relative proportion of electricity than its mining operations.

Total energy expenses represented approximately 39%, 37% and 35% of the Smelting segment's operating costs in 2010, 2009 and 2008, respectively, of which electricity costs represented approximately 85%. Electricity costs declined at several smelters during the global financial crisis of 2008/2009, due to both decreases in market prices of electricity as well as to specific features of Nyrstar's electricity supply contracts. However, in 2010 prices began to trend upwards again, particularly within Europe.

Nyrstar attempts to limit its exposure to short term energy price fluctuations through forward purchases, long term contracts and the participation in consortia, where feasible. However, such forward purchases, long term contracts or consortia are not always available at acceptable terms, especially in Europe.

In 2010 approximately two-thirds of Smelting segment electricity costs were incurred at Nyrstar's European smelters. Nyrstar's electricity costs depend on regional pricing dynamics. Electricity prices are higher in Europe than in other locations where Nyrstar operates. Approximately 13% of Nyrstar's European smelters electricity costs are locked in with multi-year contracts, whereas 90% of all non-European smelter electricity costs are locked in under contracts with prices locked in for

approximately four years. To manage the resulting market risk in Europe, when market conditions are conducive, Nyrstar forward purchases electricity for its European smelters. For both 2011 and 2012, approximately 60% of Nyrstar's anticipated European smelter electricity requirements have been bought forward at an average price of less than €50 per mega watt hour.

Hobart smelter

Location

The Hobart smelter is a large-scale zinc smelter located on the western bank of the Derwent River Estuary in Hobart, Tasmania. The facility uses the RLE process for zinc production. Hobart is closely integrated with the Port Pirie multi-metals smelter, which processes Hobart's paragoethite by-product as well as a relatively small volume of other leach by-products.

Overview

The Hobart smelter is one of the world's largest zinc smelters in terms of production volume. It is focused on high value added products for export to growing markets in Asia. The site has been significantly upgraded and modernized over the last 25 years, with improvements such as modernization of gas purification and acid plants in the roasting facility, the modernization of the leaching and purification processes, the introduction of mechanized zinc stripping in electrolysis and the automation of the casting plant. These major capital works and operational improvements have increased the plant's annual operating capacity from approximately 170,000 tonnes of zinc in 1977 to approximately 280,000 tonnes in 2010.

Raw materials

Hobart sources the majority of its concentrate requirements from the Rosebery and Century zinc mines, the balance being sourced predominantly from other Australian mines. Accordingly, it currently operates with the advantage of being close to its raw material suppliers.

The close proximity of some of Hobart's feedstock sources, such as from the Rosebery zinc mine, results in lower concentrate transport costs from the mine to the Hobart smelter than could be achieved were they to sell their concentrate to a more distant smelter. This saving is shared with the Hobart smelter and thereby reduces its cash cost per tonne of zinc. Miners often bear the costs of transporting concentrate and therefore prefer to ship to nearby customers, which means that such customers may obtain better prices as the customer and miner are essentially sharing the transport savings.

The Century mine is currently expected to reach its life-of-mine and thereby cease supplying the Hobart smelter by the end of 2015. Nyrstar management is accordingly 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, while rolling forward delivery terms where possible to future years, thereby building a long concentrate position ahead of the closure of the Century mine.

Production

Hobart's key products are SHG zinc, die cast alloys (branded ''EZDA'') and CGG (continuous galvanizing grade) alloys. In addition, the site produces by-products of cadmium, copper sulphate, paragoethite, lead sulphate leach concentrate and sulphuric acid.

Hobart's power costs are relatively low, as its electricity is sourced from hydro generation. The scale of the Hobart smelter's production volume, the higher revenues generated from its high value added products and its power savings are partially offset by higher freight costs for sales of finished products because its location is remote from its markets.

In 2010 the Hobart smelter produced 247,000 tonnes of zinc metal as compared to 264,000 tonnes and 253,000 tonnes in 2009 and 2008, respectively. Zinc metal production at Hobart decreased by 6% in 2010 compared to 2009 due to minor equipment failures in the cast house in the first quarter of 2010, and damage to two transformer rectiformers caused by a localized fire in May 2010, which temporarily reduced production to approximately 80% of capacity. The damage was largely repaired in June, restoring production to approximately 95% of capacity at that time, and the operation was restored to 100% of capacity in December 2010.

Clarksville smelter

Location

The Clarksville zinc refinery is located four kilometers southwest of Clarksville, Tennessee, beside the Cumberland River Clarksville is located within 900 kilometers of the United States' industrial heartland, including Chicago and Detroit. A large portion of the U.S. zinc market lies within one-day delivery distance from the Clarksville smelter by road. Low transport costs provide Clarksville with a geographic competitive advantage that contributes to the realization of a premium over the LME price for its zinc products.

Overview

The Clarksville smelter is a medium scale and relatively modern smelter that was commissioned in 1978. Zinc production capacity of the cell-house at the smelter exceeds that of the roaster to treat concentrates by a considerable margin. To partially overcome this bottleneck, concentrate at the Clarksville smelter has traditionally been supplemented with roast oxides as a combined feed material, providing a relatively cheap and convenient means of introducing additional zinc capacity to the smelter. These oxides have traditionally been sourced exclusively from Europe and have incurred substantial freight costs. In 2010, an oxide washing facility was installed at the smelter and commissioned in early 2011, obviating the need to import washed oxides from Europe with high transport costs.

Raw materials

The Clarksville smelter was specifically designed to recover zinc from the high zinc content, low impurity Tennessee Valley zinc concentrates produced by the Tennessee mines. Following the acquisition by Nyrstar of the Tennessee mines in 2009, Clarksville has recommenced the treatment of high zinc content, low impurity concentrates from these mines. The Clarksville refinery has a long history of treating these types of concentrates and is logistically very well located for supplies by Nyrstar Tennessee Mines. The Nyrstar Tennessee Mines are expected to be fully operational in early of 2011 with the completion of the de-watering and the rehabilitation activities at the Cumberland and Elmwood mines, at which point the Clarksville smelter will source all of its zinc concentrate supplies from these mines. The processing of local concentrates from Nyrstar Tennessee Mines is expected to improve the zinc recovery rate at the Clarksville smelter (owing to low iron content) and result in significant freight savings compared to other facilities.

Production

The Clarksville smelter is currently the only primary zinc producer in the United States and has an established reputation as a supplier of quality SHG zinc and CGG alloys. By-products include cadmium metal, sulphuric acid, copper sulphate, an intermediate copper cementate and synthetic gypsum.

In response to the reduced demand for zinc metal in 2008, the Clarksville smelter was operating at reduced production levels in the first half of 2009. As a result, the Clarksville smelter produced 94,000 tonnes of zinc metal in 2009, compared to 125,000 tonnes in 2008. The Clarksville smelter was restored to full production in July 2009 as a result of improved market conditions and produced 120,000 tonnes of zinc metal in 2010.

Budel smelter

Location

The Budel zinc smelter is situated at Budel-Dorplein in the southeast of The Netherlands near the Belgian border and close to the majority of its customers in the major industrial centers of The Netherlands, Belgium, Germany, Luxembourg and northern France.

Overview

Budel's annual production capacity is approximately 260,000 tonnes of zinc metal, making Budel one of the world's largest zinc smelters in terms of production volume.

Raw materials

The Budel smelter produces zinc alloys predominately from low iron concentrate from the Century zinc mine and other low residue forming secondary feed materials, including secondary zinc oxides that are recycled from residues produced primarily by the steel industry in Europe. The primary competitive

advantage of the Budel smelter is its very high zinc recovery rate as a result of circuit design and feedstocks. Budel's feedstock primarily consists of Century concentrates, along with other high grade sulphidic concentrates, zinc oxides and other secondary feeds. As was demonstrated in 2009, when supplies from the Century zinc mine were temporarily disrupted due to a failed pipeline at the mine, the Budel smelter is able to effectively run on concentrates with higher iron content than previously thought possible for the Budel smelter (3-4% iron content).

The Century mine is currently expected to reach its life-of-mine and thereby cease supplying the Budel smelter by the end of 2015. Nyrstar management is accordingly 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, while rolling forward delivery terms where possible to future years, thereby building a long concentrate position ahead of the closure of the Century mine.

Production

Budel's two key products are SHG and zinc galvanizing alloys. In addition, the site produces cadmium, copper and cobalt cake, sulphuric acid and a saleable product known as Budel Leach Product that contains lead and precious metals and is used as a raw material by secondary smelters.

Similar to the Clarksville smelter, the Budel smelter was operated at reduced production levels in the first half of 2009 in response to the reduced demand for zinc metal, but was restored to full production from July 2009. In 2010, the Budel smelter operated at full capacity and produced 264,000 tonnes of zinc metal as compared to 224,000 tonnes and 239,000 tonnes in 2009 and 2008, respectively.

Auby smelter

Location

The Auby smelter is located in the town of Auby in the north of France, approximately 35 kilometers south of the city of Lille. It is adjacent to the canal de la Deûle, which connects to the seaports of Calais and Antwerp, and is well connected to several motorways.

Overview

The Auby smelter is a mid-scale electrolytic zinc smelter. Unlike other zinc smelting sites, the Auby smelter produces cathodes as finished products for sale to its customers, rather than casting into ingots. Feedstock of both zinc concentrates and zinc secondaries is consumed at the plant using the RLE process to produce zinc cathode. The Auby smelter's annual production capacity was increased from 130,000 tonnes to 160,000 tonnes during 2009. Currently, the Auby smelter is commissioning an indium recovery circuit to allow it to produce indium metal, which is expected to be completed in the first half of 2012.

Raw materials

The Auby smelter produces zinc primarily from zinc concentrates and, to a lesser extent, recycled zinc secondary feeds. Auby's zinc concentrates are sourced from suppliers world-wide. The Auby smelter can process a high percentage of secondary feed material input without adversely affecting overall plant productivity, efficiency or residue output. Concentrates are transported by barge from the port of Antwerp, a main thoroughfare harbor for zinc concentrates. Secondary zinc feed materials are delivered to the plant by truck.

Production

The Auby smelter produces SHG cathode and some special quality cathodes, the latter sold as battery-grade zinc. The site also produces by-products of sulphuric acid, Auby Leach Product (a product containing both lead and silver), copper and indium cement. In 2010, the Auby plant operated at full capacity and produced 163,000 tonnes of zinc cathode, as compared to 161,000 tonnes and 118,000 tonnes in 2009 and 2008 respectively.

Balen smelter and Overpelt operations

Location

The Balen smelter and Overpelt operations are located in the northeast of Belgium, approximately 80 kilometers east of Antwerp. The Balen smelter is complemented by the integrated die casting, alloying and oxide washing operations at the nearby Overpelt operations.

Overview

The Balen smelter is a large-scale zinc smelter with production capacity of approximately 270,000 tonnes of zinc metal per year, making Balen one of the world's largest zinc smelters in terms of production volume.

The Balen and Overpelt sites are only 18 kilometers apart. The sites' operations are complementary and highly integrated. Historically, the Balen smelter has also melted and cast part of the zinc cathode production on site; however, since the beginning of 2011, all the cathodes produced at Balen are transported to the centralized melting and casting facilities in Overpelt. In addition, the Overpelt site includes one of Europe's largest oxide washing facilities that serves as a central washing facility for the pre-treatment of purchased secondaries prior to their consumption by some of the Nyrstar smelters. As part of the casting facilities upgrade project a new melting furnace and a completely automated casting line were installed and commissioned in Overpelt in June 2010, which has increased SHG casting capacity by 130% to 216,000 tonnes per year with plans to increase further to approximately 336,000 tonnes during 2011.

Raw materials

The Balen smelter produces zinc from feedstock of both zinc concentrates and recycled zinc secondary feed materials. Balen's zinc concentrates are sourced from suppliers world-wide. The Balen smelter can process a high percentage of secondary feed material input without adversely affecting overall plant productivity, efficiency or residue output. Concentrates are transported by train from the port of Antwerp, a main thoroughfare harbor for zinc concentrates. Secondary zinc feed materials are delivered to the plant by truck.

Production

The Balen and Overpelt operations produce SHG zinc and a range of high value alloy products such as ZAMAK die casting alloy. Balen also produces sulphuric acid, copper cement and Balen Leach Product that contains lead and precious metals and is sold as a raw material to secondary smelters.

The Balen smelter was put on care and maintenance in December 2008 in response to the decline in demand for zinc metal, and remained on care and maintenance until September 2009, when the improved market conditions facilitated the re-start of the operation. During the care and maintenance period in 2009, the Overpelt plant continued to produce high value alloys using zinc cathode from Nyrstar's other European smelters, producing approximately 137,000 tonnes in 2009. In 2010, the Balen and Overpelt plants produced 281,000 tonnes of zinc and zinc alloys as compared to 284,000 tonnes in 2008 (2009 not being a comparable year due to the care and maintenance status of the Balen smelter during such period).

Port Pirie multi-metals smelter

Location

The Port Pirie smelter is located on the eastern side of the Spencer Gulf in South Australia, approximately 200 kilometers north of Adelaide, South Australia.

Overview

Port Pirie is an integrated multi-metals recovery plant with the flexibility to process a wide range of lead rich concentrates and smelting industry by-products. Port Pirie is one of the world's largest primary lead smelting facilities and the third largest silver producer, which allows it to generate significant economies of scale. Port Pirie's competitive position is enhanced by its ability to produce a range of metals and treat a variety of by-products, together with its focus on supplying the growing markets of Asia, especially China. Port Pirie is strategically linked to the Hobart smelter through flows of by-products such as paragoethite and leach products.

Raw materials

Port Pirie secures its primary lead concentrate feed from a variety of local third party mines, including the Rosebery and Century mines. It also processes a large amount of secondary feed, which is partly sourced from the Hobart smelter with the balance coming from existing stockpiled materials at Port Pirie and other third party suppliers. Port Pirie leases and operates a committed port facility, through which it receives a large part of its feed supplies.

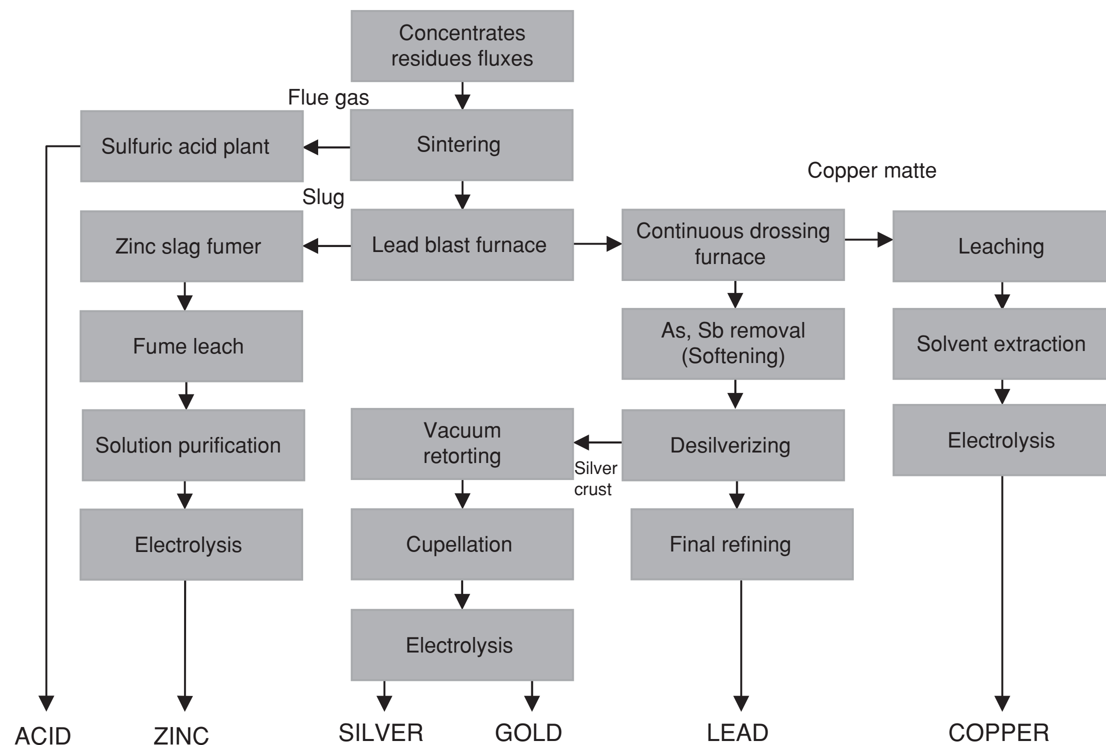
The Century mine is currently expected to reach its life-of-mine and thereby cease supplying the Port Pirie smelter by the end of 2015. Nyrstar management is accordingly taking steps to secure raw materials from other sources. These steps include Nyrstar's vertical integration into mining, its entry 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, while rolling forward delivery terms where possible to future years, thereby building a long concentrate position ahead of the closure of the Century mine.

Production

The Port Pirie smelter's lead production capacity is approximately 230,000 tonnes of lead per year. Port Pirie is one of the world's largest primary lead smelters and the third largest silver producer. The Port Pirie operation incorporates a lead smelter and refinery, a precious metals refinery, a copper plant and a zinc plant. In 2010, the Port Pirie smelter produced 179,000 tonnes of lead metal as compared to 208,000 tonnes and 220,000 tonnes in 2009 and 2008, respectively. Production in 2010 was reduced due to one planned and two unplanned outages of the blast furnace, but full production capacity was restored at the end of 2010.

Production process

The chart below summarizes the production process at Port Pirie:



Other operations

Australian Refined Alloys

ARA is a lead acid battery recycling 50/50 joint venture between Nyrstar and the Sims Group Ltd., an Australian metals recycling company. ARA operates two lead acid battery recycling facilities located near Sydney and Melbourne. ARA recycled approximately 4 million batteries in 2010 compared to 4.2 million and 4.4 million in 2009 and 2008, respectively. Lead production at ARA in 2010 was approximately 37.9 thousand tonnes compared to 38.5 thousand tonnes and 39.6 thousand tonnes in 2009 and 2008, respectively.

Galva 45

Galva 45 is a galvanizing facility 80 kilometers south of Paris and is 66% owned by Nyrstar with the remainder held by Tubex SA, a leading French maker of agricultural tubular components. 2010 production of galvanized steel parts was 41,000 tonnes, compared to 39,000 tonnes in 2009 and 54,000 tonnes in 2008, as a result of reduced demand in the automotive and agricultural industries. Galva 45 specializes in a variety of steel coating treatments and in particular specialty galvanizing of automotive parts (engine cradles, suspension arms, beams, bearings, etc.) and tubular products for use in the agriculture sector and livestock farming.

Genesis

Genesis Alloys Ningbo Ltd is a zinc die cast alloy producer with operations in China, and is a 50/50 joint venture between Nyrstar and the Lee Kee Group, a Hong Kong-based metals distribution company. Alloy production in 2010 was approximately 14,000 tonnes, compared to 12,000 tonnes in 2009 and 23,000 tonnes in 2008, as a result of the significant decline in demand for zinc alloys over this period.

Föhl

Föhl is a die casting facility located 50 kilometers from Shanghai, and is a 50/50 joint venture with Föhl Verwaltungs-und-Beteiligungs GmbH, which produces zinc die casting parts for the automotive, hardware and consumer goods industries. Machine hours were approximately 43,000 hours in 2010 compared to 25,000 hours in 2009 and 20,000 hours in 2008.

Commercial operations

In 2009, Nyrstar conducted a detailed review of the organizational structure of its marketing and sales functions. In order to streamline commodities purchasing and sales activities across Nyrstar, as from July 1, 2009 all trading activities (zinc, lead, related alloys and by-products) were carried out by a single group entity, Nyrstar Sales & Marketing NV and since July 1, 2010 these activities have been carried out by Nyrstar Sales & Marketing AG (a Swiss company). Furthermore, certain financing activities were transferred from Nyrstar Finance International NV to Nyrstar Finance International AG (a Swiss company) in January 2011. This group operates Nyrstar's centralized commercial operations function out of Zurich, with responsibility for:

- *Raw materials*—the purchase of all raw material consumed by Nyrstar's smelters, including concentrates, secondary feed material, metal for re-melt, alloying metals, coal and coke and by-products;
- *Sales*—the sale and/or swap of by-products and metal products produced or raw materials owned by Nyrstar (e.g. market and semi-finished metal and concentrates);
- *Supply chain*—the purchase of all logistical services required to carry out the purchasing of those items listed above and the sale and/or swap of the Sales items listed above; and
- *Hedging*—commodity price hedging (including but not limited to, zinc, lead, gold and silver prices and related foreign exchange hedging).

In addition, Nyrstar Sales & Marketing AG is responsible for formulating short and long term strategies related to managing energy costs (including gas and electricity) and will assist local sites with the purchase of energy and energy price hedging (although contracts are entered into between the supplier(s) and the relevant Nyrstar site).

Raw materials

A centralized purchasing team at Nyrstar Sales & Marketing AG is responsible for sourcing and securing Nyrstar's raw material requirements globally. The key goal is to secure the supply of raw materials on the most favorable commercial terms possible.

''Life-of-mine'' supply agreements with the Century and Rosebery mines owned by the Minerals and Metals Group secured approximately 45% and 8% respectively of Nyrstar's total zinc concentrate feed requirements in 2010. The Century mine is currently expected to reach its life-of-mine and thereby cease supplying Nyrstar's smelters by the end of 2015. Nyrstar management is accordingly 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, while rolling forward delivery terms where possible to future years, thereby building a long concentrate position ahead of the closure of the Century mine. The mines that have been acquired to date by Nyrstar (including the Talvivaara Zinc Streaming Agreement) once at full production (as expected to be by the end of 2012), will be capable of producing 335,000 tonnes of zinc in concentrate. This currently represents the equivalent of approximately 31% of Nyrstar's smelter feed requirements (based on smelting requirements at full capacity).

The balance of Nyrstar's supplies are currently secured under a combination of ''frame'' (fixed period) and ''evergreen'' (continuous) contracts which typically have one or two year cancellation notice periods. Nyrstar intends to continue to secure its feed requirements under such contractual arrangements, in order to, among other things, limit its exposure to spot market fluctuations.

Nyrstar currently has contracts with both mining companies and traders for raw materials, with feed supplied by Nyrstar's top five suppliers representing approximately 70% of Nyrstar's expected zinc concentrate requirements for 2011. More than 80% of Nyrstar's current concentrate portfolio is supplied under annual ''benchmark'' TC terms. These terms are intended to be consistent with the treatment charge agreed in contract settlements between major mines and smelters for the sale of zinc concentrate to smelters in Japan, Korea and Western Europe, which are regarded within the zinc industry as the ''benchmark'' for that calendar year.

The remainder of Nyrstar's supply contracts are either under long-term agreements directly with miners with multi-year fixed treatment charge terms (see ''The Mining and Smelting Industry'' for more details of treatment charges).

The vast majority of Nyrstar's supply contracts are under commercial terms that stipulate that the supplier is responsible for the arrangement and payment of transport and insurance. Where Nyrstar's smelters are favorably located relative to alternative purchasers, Nyrstar negotiates a location allowance with the supplier that is equivalent to a negotiated percentage of the difference between the total cost of delivery to Nyrstar's smelter and the supplier's average delivery cost to alternative purchasers. Where Nyrstar's supply contracts are under commercial terms that stipulate that Nyrstar is responsible for the arrangement and payment of transport and insurance, Nyrstar endeavors to negotiate a freight allowance. This is a discount that Nyrstar receives that is equivalent to the estimated total cost of delivery from the port of loading to the port of unloading in the relevant contract year.

Zinc sourced from suppliers of secondary feed material currently represents approximately 20% of Nyrstar's total feedstock. Both from a geographic and from a feed quality perspective, Nyrstar has a diverse portfolio of concentrates and secondary feed. This enables Nyrstar to optimize the distribution of raw materials amongst its plants.

The table below illustrates the forecast main zinc concentrate supply sources for Nyrstar's smelters on the basis of the total dry metric tonne requirements of Nyrstar's smelters operating at full capacity in 2011, assuming that all concentrate produced by Nyrstar's own mines is used internally by Nyrstar:

Zinc concentrate supply source	Forecast percentage of Nyrstar's zinc concentrate requirements in 2011
Minerals and Metals Group	50%
Glencore Group	6%
Summit	6%
GoldCorp	5%
Teck	3%
Nyrstar's own mines (including Talvivaara)	24%
Other	6%
Total	100%

Sales

Sales of metal and by-products are carried out centrally through Nyrstar Sales and Marketing with sales support from Nyrstar's regional support offices and local independent sales agents in certain

regions. The key goal is to sell Nyrstar's products on the most favorable commercial terms possible. Nyrstar intends to increasingly align its products and services to its customers' needs and markets, and Nyrstar continuously works to leverage its positions globally and improve its margins.

Nyrstar aims to sell all of its products and by-products under contracts so as to limit its exposure to spot market volatility.

Commodity metals

Nyrstar sells almost all of its commodity grade metal to the Glencore Group. In December 2008, Nyrstar entered into an off-take agreement with members of the Glencore Group (also a shareholder of the Company) in relation to Nyrstar's commodity grade zinc and lead metal. This agreement came into effect in January 2009 and has a term of five years. It provides for the supply by Nyrstar of quantities to be set by Nyrstar of its commodity grade zinc and lead metal on an exclusive basis (with certain exceptions) to Glencore for sale and marketing via Glencore's extensive global marketing and distribution network. The off-take agreement provides for prices based on the LME prices plus market-based, annually agreed premiums. In December 2009, Nyrstar and Glencore fixed the prices for a minimum quantity of zinc products for each of the calendar years 2010, 2011 and 2012. The Glencore off-take agreement allows Nyrstar to direct its main focus on growing its sales in the value-added zinc and lead alloys markets, while selling the commodity grade products at market premiums to the Glencore Group.

Approximately 20% of Nyrstar's sales in Europe (13.5% of global sales) are under multi-year fixed product-premium sale agreements with the Umicore group. Under these contracts, the Balen and Auby smelters sell zinc products such as zinc cathodes, liquid zinc and zinc ingots to several business units of the Umicore group under three separate contracts. One contract provides for the sale of zinc cathodes from the Auby plant to Umicore's Building Products business unit, which has a facility located adjacent to the Auby plant. The second contract provides for the sale of zinc cathodes from the Auby plant to Umicore's Engineered Metal Powders business unit, for delivery at the Overpelt plant of Umicore. The third contract provides for the sale of zinc cathodes and liquid zinc from the Balen smelter to Umicore's Zinc Chemicals business unit, located in Angleur, Belgium and Eijsden, The Netherlands. Under these contracts, the parties have a right to terminate the agreements with twelve months notice if they are unable to reach agreement on the premium pricing terms for 2012 and 2013 by the end of 2010. At the end of 2010, Nyrstar exercised its rights to terminate these contracts with the Umicore group as the parties were unable to reach an agreement on premium pricing terms for 2012. Nyrstar will continue to perform its obligations under these contracts until the end of 2011 and will continue in the first half of 2011 to negotiate with the Umicore group a new contract for these products. If a new agreement cannot be reached with the Umicore group for metal sales beyond 2011, Nyrstar will seek to sell the metal to other third parties.

Zinc alloys

Nyrstar sells the majority of its zinc alloys under contracts that are evergreen, with commercial terms negotiated annually. The terms of such contracts follow the market for commodity grade products but provide additional premia.

Sulphuric acid

The sulphuric acid that Nyrstar produces at its Hobart and Port Pirie smelters is sold under long-term off-take agreements with annual formula-based pricing adjustment mechanisms. In the United States and Europe more than 90% of Nyrstar's sulphuric acid production is sold pursuant to annual or multi-year contracts and evergreen contracts, most of which have been in place for many years.

Other by-products

Nyrstar sells the vast majority of its lead sulphates, a by-product of the zinc leaching process at Balen, Budel and Hobart, under contracts that are evergreen, with commercial terms negotiated annually with reference to the primary concentrate market. The rest of Nyrstar's by-products are predominantly sold under annual contracts.

Zinc concentrates

The zinc concentrate produced at Nyrstar's mines is not necessarily consumed by Nyrstar's smelters. Based on economic optimization, Nyrstar decides whether concentrate produced by Nyrstar's mines is most profitably consumed within Nyrstar's smelters, sold to third parties or swapped for concentrate produced by a third party mine. The main variables that dictate where concentrate produced by Nyrstar's mines are consumed are whether or not the mine is subject to an off-take agreement; the assay specifications of the concentrate and how efficiently the Nyrstar smelters can extract value from such concentrate and the location of the concentrate. Vertically integrating into mining provides Nyrstar not only with physical concentrate production that can potentially be used at Nyrstar's smelters (subject to the considerations described above), but also an attractive financial exposure to the operating margins that are available in zinc mining. Currently, zinc concentrate produced at Nyrstar Tennessee Mines is consumed locally by the Clarksville smelter and most of the zinc concentrate supplied under the Talvivaara Zinc Streaming Agreement is consumed by Nyrstar's European smelters.

The Campo Morado operation is subject to an off-take agreement with Trafigura Beheer B.V. The agreement covers 100% of the zinc and copper concentrates produced from the G-9 Mine until December 2014. See also ''Recent Development—Farallon Acquisition—Farallon's material contracts''.

Gold and silver doré

Nyrstar has a contract with the Metalor Group for the gold and silver doré produced at the Coricancha mine. Under the contract, Nyrstar has the option to receive payment for the gold and doré produced or receive the processed gold and silver metal in exchange for a processing fee.

Supply chain

Supply chain management provides services encompassing the delivery of feed material to Nyrstar's operating assets and the delivery of finished products and by-products to Nyrstar's customers. The objective is to co-ordinate the delivery of product in-full, on-time and in-specification to Nyrstar's customers at the lowest possible cost. The intent is to manage a supply chain operating to a lean and efficient cost model that operates seamlessly across the functional areas of the business.

Activities are separated into specific areas: Inventory Planning, Transport Planning and Scheduling and Commercial and Logistics Support.

Inventory Planning is responsible for continuously balancing supply and demand for in-bound feed material stocks, out-bound finished metals stocks and by-product stocks.

Transport Planning and Scheduling is responsible for managing and executing Nyrstar's transport requirements around all logistics movements for concentrates, finished metals and by-products and provides transport scheduling services and transport related problem resolution in relation to bulk vessel chartering, container movements (land and sea), rail, road and air. This department is also responsible for negotiating and managing third party logistics contracts.

The Commercial and Logistics Support area provides customer service and order management functions for sales. The team also fulfills all administrative support and co-ordination responsibilities for other supply chain functions.

Seamless operation of the supply chain is coordinated through an in-bound procurement and operations process for feed materials and out-bound sales and operations planning process for finished goods and by-products. These processes warrant cross-functional management of information and physical product movements and allow for the balancing of supply and demand within the supply chain. The processes are supported by comprehensive performance measurement and monitoring and by service level agreements between the supply chain team, other commercial operations' functions and each of Nyrstar's operating assets.

Hedging

Nyrstar undertakes short-term hedging transactions to cover the timing risk between raw material purchases and sales of metal and to cover the exposure on fixed-price forward sales of metal to customers as it remains exposed to the shape of the forward price curve for underlying metal prices.

The majority of Nyrstar's concentrates and metal purchases are based on the LME reference price in U.S. Dollars. The underlying metal price used to determine the amount Nyrstar pays for metal in the raw materials that it purchases is normally an average of the LME price over an agreed period of time, typically a month. Similarly, when Nyrstar sells its products, a portion of the price it charges is an average of the underlying metal price over an agreed period of time or a fixed forward metal price. If the underlying metal price were to be constant or flat, the price Nyrstar pays for the metal contained in the raw materials it purchases would be passed through to its customers as part of the price it charges them for its products. However, because of the lapse of time between the conversion of purchased raw materials into products and the sale of products, the volatility in the LME price creates differences between the average price Nyrstar pays for the contained metal and the price it receives for it. Accordingly, Nyrstar is exposed to any fluctuations in price between the moment it purchases raw materials (i.e., when Nyrstar ''prices-in'' the metal) and the moment Nyrstar sells products to its customers (i.e., when Nyrstar ''prices-out'' the metal). The times at which Nyrstar ''prices-in'' and ''prices-out'' are also referred to as ''Quotational Periods''.

At any given time Nyrstar is likely to hold metal, either as work-in-progress or stock on hand, that has been ''priced in'' but not ''priced out''. As this metal remains exposed to fluctuations in the underlying metal price until it is ''priced out'', Nyrstar calls this metal ''Metal at Risk''. The actual Metal at Risk at any given point in time will fluctuate with deliveries of raw materials and production levels. To the extent Nyrstar is unable to effectively manage (or hedge) its Metal at Risk, the results of its operations may be materially adversely affected. Nyrstar monitors Metal at Risk on a regular basis and undertakes hedging to mitigate the metal price exposure and the related currency exposure in what Nyrstar refers to as ''transactional hedging''.

The price of placing transactional hedges is dependent on whether future or ''forward'' prices are higher or lower than current or ''spot'' prices, as indicated by the shape of the forward underlying metal price curve. Future prices can be either higher or lower than current prices, depending on a range of factors and can change quite rapidly at times.

The hedges required to hedge Nyrstar's Metal at Risk position will be determined by whether the net position is positive, meaning Nyrstar has more metal ''priced-in'' than is ''priced-out'', or alternatively is negative, meaning Nyrstar has more metal ''priced-out'' than is ''priced-in''. If Nyrstar's Metal at Risk position is positive, then Nyrstar needs to offset this net ''priced-in'' exposure by an equivalent ''priced-out'' hedge, by selling metal on the LME. Where future prices are higher than current prices, this hedge will realize an equivalent profit, since the sold hedge will realize a higher price on maturity. If future prices are lower than current prices then this hedge will realize a cost for the reverse reason. If the Metal at Risk position is negative, then the reverse of these hedging strategies would be used.

Nyrstar also undertakes hedging transactions to cover the timing exposure between order and delivery on fixed-price forward sales of metal to customers. These transactions consist of purchasing LME futures for the same amount and delivery period in order to hedge the related price exposure.

Employees

Nyrstar's long-term sustainability depends on recruiting, training, developing and retaining a talented, dedicated and motivated workforce. The workforce at Nyrstar is comprised of 4,871 employees with 30% of Nyrstar's total personnel employed in Europe, 46% in the Americas (including Campo Morado) and 24% in Australia.

The table below illustrates the breakdown of employees across the Nyrstar business segments and geographic regions.

	As at December 31		
	2010	2009	2008
Corporate	199	162	239
Smelting	2,689	2,657	2,931
Mining[(1)]	1,983	471	0
Total	**4,871**	**3,290**	**3,170**
Australia	1,187	1,123	1,194
Europe	1,444	1,452	1,724
Americas[(1)]	2,240	715	252
Total	**4,871**	**3,290**	**3,170**

Note:

(1) Including the Campo Morado operation.

Management believes that Nyrstar has good relations with its employees. Terms and conditions of employment, including working hours, health and safety, disputes, termination of employment, vacations and benefits, are governed, in accordance with a variety of legislation, by collective bargaining agreements, individual agreements and common law contracts. As at December 31, 2010, Nyrstar had 4,450 employees spread globally across its corporate offices, smelting and mining sites (excluding the Campo Morado operation). Approximately 1,827 (more than 40%) of Nyrstar's employee's are members of a trade union. With the exception of the Clarksville smelter, each of the Nyrstar smelters has at least some unionized employees. Historically, the operations of certain Nyrstar smelting sites have from time to time experienced work stoppages and other forms of industrial action. The corporate offices and mining sites, with the exception of the Pucarrajo mine and the Campo Morado operation, do not have unionized employees.

Nyrstar's Australian smelters have a mix of unionized employees and non-unionized employees. As of December 31, 2010, the Hobart smelter had a workforce of approximately 468 employees and approximately 120 full-time equivalent contractors. Currently the Hobart smelter has 296 unionized employees that all work under enterprise agreements. Unionized operators at the Hobart smelter have an enterprise agreement that is due to be re-negotiated at the end of 2014 and unionized maintainers have an enterprise agreement that is due to be re-negotiated at the beginning of 2012.

As at the end of 2010, the Port Pirie smelter had approximately 705 employees. More than two thirds of the employees (approximately 513 employees) at the Port Pirie smelter are members of a trade union. Nyrstar has negotiated a three year enterprise agreement with the combined union council that is due to expire in April 2013. Negotiations for a new enterprise agreement with the combined union council are due to commence at the end of 2012.

All of Nyrstar's European smelters have relatively high levels of unionized employees. As at December 31, 2010, approximately 256 of the 283 employees at the Auby smelter, 504 of the 547 employees at the Balen and Overpelt smelter and 262 of the 437 employees at the Budel smelter were members of trade unions.

The Auby smelter has three main agreements in place with its unionized employees. These agreements are a salary agreement which is reviewed yearly, a bonus plan which is reviewed every three years (due for renewal in 2013) and an agreement over all terms and conditions of employment that does not have an end date. The agreement over all terms and conditions requires a 15 month notice period to commence a renegotiation. Three unions represent the unionized employees at the Auby smelter, the General Confederation of Labor, the French Democratic Confederation of Labor, and the French Confederation of Management.

Some of the terms and conditions of employment at the Budel smelter are settled through a collective labor agreement concluded between the FME-CWM Association (the association of enterprises in the technological industrial sector) and the employee unions. The current collective labor agreement entered into force on January 26, 2010 and will expire on December 31, 2011.

Unionized employees at the Balen and Overpelt smelter are currently represented by the ACV, ABVV, LBC and BBTK unions. Some of the terms and conditions of employment at the Balen and Overpelt smelter are regulated by collective labor agreements concluded at industry and site level. The majority of the site level collective labor agreements have an indefinite period. At industry level, framework collective labor agreements have typically a duration of two years and are due for renewal at the beginning of 2011.

All of Nyrstar's smelting operations in Europe have local Works Councils, which deal with matters affecting employees at local level. In accordance with Dutch legislation, the Budel smelter has a Works Council that is made up of employees that are elected to the council on an annual basis. Members of the Works Council do not have to have an affiliation to a labor union. Unionized employees at the Budel smelter are represented by De Unie, FNV Unions and ACV union. The Balen and Overpelt smelter has a Works Council whose employees' representatives are elected typically for a period of four years. The next elections of the employee representatives in the Works Council are expected to take place in 2012. The Auby smelter also has a Works Council with five employees' representatives who were elected for the 2009-2013 period.

In October 2009, a first meeting of the Special Negotiating Body was held in Brussels during which employee representatives from Nyrstar's operations in France, Belgium and the Netherlands as well as management representatives discussed setting up a European Works Council for Nyrstar as well as its operating rules. A European Works Council is an information and consultation body which deals with matters affecting Nyrstar's employees across more than one European country. In the absence of an agreement between the management of Nyrstar and the Special Negotiating Body within three years following the date on which the request to establish a European Works Council has been filed, a European Works Council will be automatically set up and will be governed by the subsidiary requirements as set forth in EWC Directive (94/45/EC).

The Campo Morado mine site has a mixture of unionized and non-unionized employees with unionized employees being employed under a collective bargaining agreement. The current collective bargaining agreement is in effect from September 1, 2010 until August 31, 2012. Mid-contract monetary negotiations are planned to occur prior to September 1, 2011.

Health and safety

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. In addition, Nyrstar has developed its own Health and Safety Policies which provide a clear statement of its commitment and establish its goals for health and safety management.

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 2012 as compared to Nyrstar's peers.

The most significant safety risks at Nyrstar's smelter sites relate to exposure to the hazards inherent in Nyrstar's operations such as: molten materials; dusts and fumes containing metals such as lead, cadmium, mercury, and arsenic; acidic liquids; working at height; electricity; materials handling; moving machinery and vehicles; and the manual nature of many of Nyrstar's tasks. At Nyrstar's recently acquired mining assets, the most significant risks are related to exposure to dust and diesel particulates; underground evacuation; fire; inundations; ground instability or rock falls; use of explosives and hoisting activities.

Nyrstar's key strategies for reducing the potential for workplace injury, and therefore the key areas where Nyrstar has opportunities to further improve are:

- systematic identification of hazards, risks and appropriate controls;
- standard best practice management systems, practices and procedures;

- a safe work culture where all individuals take responsibility for their own actions and also ensure that their colleagues are working safely; and
- strong and consistent safety leadership at frontline supervisor level.

The recordable injury rate, 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, decreased by 31%, down from 18.1 in 2009 to 12.4 in 2010. This reduction was due to a number of factors: continued management focus on safety; the introduction of groupwide initiatives such as Nyrstar's behavioral safety programs, the safety first standard and the audit program; and ongoing safety improvement efforts at the operational level.

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 2010, 17 critical incidents were reported, as compared to 14 in 2009. Both the reporting and prevention of such incidents will remain one of Nyrstar's main priorities going forward.

In addition to continuing to track recordable injuries and critical incidents, Nyrstar will also be developing a set of proactive safety performance indicators over the coming year, in line with Nyrstar's goal of preventing harm.

Tragically, despite Nyrstar's strong focus on safety, a contractor was fatally injured while working at the Hobart smelter in August 2009 and an employee was fatally injured in June 2010 during commissioning of the Coricancha mine.

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, and all mines are developing, formal site environmental management systems externally certified to ISO14001 to ensure appropriate focus and integration of environmental issues in its business. 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.

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 management of areas of historical disturbance and to management of water and tailings and waste from current mining activities. All sites have environmental improvement initiatives relating to reducing emissions and waste; and improving the efficiency of use of natural resources and energy. Where required or otherwise appropriate, environmental provisions are held for restoration of existing contamination and disturbance, with all material issues being reviewed annually.

There are a number of specific key environmental improvement initiatives currently planned to be undertaken at Nyrstar sites in the short to medium term. The ''ten for them'' campaign at Port Pirie Smelter in Australia, where the majority of Nyrstar's lead is produced, has the goal of reducing blood lead levels of the city's children between 0 to 4 years of age to under 10 micrograms per deciliter in line with World Health Organization Standards. Work to reduce emissions from the Port Pirie Multi Metals Recovery plant is on-going and community initiatives to support exposure reduction through nutritional programs, personal hygiene, dust suppression and greening will also continue. At the Balen and

Overpelt sites (Belgium), management has instituted a program to install interception and recovery systems for historically contaminated groundwater.

Contaminated groundwater and containment of stormwater run-off are ongoing projects at the Hobart smelter (Australia), as well as treatment and disposal of historical by-product and waste stockpiles. At Auby (France), final capping is underway for two closed process residue landfills and upgrading of the capping is required for a further historical process residue pond area. At the Coricancha mine (Peru), relocation of tailings from the existing location up-grading of the process plant to a new facility remote from the plant is underway as part of actions agreed after land instability issues in 2007. A number of progressive closure actions will be completed at all Nyrstar mines in the medium term to reduce final mine closure liability.

Zinc production, particularly zinc smelting, is an energy intensive industry, so energy efficiency is important to Nyrstar and it is putting formal processes in place to assess ways in which it can reduce its carbon footprint. Regions in which Nyrstar operates, in particular the EU and Australia, are introducing or are expected to introduce carbon trading schemes which will impact on Nyrstar's operations, particularly smelter energy costs. The exact impact of those schemes is yet to be determined as the relevant legislation is yet to be finalized. Nyrstar's smelters in both the EU and Australia have been formally recognized as Energy Intensive Trade Exposed Industries, and will therefore qualify for some level of transitional assistance until a more level playing field is established with respect to global carbon pricing.

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 are assessed. An element of the program is a review of significant environmental risk issues and their potential costs over the medium term. This review of all wholly owned Nyrstar sites is carried out on a routine basis in conjunction with a third party environmental consultant (ERM). The last review was conducted in November 2010, in which no new material issues were identified. The consultants use a probabilistic modeling approach including estimates of probability of occurrence, timing and cost as model inputs. The modeled results are used for internal planning purposes and are also used as an input to inform an internal process for the annual environmental provisions review. Annually Nyrstar's auditors review environmental provisions to ensure levels are maintained in accordance with applicable accounting principles.

There were 28 minor recordable environmental incidents in 2010, four more than in 2009, although the 2010 total also includes the additional mining assets (see ''Annex A—Glossary of Key Industry Terms'').

Corporate social responsibility

A recent Nyrstar initiative has been the decision to create the Nyrstar Foundation, an initiative that is intended to provide opportunities for Nyrstar to contribute in a meaningful way to significant broader sustainability issues facing humanity. The Nyrstar Foundation is part of Nyrstar's overall Corporate Social Responsibility (''**CSR**'') program that to date has focused on strengthening community relations at site level.

Management believes that Nyrstar's business depends on a culture of growth, innovation and sustainability. It is intended that the Nyrstar Foundation will support charitable initiatives that improve the quality of life in our changing world. The intention will be to support creative, innovative and break-through initiatives that are aimed at improving conditions relating to health, the environment, education or social welfare.

Support will be targeted to initiatives that may otherwise be experiencing difficulty in obtaining support through other, perhaps more traditional, means, or who may be lacking the resources to see their ideas developed. The foundation will provide financial support in addition to other support—for example, Nyrstar volunteers.

The Nyrstar Foundation will operate under the leadership of a governing body comprising a Chairperson and senior executives of Nyrstar and will be administered by Nyrstar corporate employees.

The Nyrstar Foundation is expected to be formally launched during 2011 and will form a part of the Nyrstar CSR program, which is driven by Nyrstar's desire to improve the environments, and communities in which it operates.

To date the current focus of the Nyrstar CSR program has been focused on strengthening community relations at the site level. This is demonstrated through programs that Nyrstar have already established such as the ''ten for them'' campaign in Port Pirie in South Australia, the aim of which is to lower blood lead levels of local children, and in the ''Right to Play'' campaign in Peru, which is aimed at improving the educational opportunities of the country's children.

The establishment of the Nyrstar Foundation will enhance Nyrstar's focus on CSR at a corporate level.

Depending upon its success, consideration may also be given to extending the scope of the Nyrstar Foundation more broadly across the company.

Insurance

Applicable laws in certain of the jurisdictions in which Nyrstar operates require it to insure against certain limited risks. Through a number of international insurers, Nyrstar maintains insurance policies that cover its liability for death or injury to workers, liability insurance for operators of its vehicles as well as directors and officers insurance. Nyrstar also maintains policies covering certain contamination risks and medical care for certain employees. It maintains property insurance, which protects against losses relating to its assets and certain aspects of business interruption for its smelters, and freight insurance, which protects against losses relating to the transport of its equipment, product inventory and concentrates. Nyrstar's insurance is in full force and effect with all due premiums paid. Nyrstar believes that its insurance coverage is broadly in line with that of similar companies in the same industry. However, Nyrstar's insurance does not cover every potential risk associated with its operations. In particular, meaningful coverage at reasonable rates is not obtainable by Nyrstar or other companies within the industry for certain types of environmental hazards, such as pollution, asbestos contamination or other hazards as a result of the disposal of waste products. Although Nyrstar maintains insurance to protect against certain risks in such amounts as it considers appropriate, these insurance arrangements will not cover all the potential risks associated with the Company's operations. See also ''Risk Factors—Risks relating to Nyrstar's business and industries—Nyrstar is subject to a number of operational risks, and its insurance cover could be inadequate''.

Property

All of the material real property used by Nyrstar is either owned freehold or pursuant to long-term leases.

Intellectual property/research & development, patents & licenses

Nyrstar does not rely on any material patents or licenses to conduct its operations.

Information technology

Nyrstar does not rely on any material information technology to conduct its operations.

Legal proceedings

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.

Material contracts

In December 2008, Nyrstar entered into an off-take agreement with members of the Glencore Group (also a shareholder of the Company) with respect to Nyrstar's commodity grade zinc and lead metal. This agreement came into effect in January 2009 and has a term of five years. It provides for the supply by Nyrstar of quantities to be set by Nyrstar of its commodity grade zinc and lead metal on an exclusive basis (with certain exceptions) to Glencore for sale and marketing via Glencore's extensive global marketing and distribution network. The off-take agreement provides for prices based on the LME prices plus market-based, annually agreed premiums.

In May 2008, Farallon entered into a silver streaming agreement with Silver Wheaton Corp. to sell to it 75% of the silver produced from the Campo Morado operation. Pursuant to the agreement, Silver

Wheaton paid an up-front deposit of US$80 million in cash to Farallon. Upon delivery of the silver, Silver Wheaton pays Farallon a fixed amount per ounce of silver produced equal to the lesser of (a) US$3.90 and (b) the spot price at the time of sale (subject to a 1% annual adjustment starting in the third year of silver production); the difference between the spot price and US$3.90 (if less than the spot price) is deducted from the up-front deposit until the deposit is reduced to nil.

For information on the streaming agreement with Talvivaara Sotkamo Limited, see ''—Talvivaara Zinc Streaming Agreement'' above.

For information regarding Nyrstar's material finance-related contracts, see ''Operating and Financial Review and Prospects—Liquidity and capital resources''.

The foregoing agreements have been entered into on arm's length terms.

Corporate

The following table shows the principal operating direct or indirect wholly-owned subsidiaries of Nyrstar NV.

Company name	Percentage of ownership	Principal activity	Country of incorporation
Nyrstar Finance International AG	100%	Group finance company	Switzerland
Nyrstar Sales and Marketing AG	100%	Commercial operations	Switzerland
Nyrstar France SAS	100%	Auby smelter	France
Nyrstar Belgium NV	100%	Balen smelter and Overpelt site	Belgium
Nyrstar Budel B.V.	100%	Budel smelter	The Netherlands
Nyrstar Clarksville Inc	100%	Clarksville smelter	USA
Nyrstar Hobart Pty Ltd	100%	Hobart smelter	Australia
Nyrstar Port Pirie Pty Ltd	100%	Port Pirie smelter	Australia
Nyrstar Tennessee Mines—Strawberry Plains LLC and Nyrstar IDB LLC	100%	East-Tennessee Zinc mines (Young, Immel and Coy)	USA
Nyrstar Tennessee Mines—Gordonsville LLC	100%	Mid-Tennessee Zinc mines (Gordonsville, Elmwood and Cumberland)	USA
Compañía Minera San Juan (Perú) S.A.	100%	Coricancha mine	Peru
Minera Huallanca S.A.	100%	Contonga and Pucarrajo mines	Peru
Nyrstar Canada (Holdings) Ltd	100%	Campo Morado operation holding company	Canada
Farallon Minera Mexicana S.A. de C.V.	100%	Campo Morado operation	Mexico

RECENT DEVELOPMENT—FARALLON ACQUISITION

Summary

As part of Nyrstar's corporate development program, Nyrstar regularly reviews the activities of other mining and metal companies to identify opportunities, including assets which may be complementary to existing operations and which support Nyrstar's strategy to further vertically integrate into mining. Farallon was identified as such an opportunity in July 2010. Following meetings and due diligence, on November 15, 2010, Nyrstar announced that it had entered into a binding support agreement with Farallon Mining Ltd. (''**Farallon**''), pursuant to which Nyrstar had agreed to make an all cash offer to acquire all of the issued and outstanding shares of Farallon by way of a friendly take-over offer at a price of CAD0.80 per common share (the ''**Farallon Offer**''), valuing Farallon's equity at approximately CAD409 million (€296 million) on a fully diluted basis. The Farallon Offer represented a premium of 23% to Farallon's closing share price of CAD0.65 on the Toronto Stock Exchange (the ''**TSX**'') on November 12, 2010 and a premium of 32% to Farallon's volume weighted average price of CAD0.61 on the TSX for the 20 trading days prior to the announcement of the Farallon Offer.

On November 15, 2010, Nyrstar and Farallon entered into a support agreement, which sets out the terms and conditions upon which Nyrstar agreed to make the Farallon Offer, and Farallon agreed to support and recommend that its shareholders accept the offer. On November 23, 2010, Farallon's board of directors formally published their unanimous recommendation that shareholders tender their shares in favor of the Farallon Offer. Paradigm Capital Inc. had provided an opinion to the Farallon board of directors that the consideration to be received by Farallon shareholders under the Farallon Offer would be fair, from a financial point of view, to the Farallon shareholders. Lock-up agreements to tender in favor of the Farallon Offer were entered into with each Farallon director and executive officer and with Acuity Investment Management (representing in aggregate holders of approximately 18.9% of Farallon's outstanding common shares on a fully diluted basis).

At 5.00 p.m. on January 5, 2011 (the expiry date of the Farallon Offer), Farallon shareholders representing 93.7% of the outstanding common shares had accepted the Farallon Offer. Accordingly, as Farallon shareholders representing in excess of 90% of outstanding common shares had accepted the Farallon Offer, pursuant to section 300 of the Business Corporations Act (British Columbia), Nyrstar initiated on January 14, 2011 a compulsory acquisition of the remaining common shares from the shareholders who had not accepted the Farallon Offer. Under the terms of the compulsory acquisition, shareholders of Farallon were offered the same consideration of CAD0.80 in cash for each common share acquired by the acquisition procedure. The compulsory acquisition is expected to be completed by the end of the first quarter of 2011. As of the date of this Prospectus, Nyrstar owns 93.7% of the common shares of Farallon. Farallon, listed on the TSX under the symbol FAN, is expected to be de-listed by the end of the first quarter of 2011.

In conjunction with the take-up of shares of Farallon, Farallon's board of directors and officers resigned in favor of Nyrstar's representatives and were replaced by Roland Junck (Nyrstar's Chief Executive Officer), Michael Morley (Nyrstar's Chief Corporate and Development Officer) and Greg McMillan (Nyrstar's Chief Operating Officer). Nyrstar expects to close the head office of Farallon in Vancouver by the end of May 2011.

Description of Farallon

Farallon is a Canadian mining company which was incorporated under the laws of British Columbia on July 4, 1991 under the name Farallon Resources Ltd., which was subsequently changed to Farallon Mining Ltd. in May 2009. Farallon's head office is located at Suite 428 - 800 West Pender Street, Vancouver, British Columbia V6C 2V6. Farallon's operations are conducted primarily through its wholly owned subsidiary, Farallon Minera Mexicana S.A. de C.V.

Since 1995 Farallon has been engaged in the business of acquiring ownership of, exploring, developing and operating precious and base metals deposits in Mexico. Farallon currently has six government-granted mining concessions in respect of approximately 12,000 hectares of land located 160 kilometers south-southwest of Mexico City in Guerrero State, Mexico (the ''**Campo Morado operation**''). Five primary mineral deposits (G-9, El Largo, El Rey, Naranjo and Reforma) and a number of other, less well-defined mineralized occurrences have been identified at the Campo Morado operation. The G-9 mineral deposit comprises high-grade zinc, copper, lead, silver and gold.

Farallon commenced exploration activities at the Campo Morado operation in November 1995. Between November 1998 and August 2004, its exploration activities temporarily ceased due to unfavorable metal prices. Farallon recommenced its exploration activities in August 2004 following an improvement in market conditions. In June 2005, it discovered very significant grades of zinc in the G-9 mineral deposit. Following further detailed analysis, Farallon commissioned the construction of a mine on the G-9 mineral deposit (the ''**G-9 Mine**''). Construction of the G-9 Mine was completed at the end of October 2008 at a total cost of US$149.7 million, and Farallon first achieved commercial production at the G-9 Mine in April 2009. Having suspended its exploration activities at the Campo Morado operation in order to focus on the construction and ramp-up of the G-9 Mine in July 2008, Farallon resumed exploration activities at the Campo Morado operation in October 2009.

In 2010, Farallon's G-9 Mine produced approximately 42,000 tonnes of zinc in concentrate, 4,000 tonnes of copper in concentrate, 1.8 million troy ounces of silver and 19,000 troy ounces of gold, generating operating earnings of US$33.7 million and US$7.0 million in cashflow from operations. As at December 31, 2010, Farallon had US$20.9 million of cash and cash equivalents. Capital expenditure in 2010 amounted to US$11.2 million.

For further information on the Farallon assets, see ''—Selected consolidated financial information of Farallon'' below.

Rationale for the acquisition

As part of Nyrstar's corporate development program, Nyrstar regularly reviews the activities of other mining and metal companies to identify opportunities, including assets which may be complementary to existing operations and which support Nyrstar's strategy to further vertically integrate into mining. Farallon was identified as such an opportunity in July 2010 and following meetings and due diligence, Nyrstar launched an offer for Farallon, as announced on November 15, 2010.

The acquisition is in line with Nyrstar's strategy to selectively pursue opportunities in mining and will further strengthen Nyrstar's operating cluster in the Americas. Acquiring and operating additional mines in the same geographic area as existing assets has created, and will create further synergies, through shared technical expertise, increased regional purchasing power and commercial strength.

As part of its acquisition strategy, in addition to the Farallon Acquisition (for approximately €296 million), since 2009, Nyrstar has acquired mines in the United States (Nyrstar Tennessee Mines, for an aggregate of approximately €96 million), Peru (Coricancha for approximately €14 million and Contonga and Pucarrajo for approximately €26 million), entered into the innovative Talvivaara Zinc Streaming Agreement (for approximately €243 million), and acquired interests in mining development projects in Chile (Herencia Resources plc) and Northern Greenland (Ironbark Zinc Limited).

Nyrstar has begun to integrate Farallon's business operations with its other mining operations. As a result of the acquisition, Nyrstar's capacity for zinc metal production will increase from the equivalent of approximately 25% to approximately 31% of Nyrstar's zinc raw material requirements, once all mining assets are fully ramped-up as Nyrstar expects by the end of 2012 (based on smelting operations at full capacity). Furthermore, once at full production, the Campo Morado operation is expected to have a C1 cash cost of less than US$500 per tonne of payable zinc. Management thus expects the acquisition to reduce Nyrstar's aggregate Mining segment C1 cash costs to less than US$1,000 per tonne by 2012 once all Nyrstar mining operations, including the Campo Morado operation, are at full production, helping to provide for the long term sustainability and profitability of Nyrstar's business.

Nyrstar is currently ramping-up production at the G-9 Mine to an expected rate of 2,500 tonnes of ore per day by the end of 2012, representing production of approximately 70,000 tonnes per annum of zinc in concentrate, 8,000 tonnes of copper in concentrate, 7,000 tonnes of lead in concentrate, 3 million troy ounces of silver and 35,000 troy ounces of gold.

Financing the acquisition

The Farallon Acquisition was financed on the basis of existing financial means and credit facilities.

Farallon's material contracts

In May 2008, Farallon entered into an agreement with a subsidiary of Silver Wheaton Corp. (''**Silver Wheaton**'') to sell to Silver Wheaton 75% of the payable silver produced from the Campo Morado

operation. Pursuant to the agreement, Silver Wheaton paid an up-front deposit of US$80 million in cash to Farallon. Upon delivery of the payable silver, Silver Wheaton pays Farallon a fixed price payment per ounce of payable silver produced equal to the lesser of (a) US$3.90 and (b) the spot price at the time of sale (subject to a 1% annual adjustment starting in the third year of silver production); the difference between the spot price and US$3.90 (if less than the spot price) is deducted from the up-front deposit until the deposit is reduced to nil. For accounting purposes, the US$80 million payment is treated as deferred revenue, which is amortized on a payable units delivered basis. On the income statement, this amortization represents non-cash income.

In August 2010, Farallon extended its ''off-take'' agreement with Trafigura Beheer B.V., through December 2014, for the sale of its full production of zinc and copper concentrate produced at the G-9 Mine. Farallon also has off-take agreements with Trafigura for the sale of its full production of lead concentrate through July 2011. For zinc, a fixed Treatment Charge has been negotiated for tonnage shipped between July 1, 2010 and March 30, 2011. From April 1, 2011 to September 30, 2012, a discount over the benchmark Treatment Charge will be applied to 50% of zinc concentrates production and starting October 1, 2012, a discount over the benchmark treatment charges will apply to 100% of Farallon production of zinc concentrates. In the case of copper concentrates fixed Treatment Charges and Refining Charges apply; however, from August 2011 benchmark treatment and refining charges will be applied.

Farallon was previously the borrower under a US$36 million bilateral credit facility with Credit Suisse, which was refinanced on more favorable terms in connection with the acquisition. See ''Operating and Financial Review and Prospects—Liquidity and capital resources—Funding sources''.

Farallon's legal proceedings

Over the past eleven years, Mr. David Hermiston, a former shareholder of the company from which Farallon acquired the Campo Morado operation has filed a number of complaints with various authorities in Mexico, Canada and the United States alleging that Farallon and its directors had committed certain criminal acts and/or challenging various ownership rights in relation to the Campo Morado operation. In each case, those authorities have ruled that they found no evidence of any criminal misconduct and/or dismissed his challenges to Farallon's ownership rights in relation to the Campo Morado operation. Mr. Hermiston has lost his final appeal on all outstanding allegations, and legal costs have been awarded to Farallon.

Similar claims were brought in Mexico by Wiltz Investment S.A; in 2009 Wiltz lost its final appeal against an earlier ruling in favor of Farallon.

In 2009 and 2010, Farallon filed four suits in the Supreme Court of British Columbia in respect of various defamatory statements concerning Farallon that were posted on the internet, including the website www.stockhouse.com. The defendants in each case are believed to be associated with Mr. Hermiston. Three of these cases are in the discovery phase with no trial dates having been set. With respect to the fourth, Farallon was awarded US$100,000 in damages as well as legal costs and is actively taking steps to enforce and collect the judgment.

Farallon's reserves and resources

The following are summaries of the most recent NI 43-101 compliant reserve and resource statement for the G-9 deposit and resource statement for the other deposits.

G-9 Mineral Resources and Mineral Reserves*, December 31, 2009

Resource Class	Tonnes (kt)	Zn (%)	Cu (%)	Ag (g/t)	Au (g/t)
Proven Mineral Reserves	525	10.36	1.28	274	3.69
Probable Mineral Reserves	1,425	9.87	1.37	187	2.77
Total Reserves	**1,950**	**10.00**	**1.34**	**211**	**3.03**
Measured Resource	1,418	8.65	1.23	239	3.64
Indicated Resource	1,606	10.04	1.39	185	2.72
Inferred Resource	930	9.17	1.14	187	2.50
Total Resource	**3,954**	**9.34**	**1.27**	**205**	**3.00**

* Mineral resource inclusive of mineral reserve with a 3% zinc grade cut-off grade

Additional Deposit Resources, December 31, 2009**

	Category	Tonnes (kt)	Zn (%)	Cu (%)	Ag (g/t)	Au (g/t)
South West Zone	Inferred	242	6.10	0.83	169	2.51
El Largo	Indicated	2,860	6.69	0.34	124	0.79
	Inferred	241	6.43	0.42	151	1.41
El Rey	Indicated	323	5.88	0.53	162	2.98
Naranjo	Indicated	577	6.00	0.66	178	3.11
Reforma	Indicated	1,173	5.90	0.58	262	4.74
Total	**Indicated**	**4,933**	**6.37**	**0.45**	**166**	**2.14**
	Inferred	**483**	**6.26**	**0.63**	**160**	**1.96**

** Using 5% zinc grade cut-off grade

For further information, investors should read the ''Technical Report on the January 2010 Mineral Resource and Mineral Reserve Estimates For G-9 Polymetallic Mine, Campo Morado Project, Guerrero State, for Farallon Mining Ltd. by Stephen J. Godden, FIMMM, C.Eng., S. Godden and Associates Ltd, Peter Taggart, P.Eng., P. Taggart and Associates, J. David Gaunt, P.Geo., Hunter Dickinson Services Inc. and Michael Robertson, P.Eng., Knight Piesold Ltd., Report Date: March 31, 2010; Effective Date: December 31, 2009'' available at www.SEDAR.com, which is incorporated by reference herein.

Selected consolidated financial information of Farallon

The following tables present selected consolidated financial information of Farallon and its subsidiaries for the year ended June 30, 2008, the six months ended December 31, 2008 and the years ended December 31, 2009 and 2010 which has been derived from and should be read in conjunction with the audited consolidated financial statements of Farallon as of and for the year ended June 30, 2008, the six months ended December 31, 2008 and the years ended December 31, 2009 and 2010 as set out beginning on page FF-1. The Farallon Financial Statements have been prepared in accordance with Canadian GAAP and audited by KPMG LLP. In addition, the Farallon Financial Statements include supplemental financial information in respect of significant differences between Canadian GAAP and IFRS (as promulgated by the IASB) as of and for the year ended December 31, 2010 as set out in note 18. Farallon changed its financial year from June 30 to December 31 in 2008 and, as a result, the tables below include a six-month fiscal period (for the six months ended December 31, 2008).

The following table sets out the principal components of Farallon's consolidated statements of operations and comprehensive loss for the periods indicated in Canadian GAAP.

thousands of U.S. Dollars, except per share data	For the year ended June 30 2008	For the six months ended December 31 2008	For the year ended December 31 2009	For the year ended December 31 2010
Gross revenues	—	—	89,137	134,991
Operating costs and expenses[1]	—	—	(86,323)	(101,264)
Earnings from operations	**—**	**—**	**2,814**	**33,727**
Other costs and expenses[1]	(47,956)	(40,096)	(18,491)	(25,335)
Net income/(loss) for the period	**(47,956)**	**(40,096)**	**(15,677)**	**8,392**
Basic and diluted earnings/(loss) per share	**(0.15)**	**(0.11)**	**(0.04)**	**0.02**

Note:

(1) Accretion of reclamation obligation expenses has been reclassified as an Operating cost and expense in the Farallon Financial Statements for the year ended December 31, 2010 and in the 2009 comparative data. Within the Farallon Financial Statements for the year ended December 31, 2009, six months ended December 31, 2008 and year ended June 30, 2008, Accretion of reclamation obligation expenses are classed within Other costs and expenses.

The following table sets out the principal components of Farallon's consolidated balance sheet for the periods indicated in Canadian GAAP.

thousands of U.S. Dollars	As of December 31 2008	2009	2010
Current assets	31,698	39,318	46,118
Property, plant and equipment	127,860	127,530	126,111
Total assets	**159,558**	**166,848**	**172,494**
Current liabilities	48,225	24,435	26,321
Other long-term liabilities	81,374	99,379	86,990
Shareholders' equity	29,959	43,034	59,183
Total liabilities and shareholders' equity	**159,558**	**166,848**	**172,494**
Working capital	**(16,527)**	**14,883**	**19,797**

Farallon's results of operations for the years ended December 31, 2010 and 2009

For Farallon, 2010 was the first full year of operation since completing commissioning of its G-9 Mine and mill on April 1, 2009. The focus for the year was continuing ramping-up mine operations to improve ore output. Farallon continued investment into an exploration drilling program at Campo Morado focused primarily on near-mine targets to build mineral reserves and resources and to increase the G-9 Mine life. Net earnings for the year ended December 31, 2010 were US$8.4 million, compared with losses of US$15.7 million for the year ended December 31, 2009. The increase in net earnings resulted from the following factors:

Farallon recorded gross revenues from the sale of copper, zinc and lead concentrates totaling US$135.0 million less treatment and refining costs totaling US$30.6 million and transportation costs totaling US$8.1 million for net sales of US$96.3 million in the year ended December 31, 2010 compared to net sales of US$53.2 million in the year ended December 31, 2009.

Farallon's operating expenses consisted of cost of sales totaling US$46.4 million and royalties totaling US$3.0 million in the year ended December 31, 2010 compared to US$37.4 million and US$1.8 million respectively in the year ended December 31, 2009.

In the year ended December 31, 2010 Farallon's depreciation, depletion and amortization expenses totaling US$13.0 million were included in operating expenses compared to US$11.0 million in the year ended December 31, 2009.

Farallon's exploration expenses significantly increased from US$0.9 million in the year ended December 31, 2009 to US$6.0 million in the year ended December 31, 2010. This is due to recommencement of the exploration program at Campo Morado during the fourth quarter of 2009.

Foreign exchange losses of US$0.5 million were incurred in the year ended December 31, 2010 compared to US$3.1 million in the year ended December 31, 2009. This resulted from a strengthening Mexican Peso and Canadian Dollar compared to Farallon's reporting currency of U.S. Dollars.

Farallon's interest expense decreased from US$4.3 million in the year ended December 31, 2009 to US$2.5 million in the year ended December 31, 2010. This decrease was the result of the repayment of promissory notes during the second quarter of 2009 using a lower interest term loan facility secured with Credit Suisse.

During 2010 amendments to the term loan facility agreements resulted in a settlement of the original loan for accounting purposes; consequently, Farallon recorded a one time charge of US$1.1 million, which included unamortized costs of the original term loan agreement and financing fees paid as part of the modifications of the current debt instrument.

Farallon's general and administration costs in 2010 were US$10.4 million compared with US$6.8 million in the year ended December 31, 2009. The increase reflects increased operating activity during 2010 compared to 2009.

Farallon's stock-based compensation, a non-cash item, increased from US$2.1 million in the year ended December 31, 2009 to US$3.5 million in the year ended December 31, 2010 due to the granting of more options in 2010 and previously granted options being fully expensed.

Farallon's results of operations for the year ended December 31, 2009 and the six months ended December 31, 2008

For Farallon, 2009 was a year focused on completing commissioning of its G-9 Mine and mill, ramping up mine and mill operations to achieve design throughput and mill optimization. Farallon successfully transformed from a development and exploration company into an operating company and recorded the first revenues in its history. Net losses for the year ended December 31, 2009 were US$15.7 million, compared with losses of US$40.1 million for the six months ended December 31, 2008. The decrease in net losses resulted from the following factors:

Farallon recorded gross revenues from the sale of copper, zinc and lead concentrates totaling US$89.1 million less treatment and refining costs totaling US$29.5 million and transportation costs totaling US$6.5 million for net sales of US$53.2 million in the year ended December 31, 2009 compared to zero net sales in the six months ended December 31, 2008.

Farallon's operating expenses resulting from the commencement of commercial production consisted of cost of sales totaling US$37.4 million and royalties totaling US$1.8 million in the year ended December 31, 2009 compared to nil in the six months ended December 31, 2008.

Farallon's depreciation, depletion and amortization expenses in the year ended December 31, 2009 totaling US$11.0 million were also included in operating expenses. In the six months ended December 31, 2008 depreciation, depletion and amortization totaling US$4.1 million was recorded as an expense below operating earnings.

Farallon's commissioning expenses were nil in the year ended December 31, 2009 compared to US$19.1 million in the six months ended December 31, 2008 as Farallon started commercial production and recorded its first sales.

Farallon's exploration expenses decreased by 75% from US$3.7 million in the six months ended December 31, 2008 to US$0.9 million in the year ended December 31, 2009. Exploration activities during the first three quarters of 2009 were put on hold as Farallon focused its financial resources on operations. The exploration program recommenced during the fourth quarter of 2009.

Farallon suffered a foreign exchange loss of US$3.0 million in the year ended December 31, 2009. This resulted from a strengthening Mexican Peso and Canadian Dollar compared to Farallon's reporting currency in U.S. Dollars.

Farallon's interest expense increased from US$3.8 million in the six months ended December 31, 2008 to US$4.3 million in the year ended December 31, 2009. On an annual basis the interest and accretion on long-term debt and the September and October 2008 notes payable decreased in the year ended December 31, 2009. This decrease was the result of a lower interest rate on the long-term debt that replaced the notes payable in the second quarter of 2009.

Farallon's office and administration costs in 2009 were US$4.5 million compared with US$3.3 million in the six months ending December 31, 2008. On an annual basis office and administration costs were lower during 2009 resulting from a reduction of administration related to the construction of the mill during the prior year.

Farallon's stock-based compensation, a non-cash item, increased from US$0.3 million in the six months ending December 31, 2008 to US$2.1 million in the year ended December 31, 2009 due to the granting of more options in 2009 and previously granted options being fully expensed.

Farallon's other expenses are comprised mainly of legal, audit and accounting expenses of US$1.9 million in 2009 compared to US$1.3 million in the six months ended December 31, 2008. On an annual basis these expense have decreased from the six months ended December 31, 2008 due to the conclusion of several litigation cases in the first quarter of 2009 and the corresponding decrease in legal fees. Included in other expenses in 2009 was a one time charge of US$1.3 million for the extinguishment of the September 2008 notes payable.

Non-GAAP performance measures

Non-GAAP performance measures are provided to furnish further information about Farallon and its mining operations. These performance measures are included as statistics which are key performance measures that Farallon's management uses to monitor operations for assessment of progress, development of plans and as a measure of the overall effectiveness and efficiency of the mining operations. These performance measures do not have a meaning within GAAP and therefore statistics presented may not be directly comparable to similar statistics presented by other companies. These performance measures should not be considered as a substitute for GAAP performance measures and should not be viewed in isolation.

C1 Cash cost per pound of payable zinc

C1 Cash costs for the Campo Morado operation are estimated by adding the total cost to produce concentrate (mining, milling, general and administration, and power), adding the cost of transporting concentrate to the point of sale, adding the cost of smelter treatment and refining charges, subtracting the by-product credits estimated from sales of copper, lead, silver, gold and dividing by the pounds of payable zinc. By-product credits are calculated using average metal prices for all metals, during the year. Cash costs per payable pound of zinc are therefore calculated in the same way as C1 cash costs, save for the latter being measured in metric tonnes rather than imperial pounds. There are no estimates for the comparable periods of the six months ended December 31, 2008 as the G-9 Mine had not commenced operation.

	For the year ended December 31, 2009	For the year ended December 31, 2010
Non GAAP reconciliation		
Production payable Zinc (1,000 lb)	70,258	77,365
Cost of sales per financial statements (US$1,000)	37,429	46,376
Inventory adjustment (US$1,000)	(1,109)	829
Production Cost (US$1,000)	36,320	47,205
C1 cash cost per payable pound of zinc (US$/lb)		
Production Cost	0.52	0.61
Treatment and refining charges—estimated	0.34	0.40
Transportation costs—estimated	0.10	0.11
By-product credits—estimated	(0.51)	(0.79)
C1 cash cost per payable pound of zinc (US$/lb)	**0.44**	**0.31**

Discussion of unaudited illustrative financial impact on Nyrstar of the acquisition of Farallon

The following table presents the unaudited illustrative impact on Nyrstar of the acquisition of Farallon presented solely for illustrative purposes. Nyrstar acquired 93.7% of Farallon's outstanding share capital and control of Farallon on January 5, 2011, after the December 31, 2010 balance sheet date for both companies.

The presentation below presents Revenues and Total Assets of both entities pursuant to IFRS, with Farallon's IFRS information in column (a) having been extracted without adjustment from note 18 to the

Farallon Financial Statements and Nyrstar's IFRS information in column (c) having been extracted without adjustment from the Nyrstar Financial Statements. The non-IFRS financial measure of EBITDA was compiled using IFRS data. IFRS requires a number of estimates, judgments and assumptions. Those estimates, judgments and assumptions used by Farallon in preparing its IFRS information may differ substantially from those employed by Nyrstar in preparing its accounts.

The data below is for illustrative purposes only and does not purport to be representative of the actual financial conditions or result of operations that would have resulted if the acquisition had occurred on January 1, 2010 (with respect to Revenue and EBITDA) or December 31, 2010 (with respect to Total Assets). The data below does not reflect any possible cost savings or any special items such as redundancy payments or restructuring and integration costs associated with the acquisition. Further, because the acquisition has only recently occurred, Nyrstar has not been able to finalize the purchase price allocation for the Farallon Acquisition. As required under IFRS, the purchase price allocation will be finalized in 2011.

In addition, because the requirements to provide ''pro forma financial information'' within the meaning of Annex II of Commission Regulation (EC) No. 809/2004 of April 29, 2004 are not met, no pro forma adjustments such as, amongst others and in addition to those mentioned above, alignment to Nyrstar's accounting policies, the impact of the financing of the transaction and other possible adjustments assisting the comparability and consistency of reported results have been made. As a result of the foregoing limitations, the information below does not constitute ''pro forma financial information'' within the meaning of Annex II of Commission Regulation (EC) No. 809/2004 of April 29, 2004.

	As of and for the Year Ended December 31, 2010			
Figures in millions	**Farallon US$[1] (a)**	**Farallon EUR[2] (b)**	**Nyrstar EUR[3] (c)**	**Combined EUR (b + c)**
Revenue	135	102	2,696	2,797
EBITDA[4][5]	33	25	207	232
Total Assets[6]	172	129	2,103	2,232

Notes:

(1) Revenue and Total Assets amounts have been extracted without any adjustment from footnote 18 as set out in the Farallon Financial Statements beginning on page FF-1. The non-IFRS financial measure of EBITDA was compiled using IFRS data.

(2) Total Assets amounts in US$ translated to EUR at the rate of US$1.3362 per €1.00, the ECB Daily Reference Rate on December 31, 2010. Revenue and EBITDA amounts in US$ translated to EUR at the rate of US$1.3262 per €1.00, the average of the ECB Daily Reference Rate on the last business day of each full month of 2010. The non-IFRS financial measure of EBITDA was compiled on a similar basis.

(3) Revenue and Total Assets amounts have been extracted without any adjustment from the Nyrstar Financial Statements beginning on page F-1 and prepared in accordance with IFRS as adopted by the EU.

(4) EBITDA is a non-IFRS measure. Nyrstar's EBITDA includes the result from operating activities before depreciation and amortization plus Nyrstar's share of the profit or loss of equity accounted investees. For a reconciliation of EBITDA to Result from operating activities before exceptional items, see ''Selected Financial Information—Reconciliation of EBITDA and Underlying EBITDA''.

(5) Reconciliation of Profit from operating activities per reconciliation of comprehensive income for the year ended December 31, 2010 as set out in footnote 18 in the Farallon Financial Statements as of and for the year ended December 31, 2010 beginning on page FF-2.

Item	**US$m**	**Comment**
Profit from operating activities	9.7	
Accretion of reclamation obligation	0.1	Classified as an interest expense per IFRS
Depreciation, Depletion and amortization	13.0	
Exploration	6.0	Consistent with Nyrstar policy, exploration spend is capitalized
Foreign exchange loss	0.5	
Interest income	—	
Interest expense	2.5	
Loss on extinguishment of long term debt	1.1	Financial expense
EBITDA	33.0	

(6) The acquisition will be accounted for as an acquisition by Nyrstar of Farallon in accordance with IFRS. The excess of the purchase consideration over the fair value of the net assets of Farallon (if any) will be recorded as goodwill in Nyrstar's consolidated accounts. Nyrstar has not yet been able to finalize the purchase price allocation for the Farallon Acquisition.

DIVIDEND POLICY

The Company's board of directors reviewed Nyrstar'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 at maximizing total shareholder return through a combination of share price appreciation and dividends, while maintaining adequate cash flows for growth and the successful execution of Nyrstar's strategy. The former dividend policy was mechanical and therefore did not achieve that aim.

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 €0.15 per share at the annual general shareholders' meeting to be held in Brussels on April 27, 2011 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 the distribution of €0.15 per share as a capital reduction with reimbursement of paid-up capital. Such distribution via a capital reduction can take place without triggering Belgian withholding tax (see also ''Taxation of Shares—Belgian tax regime—Taxation of dividends on Shares—Belgian withholding tax'').

MANAGEMENT AND CORPORATE GOVERNANCE

Board of directors and management committee

Board of directors

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

Name	Principal function within the Issuer	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)	2011[(2)]
Peter Mansell	Director	Non-Executive Independent	2007	2013
Karel Vinck	Director	Non-Executive, Independent	2007	2012
Ray Stewart	Director	Non-Executive, Independent	2007	2011[(2)]
Oyvind Hushovd	Director	Non-Executive, Independent	2009	2013

Notes:

(1) Acting through De Wilde J. Management BVBA.

(2) The current mandate of Mr. Junck and Mr. Stewart will end after the annual general shareholders' meeting to be held on April 27, 2011. The board of directors will submit a proposal to the annual general shareholders' meeting to re-elect Mr. Junck and Mr. Stewart as director for a term ending in 2015 and 2014 respectively.

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 Issuer's board of directors. He is also director of several European companies including Agfa-Gevaert NV and Talvivaara Mining Company plc. 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 Bunnings Property Management Ltd and Ampella Mining 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 Théâtre Royal de la Monnaie. He also chairs the Flemish Science Policy Council. 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 Katholieke Universiteit 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.

Oyvind Hushovd, non-executive director, currently serves on the boards of Cameco Corporation, Inmet Mining Corporation, and Ivanhoe Nickel and Platinum 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.

Management committee

As at the date of this Prospectus, the Issuer'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
Russel Murphy	Chief Human Resources Officer
Michael Morley	Chief Corporate and Development Officer

Roland Junck is the chief executive officer of the Issuer. 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 human resources 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

Corporate governance charter

The Issuer has adopted a corporate governance charter in line with the Belgian Code on Corporate Governance of March 12, 2009. The Issuer applies the nine corporate governance principles contained in the Belgian Code on Corporate Governance. The Issuer complies with the provisions set forth in the Belgian Code on Corporate Governance.

The corporate governance charter describes the main aspects of the corporate governance of the Issuer 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 Issuer's website, within the section addressed to investors (www.nyrstar.com/nyrstar/en/investors/). The board of directors approved the initial charter on October 5, 2007. There were updated versions approved on March 18, 2008 and December 11, 2009, and the current version was approved by the board of directors on February 24, 2010.

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 Issuer's corporate governance.

Board of directors

The role of the board of directors is to pursue the long-term success of the Issuer by providing entrepreneurial leadership and enabling risks to be assessed and managed.

The Issuer 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 Issuer, and is authorized to carry out all actions that are considered necessary or useful to achieve the Issuer's vision. The board of directors has all powers except those reserved to the shareholders' meeting by law or the Issuer'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 Issuer. The chief executive officer reports directly to the board of directors.

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

Pursuant to the Issuer's articles of association, the board of directors must consist of at least three directors. The Issuer'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 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 Issuer 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 2010, nine 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 (see also ''—Other mandates'' below).

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 Issuer. 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 at least 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 2010, 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 have to explain the remuneration report at the annual general shareholders' meeting. See ''—Remuneration and benefits'' below.

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 2010, three nomination and remuneration committee meetings were held.

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 Issuer 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 2010, three safety, health and environment committee meetings were held.

Independent directors

A director will only qualify as an independent director if he meets at least the criteria set out in Article 526*ter* 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 Issuer or a company or person affiliated with the Issuer, 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 September 20, 1948 regarding the organization of the business industry) of the Issuer or a company or person affiliated with the Issuer 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 Issuer or a company or person affiliated with the Issuer, 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 Issuer's Shares or of a class of the Issuer'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 Issuer or a company or person affiliated with the Issuer, 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 September 20, 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 Issuer or a company or person affiliated with the Issuer.
- Not being an executive director of another company in which an executive director of the Issuer is a non-executive member of the board, and not having other significant links with executive directors of the Issuer 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 September 20, 1948) of the Issuer or a company or person affiliated with the Issuer, 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 526*ter* 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 also discloses 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 Issuer'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. The independent nature of Mr. Mansell's director's mandate will be submitted for confirmation to the annual general shareholders' meeting to be held in April 2011.

Performance review of the board

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.

Executive management

The Issuer'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 Issuer. 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 Issuer 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 Issuer's management committee does not qualify as a "*directiecomité*"/"*comité de direction*" within the meaning of Article 524*bis* 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 Issuer's financial statements, in accordance with applicable accounting standards and policies;
- preparing the Issuer'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.

Remuneration and benefits

Remuneration report

The Issuer prepares a remuneration report relating to the remuneration of directors and the members of the management committee. This remuneration report forms part of the corporate governance statement, which is a part of the annual report. Starting as from the annual general shareholders' meeting to be held in 2012, the nomination and remuneration committee will have to submit this remuneration report to the annual general shareholders' meeting, for separate 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 in ''—Directors'' and ''—Executive management'' respectively.

The board of directors intends to maintain in 2011 the base elements and features of the current remuneration policy. Apart from certain adjustments in the features of the share based plans described below (see ''—Description of Share plans'') to take into account the dilution effect of the Offering and an increase of the maximum entitlement under the LTIP, the Issuer does not expect significant changes to the Issuer's remuneration policy in 2011.

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 issuers with the highest free float market capitalization having shares trading on the continuous trading segment of the regulated market of 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 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 independent directors, the approval of any variable part of the remuneration.

The directors of the Issuer (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.

Remuneration and compensation in 2010

During 2010 the following remuneration and compensation was paid to the directors (excluding the CEO):

Chairman:

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

Other directors (excluding the CEO):

- Annual fixed remuneration of €50,000 per year for membership of the board of directors
- Fixed fee of €10,000 per year per board committee of which they are a member
- Fixed fee of €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 2010:

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

Note:

(1) Acting through De Wilde J. Management BVBA.

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 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 executive directors (as well as 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 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, 18 months' remuneration). The rule regarding a shareholders' meeting approval in relation to points (i) and (ii) above, applies since January 1, 2011.

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

The maximum entitlement under the AIP amounts to 100% of the annual base salary for the chief executive officer, and 80% of the annual base salary for the other members of the management committee. The maximum entitlement of each management committee member under the LTIP amounts to 100% of the annual base salary. The pension benefits of each management committee member amount to 20% of his fixed remuneration. Based on independent advice of external advisers that reviewed the executive remuneration within a group of peer companies of Nyrstar in and outside Belgium, the board of directors will increase, for 2011, the maximum entitlement under the LTIP 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.

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. No spot bonus was paid to management committee members in 2010.

Furthermore, in 2010, the management committee members were offered the possibility to participate in the Co-Investment Plan. The Co-Investment Plan was approved by the annual general shareholders' meeting held on April 28, 2010.

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.

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

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 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 values, 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 January 1 to December 31, 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 December 31 of the relevant performance year. The respective criteria and their relative weight to determine eligibility under the AIP are:

- individual behavior, which is assessed against the manner in which the beneficiary upholds Nyrstar's values (5%), using a scale ranging from ''unsatisfactory'' to ''outstanding'',
- 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 (20%),
- 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 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.

For performance year 2010, the maximum annual incentive for the chief executive officer amounted to 100% of his annual base salary, and the maximum annual incentive for the other members of the management committee amounted to 80% of their annual base salary.

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, a relocation allowance and relocation support, and benefit from statutory accident and disease insurance.

For further information on the LTIP and Co-Investment Plan, please see ''—Description of Share plans—LTIP'' and ''—Description of Share plans—Co-Investment Plan''.

Remuneration and compensation in 2010

The following remuneration and compensation was paid to the chief executive officer and other members of the management committee in 2010:

	CEO (€)	Members of the management committee other than the CEO (on an aggregate basis) (€)[1]
Base salary[2]	557,912.50	1,553,110.87
AIP	361,443.88	936,759.67
Pension benefits[3]	121,725.65	292,647.23
Other components of the remuneration[4]	162,430.28	664,732.15
Total	**1,203,512.31**	**3,447,249.92**

Notes:

(1) This includes the remuneration and compensation that was paid to Erling Sorensen who in 2010 was part of the management committee.

(2) The amount includes holiday payment and a tax free component.

(3) As of July 1, 2010, the pension includes 20% of annual base salary as savings contributions and also risks contributions.

(4) Includes representation allowance, housing, car allowance, health insurance, relocation allowance and relocation support.

Payments upon termination

Each member of the management committee (including the chief executive officer) is entitled to a severance payment equivalent to twelve months of annual base salary (inclusive of any contractual notice period) 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 Issuer's articles of association, the Issuer has entered into indemnification arrangements with the directors and has implemented directors' and officers' insurance coverage.

General information on directors and executive management

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 an issuer or from acting in the management or conduct of the affairs of any issuer.

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.

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 bodies or partner of any companies or partnerships. Over the five years preceding the date of this Prospectus, 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 KBC Bank Telenet Arseus	Bekaert Metris Van Breda International CTO
Peter Mansell	Bunnings Property Management Limited Cancer Research Fund Pty Limited Ferngrove Vineyards Limited Ampella Mining Ltd Hanlong Mining Investments Pty Ltd	Hardman Resources Limited Tethyan Copper Company Limited The Hoyts Corporation Pty Limited Western Power Corporation Electricity Networks Corporation Great Southern Limited ThinkSmart Limited West Australian Newspapers Limited Zinifex Ltd OZ Minerals Ltd Rentsmart Pty Limited
Karel Vinck	Beheersmaatschappij Antwerpen Mobiel Tessenderlo Group Théâtre Royal de la Monnaie ERTMS coordinator at the European Commission	Eurostar Suez-Tractebel Umicore Vlaamse Raad voor Wetenschapsbeleid
Ray Stewart	The United Fund for Belgium Belgacom	
Oyvind Hushovd .	Cameco Corporation Inmet Mining Corporation Ivanhoe Nickel and Platinum Ltd. Libra Group Sørlaminering Røo-Invest	LionOre Western Oil Sands
Roland Junck . . .	Agfa Gevaert Interseroh SE Samhwa Steel SA Talvivaara Mining Company plc	Arcelor China Holding S.à r.l. Arcelor Mittal Aceralia Arbed
Heinz Eigner	N/A	N/A

Name	Current	Past
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
Russel Murphy . . .	N/A	N/A
Michael Morley . .	N/A	N/A

Note:

(1) Acting through De Wilde J. Management BVBA.

Description of Share plans

The Issuer has established an ESAP, an LTIP and the Co-Investment Plan (together referred to as the ''**Plans**'') with a view to attracting, retaining and motivating the employees and executive management of the Issuer and its wholly owned subsidiaries. The key terms of each Plan 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 3(i) and note 28 to the audited consolidated financial statements beginning on page F-1.

ESAP

General

The ESAP is a general employee Share plan pursuant to which grants may be made by the board of directors to employees (including members of the management committee of Nyrstar) (the ''**Employees**'') in the form of conditional awards to receive a number of ordinary Shares in the Issuer at a future date (''**Employee Share Awards**'') or their equivalent in cash (''**Employee Phantom Awards**'') (Employee Share Awards and Employee Phantom Awards together referred to as ''**Employee Awards**'').

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

Employee Awards are granted at times determined by the board of directors.

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

Eligibility

The board of directors will determine which Employees will be eligible to participate in the ESAP (the ''**Participating Employees**'').

In general, it is intended that all full-time and permanent part-time Employees (as the case may be having completed a minimum length of service, if specified by the board) will be eligible to be granted Employee Awards under the ESAP on the terms and conditions determined by the board of directors.

No more than 10% of the Issuer's issued share capital will be allotted to satisfy Employee Awards granted under the ESAP or any other awards under any other Share plans operated by the Issuer (including the LTIP) in any ten-year period.

Vesting

In principle, Employee Awards will not vest until three years after the grant date. If a Participating Employee leaves Nyrstar prior to the vesting date, he or she will either forfeit his or her rights under the Employee Award or, if the Participating Employee is a ''good leaver'', his or her Employee Awards will vest pro rata to the period elapsed since the grant date. The award will vest in full immediately in case the

Participating Employee dies before his award has vested or in case the Participating Employee leaves Nyrstar by reason of official retirement before his award has vested.

Employees will not be entitled to dividends, voting or other ownership rights in respect of the Employee Awards until they vest and are settled in Shares.

No amount will be payable by Participating Employees to the Issuer on the granting or vesting of any Employee Awards.

Awards

Under the ESAP Grant 1, eligible Employees who were employed by Nyrstar at the grant date or six months thereafter were awarded, subject to vesting, a right to receive Shares of the Issuer. The performance period under the ESAP Grant 1 expired on October 29, 2010. In November 2010, eligible Employees received the cash equivalent (less applicable taxes and charges) of 50 Shares. The closing Share price on October 29, 2010 of €10.58 was used to calculate the cash equivalent of the Shares.

Under the ESAP Grant 2 eligible Employees who were employed by Nyrstar at the grant date or three months thereafter were awarded, subject to vesting, a right to receive Shares in the Issuer. Nyrstar intends to pay the cash equivalent of 50 Shares at the closing share price on the vesting date to all eligible Employees.

The terms of the grants are detailed in the table below:

	Grant 1	Grant 2
Effective grant date	October 29, 2007	October 29, 2008
Performance period	Three years to October 29, 2010	Three years to October 29, 2011
Performance criteria	Employee remains in service to October 29, 2010	Employee remains in service to October 29, 2011
Vesting date	October 29, 2010	October 29, 2011
Settlement	Cash	Cash
Shares awarded per employee	50	50

Movement of ESAP Shares awarded

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

Date	Movement	Grant 1	Grant 2	Total
January 1, 2010	Opening balance	135,500	140,850	276,350
October 29, 2010	Shares paid as cash	(125,120)		(125,120)
December 31, 2010	Forfeitures	(10,350)	(10,500)	(20,880)
December 31, 2010	**Closing balance**	**—**	**130,350**	**130,350**
January 1, 2009	Opening balance	154,500	160,700	315,200
December 31, 2009	Forfeitures	(19,000)	(19,850)	(38,850)
December 31, 2009	**Closing balance**	**135,500**	**140,850**	**276,350**

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 Issuer 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 Issuer 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 Issuer'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%) Annual 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%) Annual 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.

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 and 2 has ended. However, Share awards will not be delivered until March 2011.

During 2010, in accordance with the plan rules, the Participating Executives were paid a dividend cash equivalent of €0.10 per award in relation to tranches 1 and 2. Each of the current members of the management committee have directed the Issuer to pay this amount to the Nyrstar charitable fund, the Nyrstar Foundation.

During the first half of 2009, a second grant (Grant 2) was made in accordance with the rules and conditions of the LTIP as set out below.

During the first half of 2010, a third grant (Grant 3) was made in accordance with the rules and conditions of the LTIP, as set out below.

	Grant 1	Grant 2	Grant 3
	Tranche 3		
Effective Grant Date	April 23, 2008	June 30, 2009	June 30, 2010
Performance Period	January 1, 2008 to December 31, 2010	January 1, 2009 to December 31, 2011	January 1, 2010 to December 31, 2012
Performance Criteria	—zinc price 50% —MSCI 50% Executive remains in service to December 31, 2010	—zinc price 50% —MSCI 50% Executive remains in service to December 31, 2011	—zinc price 50% —MSCI 50% Executive remains in service to December 31, 2012
Vesting Date	December 31, 2010	December 31, 2011	December 31, 2012

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 1					
Date	**Movement**	**Tranche 1**	**Tranche 2**	**Tranche 3**	**Grant 2**	**Grant 3**	**Total**
January 1, 2010	Opening balance	292,737	221,955	234,532	2,003,351	—	2,752,575
June 30, 2010	Initial allocation					604,407	604,407
December 31, 2010	(Forfeitures)/ Additions	108	(42,199)	3,305	101,954	(43,891)	19,277
December 31, 2010	**Closing balance**	**292,845**	**179,756**	**237,837**	**2,105,305**	**560,516**	**3,376,259**
Date	**Movement**						
January 1, 2009	Opening balance	296,337	296,337	296,337	—	—	2,752,575
June 23, 2009	Initial allocation				2,003,351	—	2,003,351
December 31, 2009	(Forfeitures)/ Additions	(3,600)	(74,382)	(61,805)	—	—	(139,787)
December 31, 2009	**Closing balance**	**292,737**	**221,955**	**234,532**	**2,003,351**	**—**	**2,752,575**

Co-Investment Plan

General

The annual general shareholders' meeting of the Issuer held on April 28, 2010 approved the Co-Investment Plan. Under the Co-Investment Plan, for each ordinary Share in the Issuer that a member of the management committee (including the chief executive officer) (the ''**Participant**'') purchased between April 30, 2010 and June 28, 2010 (a ''**Co-investment Share**''), the Issuer will grant (for no consideration) the respective Participant on the Vesting Date, a number of additional ordinary Shares in the Issuer (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 were the six members of the management committee at the time (including the chief executive officer). The participation to the Co-Investment Plan was offered in May 2010. Erling Sorensen was in 2010 part of the management committee but did not participate in the Co-Investment Plan given his departure on June 30, 2010.

Vesting

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

The Co-Investment Plan has three measurement dates, i.e. July 1, 2011 (''**Measurement Date 1**''), July 1, 2012 (''**Measurement Date 2**'') and July 1, 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 June 28, 2010 up to and including the vesting date.

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

- zero, if the highest average closing price of an ordinary Share of the Issuer during any given period of five consecutive trading days between July 1, 2010 and July 1, 2011 has been less than €20.00;
- four, if the highest average closing price of an ordinary Share of the Issuer during any given period of five consecutive trading days between July 1, 2010 and July 1, 2011 has been equal to or higher than €30.00; 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 Issuer during any given period of five consecutive trading days between July 1, 2010 and July 1, 2011 has been between €20.00 and €30.00, whereby factor two coincides with the €20.00 threshold and factor four coincides with the €30.00 threshold.

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

- zero, if the highest average closing price of an ordinary Share of the Issuer during any given period of five consecutive trading days between July 1, 2011 and July 1, 2012 has been less than €20.00;
- four, if the highest average closing price of an ordinary Share of the Issuer during any given period of five consecutive trading days between July 1, 2011 and July 1, 2012 has been equal to or higher than €30.00; 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 Issuer during any given period of five consecutive trading days between July 1, 2011 and July 1, 2012 has been between €20.00 and €30.00, whereby factor two coincides with the €20.00 threshold and factor four coincides with the €30.00 threshold.

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

- zero, if the highest average closing price of an ordinary Share of the Issuer during any given period of five consecutive trading days between July 1, 2012 and July 1, 2013 has been less than €20.00,
- four, if the highest average closing price of an ordinary Share of the Issuer during any given period of five consecutive trading days between July 1, 2012 and July 1, 2013 has been equal to or higher than €30.00, 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 Issuer during any given period of five consecutive trading days between July 1, 2012 and July 1, 2013 has been between €20.00 and €30.00, whereby factor two coincides with the €20.00 threshold and factor four coincides with the €30.00 threshold.

The Matching Shares will consist of ordinary Shares of the Issuer which the Issuer intents to redeem in accordance with the respective statutory powers granted to the board of directors. If the Issuer is unable to deliver the respective Matching Shares to a Participant, the Issuer 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 Issuer 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 other members of the management committee, the maximum number of Co-investment Shares is equal to 35,000.

The members of the management committee have 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 has 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 will grant 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 €10.00.

Adjustments to the Plans

In order to take into account the dilution effect caused by the Offering, the board of directors has mandated the nomination and remuneration committee to make certain amendments to the features of the respective Plans in order to take into account the financial impact of the Offering on the value of the awards made under the respective Plans.

Directors' and other interests

Shares and Share awards

As at December 31, 2010, the following Share awards had been granted under the LTIP and the ESAP to the members of the management committee:

		ESAP		LTIP	
Name	**Title**	**Share Awards granted under ESAP paid in November 2010[(1)]**	**Share Awards granted under ESAP to be paid in November 2011**	**Share Awards granted under LTIP of which the performance conditions have been met[(2)]**	**Share Awards granted under LTIP of which the performance conditions have not been met[(3)]**
Roland Junck	Chief Executive Officer	—	—	10,000	316,215
Greg McMillan	Chief Operating Officer	50	50	35,410	201,383
Heinz Eigner	Chief Financial Officer	50	50	28,972	164,768
Russell Murphy	Chief Human Resources Officer	50	50	24,465	151,172
Michael Morley	Chief Corporate and Development Officer	50	50	17,913	144,199
Erling Sorensen[(4)] . .				24,465	72,935

Notes:

(1) The awards were paid as a cash equivalent in November 2010 at €10.58 per Share.

(2) Performance conditions have been met, however, the Share awards will not be delivered until March 2011.

(3) Vesting is subject to performance conditions.

(4) 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 June 30, 2010.

The Issuer has received notifications from the following members of the management committee in accordance with the dealing code (see further below) in relation to Shares held as at the date of this Prospectus:

Name	Title	Shares held
Roland Junck	Chief Executive Officer	169,613
Greg McMillan	Chief Operating Officer	35,000
Heinz Eigner	Chief Financial Officer	35,000
Russell Murphy	Chief Human Resources Officer	35,000
Michael Morley	Chief Corporate and Development Officer	35,000

The respective members of the management committee have indicated to the Issuer that within the context of the Offering they will exercise the Rights attached to the Shares that they hold under the Co-Investment Plan and subscribe to new Shares and VVPR Strips. The Issuer also received notification that Karel Vinck, independent director, holds 3,000 Shares, and that he intends to exercise all or a part of the Rights attached to his Shares.

Conflicts of interest

Directors are expected to arrange their personal and business affairs so as to avoid conflicts of interest with the Issuer. 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). The provisions of Article 523 of the Belgian Companies Code have been complied with in relation to the indemnification agreement that has been entered into with Oyvind Hushovd at the time he became director, and in relation to the new services agreement of the chief executive officer when the corporate offices of Nyrstar moved from London, England, to Zurich, Switzerland.

To the knowledge of the Issuer, there are, on the date of this Prospectus, no potential conflicts of interests between any duties to the Issuer of the persons mentioned in ''—Board of directors and management committee —Board of directors'' and in ''—Board of directors and management committee —Management committee'' and their private interests and/or other duties.

There are no outstanding loans granted by the Issuer 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 Issuer 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, 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 Issuer. The dealing code sets limits on carrying out transactions in Shares of the Issuer and allows dealing by the above-mentioned persons only during certain windows. The dealing code is attached to the Issuer's corporate governance charter.

Disclosure policy

As a Belgian listed company and with a view to ensuring investors in Shares of the Issuer 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 Issuer 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 Issuer and the public to assess the influence of the information on Issuer's position, business and results.

Internal control and risk management in relation to financial reporting

The responsibilities of the board of directors include, among others, taking into account the review made by the audit committee (see ''—Corporate Governance—Committees of the board of directors—Audit committee''), the approval of a framework of internal control and risk management systems, the review of the implementation of this framework, monitoring the effectiveness of the internal controls, supervision of the internal audit function and supervision of the performance of the external auditor.

The principal aim of the system of internal control is the management of business risks that are significant to the fulfillment of Nyrstar's business goals with a view to enhancing the value of the shareholders' investment and safeguarding of assets. 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.

The board of directors of Nyrstar is responsible for approving strategic objectives and oversees the design and implementation of a sound organizational structure with clear delegations and accountabilities both on the business side and for support and control functions (such as human resources, legal, internal audit, etc.). The board of directors furthermore supervises the development of a code of conduct for the Company (including the framework for ethical decision making), and regularly monitors compliance with such code. Nyrstar also has a whistleblower procedure in place, allowing staff to confidentially raise concerns about any irregularities in financial reporting and other areas.

The audit committee assists the board of directors in supervising and reviewing the financial reporting, the internal control and risk management systems and the internal audit process. The audit committee reviews at least once a year the effectiveness of the internal control and risk management systems implemented and reported by management by considering the regular reports from management on key risks, mitigating actions and internal controls, management representations and the reports on risk management and internal control from internal audit personnel, the external auditors and other assurance providers that may be assisting the Company. The audit committee also reviews the declarations relating to internal supervision and risk management included in the annual report of the Company and 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).

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. Budgets are prepared on the basis of consistent economic assumptions determined by Nyrstar's finance function. Performance is monitored and relevant action taken throughout the year through the monthly reporting of key performance indicators for the current period together with information on the key 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 chief financial officer on a monthly basis.

The board of directors pays specific attention to the oversight of risk and internal controls. The board relies on the work performed by the audit committee which itself receives reports on risk and internal control, from both management and internal audit personnel. Key features of the underlying process are:

- Starting from clear strategic objectives as approved by the board of directors, management conducts a risk assessment which is repeated regularly. 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.

- Management is responsible for evaluating existing controls and the control effectiveness and determines whether the level of risk being accepted is consistent with levels of risks 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. Additionally, with respect to the consolidation process, management also ensures that the group accounting manual is properly adhered to by all subsidiaries.

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.

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 behavior. 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 Company's values, demonstrating the values in action. 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).

SHARE CAPITAL AND ARTICLES OF ASSOCIATION

General

This section summarizes the Issuer's corporate purpose, share capital and the material rights of its shareholders under Belgian law and the Issuer's articles of association. It is based on the Issuer's restated articles of association dated May 26, 2009.

The Issuer was incorporated on April 13, 2007, under the name ''Neptune Zinc'', for an unlimited duration by Zinifex Limited and Umicore NV/SA. The name of the Issuer was changed to ''Nyrstar'' pursuant to a decision of the extraordinary general shareholders' meeting of April 20, 2007.

The Issuer has the legal form of a corporation with limited liability (*naamloze vennnootschap / société anonyme*), organized under the laws of Belgium. Pursuant to the Belgian Companies Code, the liability of the shareholders is limited to the amount of their respective committed contribution to the capital of the Issuer.

The description provided hereafter is only a summary and does not purport to give a complete overview of the articles of association, nor of all relevant provisions of Belgian law. Neither should it be considered as legal advice regarding these matters.

On the date of this Prospectus, the provisions of Directive 2007/36/EC of the European Parliament and of the Council of July 11, 2007 on the exercise of certain rights of shareholders in listed companies (the ''**Shareholders Rights Directive**'') have not yet been fully transposed into Belgian law. Upon the entry into force of the transposition of the Shareholders Rights Directive, certain provisions regarding the participation in and organization of general shareholders' meetings will change, as a result of which the Issuer will have to effect certain amendments to its articles of association.

Corporate purpose

The corporate purpose of the Issuer is set forth in Article 3 of its articles of association and reads (in translation from the Dutch original text) as follows.

The purpose of the Company is the carrying out of the following activities, both in Belgium and abroad, directly or indirectly, for its own account or for the account of third parties, alone or in association with third parties:

- the acquisition, ownership, management and transfer, by means of purchase, contribution, sale, exchange, assignment, merger, split, subscription, financial intervention, exercise of rights or otherwise, of any participating interest in any business or branch of activity, and in any company, partnership, enterprise, establishment, association or foundation which does or may in the future exist;
- the purchase, subscription, exchange, assignment, sale and transfer of, and all other similar operations relating to, every kind of transferable security, share, bond, subscription right, option and government stock;
- the manufacturing, smelting, refining, transforming, recycling, marketing and trading of zinc and lead, zinc and lead alloys and products derived from zinc and lead, and the carrying out of all financial, manufacturing, commercial and civil operations relating to zinc and lead activities.

The Company may take out, make use of, purchase, acquire or transfer all forms of intellectual property rights relating directly or indirectly to its activities and may undertake research activities.

The Company may acquire, rent, lease, fabricate, manage, transfer or exchange any personal or real property, with or without substance. It may carry out all real estate activities in any legal form, including the purchase, sale, leasing and renting of real estate, the issuing of real estate income certificates or land certificates and the management of real estate properties.

The Company may grant loans of any kind, duration or amount. It may secure its own obligations or obligations of third parties notably by providing guarantees and by mortgaging or pledging its assets, including its own commercial undertaking (*fonds de commerce / handelszaak*).

The Company may exercise the functions of director, manager or liquidator in companies or associations. It may also supervise and control such companies or associations.

In general, the Company may undertake all commercial, industrial and financial operations directly or indirectly related to its purpose and all actions which could facilitate the realization of its purpose.

Share capital and Shares

On the date of this Prospectus, the share capital of the Issuer amounts to €1,490,860,008.09 and is fully paid-up. It is represented by 100,013,262 ordinary Shares, each representing a fractional value of €14.91 (after rounding) or one 100,013,262nd of the share capital. The Issuer's Shares do not have a nominal value.

Upon the Issuer's first admission to trading on Euronext Brussels, the Issuer's share capital amounted to €2,000,000,000.00, represented by 100,000,000 ordinary Shares. The changes in the Issuer's share capital since then can be summarized as follows:

Date	Transaction	Increase/ (Decrease) of Share capital (€)	Number of new Shares issued	Issue price per new Share (€)	Resulting share capital (€)	Outstanding Shares
May 26, 2009	Capital reduction[(1)]	(509,239,991.91)	—	—	1,490,760,008.09	100,000,000
January 25, 2011 .	Conversion of Convertible Bonds[(2)]	100,000.00	13,262	7.54	1,490,860,008.09	100,013,262

Notes:

(1) By resolution of the Issuer's extraordinary general shareholders' meeting held on May 26, 2009, the Issuer's share capital was reduced to €1,490,760,008.09 without cancellation of Shares by means of a formal capital reduction to absorb losses incurred in an aggregate amount of €509,239,991.91. Due to the accounting losses the Issuer had in the financial year ended on December 31, 2008, the Issuer was legally unable to propose a dividend to its shareholders in 2009. Hence, the capital reduction was aimed at absorbing the accounting losses that the Issuer had incurred and restoring the Issuer's potential for future dividend payments. For further information on the rules of Belgian company law regarding the payment of dividends, see also ''—Rights attached to the Shares—Dividends''.

(2) Convertible Bonds (as defined below) in an aggregate principal amount of €100,000 were converted into 13,262 new Shares, at a conversion price of €7.54 per Share. In connection with the issue of new Shares, 13,262 new VVPR Strips were issued.

Upon successful completion of the Offering, the Issuer will issue upon completion on or about March 18, 2011, 70,009,282 new ordinary Shares, for an aggregate issue price of €490,064,974 (or €7.00 per new Share). For each new Share, the Issuer will also issue one new VVPR Strip. It is currently contemplated that the issue price would be allocated in its entirety to the Issuer's share capital. As a result, upon successful completion of the Offering, the share capital would be increased up to €1,980,924,982.09 and be represented by 170,022,544 ordinary Shares. The Offering takes place within the framework of a resolution by the Issuer's extraordinary general shareholders' meeting held on January 6, 2011. For further information on this resolution, see ''The Offering—The new Shares and VVPR Strips offered—Authorizations relating to the Offering''.

The Issuer's Shares currently have a fractional value of €14.91 (after rounding). Upon successful completion of the Offering, the fractional value is expected to be approximately €11.65 after rounding. The fractional value of a Share is calculated as a fraction of which the numerator is the amount of the Company's subscribed share capital, and of which the denominator is the total number of issued and outstanding shares. Pursuant to Belgian company law, the board of directors cannot use its powers under the authorized capital to issue new shares at an issue price that is lower than the fractional value of the existing shares. Likewise, the board is not authorized to issue warrants or convertible bonds that are exercisable or convertible into new shares at an exercise price or conversion price (on a per Share basis) that is lower than the fractional value of the existing shares. On February 23, 2011, the closing price of the Shares on Euronext Brussels was €11.39, which is lower than the fractional value of the Issuer's Shares at the date of this Prospectus, and lower than the expected fractional value of the Shares upon successful completion of the Offering. In order to permit the board of directors to make effective use of its powers under the authorized capital, the board of directors intends to submit to the annual general shareholders' meeting to be held on April 27, 2011, a proposal to reduce the fractional value of the Issuer's Shares through a reduction of the share capital with allocation of the amount of the share capital reduction to the issue premium account. The issue premium will serve as the guarantee for third parties and can only be reduced on the basis of a lawful resolution of the general shareholders' meeting passed in the manner required for an amendment to the Company's articles of association. From a financial, accounting and company law perspective, the proposal will be structured to be neutral for the

shareholders, without cancellation of the Shares. In addition, the board of directors will propose to the general shareholders' meeting a gross distribution of €0.15 per share and to structure this distribution as a capital reduction with reimbursement of paid-up capital. See also ''—Rights attached to the Shares—Dividends'' and ''Dividend Policy''. At the same annual shareholders' meeting, the board of directors also intends to submit a proposal to renew the powers of the board of directors under the authorized capital. See also ''—Rights attached to the Shares—Changes to the share capital—Capital increases decided by the board of directors''.

Pursuant to a decision of the board of directors of June 30, 2009, the Issuer also issued 7% senior unsecured convertible bonds due 2014 (the ''**Convertible Bonds**'') for an aggregate principal amount of €120,000,000. The possibility to convert the Convertible Bonds into new Shares of the Issuer was approved by the extraordinary general shareholders' meeting of the Issuer held on August 25, 2009. The Convertible Bonds can be converted at any time. To date, Convertible Bonds in an aggregate principal amount of €100,000 have been converted, and all others remain outstanding. The conversion price of the Convertible Bonds can be adjusted downwards in a number of circumstances, including in the event of an issue of new Shares, whereby the new Shares are issued at a price that is lower than the applicable market price of the Issuer's Shares at the time of the offering. As a result of the Offering, the conversion price of the Convertible Bonds will be adjusted downwards from €7.54 per Share. Based on a conversion price of €7.54, if all Convertible Bonds were converted in their entirety, 15,901,857 new Shares would be issued. If the conversion price is adjusted downwards, this would lead to the issue of more than 15,901,857 new Shares if all the Convertible Bonds were to be converted. For further information on the Convertible Bonds, see ''Operating and Financial Review and Prospects—Liquidity and capital resources—Funding sources—Convertible bonds''.

As of the date of this Prospectus, the Issuer owns 3,631,558 of its own Shares. These Shares are held as treasury stock, with suspended dividend rights, for potential delivery to eligible employees to satisfy the Issuer's outstanding obligations under Share based incentive plans for personnel and management under the LTIP and the Co-Investment Plan (see also ''—LTIP'' and ''—Co-investment Plan'' in ''Management and Corporate Governance—Description of Share plans''). The Issuer shall not exercise the Rights to which it is entitled as holder of these Shares, but intends to sell these Rights in the context of the Offering.

Form and transferability of the Shares

The Shares of the Issuer can take the form of registered Shares or dematerialized Shares.

All the Issuer's Shares are fully paid-up and freely transferable.

Currency

The Issuer's Shares do not have a nominal value, but reflect the same fraction of the Issuer's share capital, which is denominated in Euro.

Rights attached to the Shares

Voting rights attached to the Shares

Each shareholder of the Issuer is entitled to one vote per Share. Shareholders may vote by proxy, subject to the rules described below in ''—Right to attend and vote at general shareholders' meetings—Voting by proxy or by mail''.

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 Issuer;
- 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 Issuer on the date of the relevant shareholders' meeting, in the event that the relevant shareholder has not notified the Issuer and the CBFA 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 CBFA.

Pursuant to the Belgian Companies Code, the voting rights attached to Shares owned by the Issuer are suspended.

Generally, the shareholders' meeting has sole authority with respect to:

- the approval of the annual financial statements of the Issuer;
- the distribution of profits;
- the appointment and dismissal of directors and the statutory auditor of the Issuer;
- the granting of release from liability to the directors and the statutory auditor;
- the determination of the remuneration of the directors and of the statutory auditor for the exercise of their mandate, including inter alia, 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 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 independent directors, the approval of any variable part of the remuneration;
- 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, 18 months' remuneration);
- the filing of a claim for liability against directors;
- the decisions relating to the dissolution, merger and certain other re-organizations of the Issuer; and
- the approval of amendments to the articles of association.

Effective as from the annual general meeting to be held in 2012, the shareholders' meeting will also have the authority to approve the remuneration report prepared by the nomination and remuneration committee of the board, which forms part of the annual report of the board of directors (see ''Management and Corporate Governance—Remuneration and benefits—Remuneration report'').

Right to attend and vote at general shareholders' meetings

Annual meetings of shareholders

The annual general shareholders' meeting is held at the registered office of the Issuer or at the place determined in the notice convening the shareholders' meeting. The meeting is held every year on the last Wednesday of April at 10:30 a.m. (Central European Time, GMT+1). If this date is a legal holiday, in either or both of the two cultural communities of Belgium, the meeting is held the next business day at the same time. At the annual general shareholders' meeting, the board of directors submits the audited non-consolidated and consolidated annual financial statements and the reports of the board of directors and of the statutory auditor with respect thereto to the shareholders.

The shareholders' meeting then decides on the approval of the non-consolidated annual financial statements, the proposed allocation of the Issuer's profit or loss, the release from liability of the directors and the statutory auditor, and, when applicable, the (re-) appointment or dismissal of the statutory auditor and/or of all or certain directors. In addition, as relevant, the shareholders' meeting must also decide on the approval of the remuneration of the directors and statutory auditor for the exercise of their mandate, and on 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, 18 months' remuneration) (see also ''—Rights attached to the Shares—Voting rights attached to the Shares''). As from the annual meeting to be held in 2012, shareholders'

meeting must also decide separately on the approval of the remuneration report included in the annual report.

Special and extraordinary general shareholders' meetings

The board of directors or the statutory auditor (or the liquidators, if appropriate) may, whenever the interest of the Issuer so requires, convene a special or extraordinary general shareholders' meeting. Such shareholders' meeting must also be convened every time one or more shareholders holding at least 20% of the Issuer's share capital so request. Shareholders that do not hold at least 20% of the Issuer's share capital do not have the right to have the general shareholders' meeting convened.

Notices convening the general shareholders' meeting

The notice convening the general shareholders' meeting must state the place, date and hour of the meeting and must include an agenda indicating the items to be discussed as well as any motions for resolutions. The notice must be published in the Belgian Official Gazette (*Moniteur Belge/Belgisch Staatsblad*) at least 24 days prior to the shareholders' meeting or the registration date (if such date is specified in the convening notices). The notice must also be published in a nation-wide newspaper and media that can reasonably be relied upon for the dissemination of information within the EEA 24 days prior to the date of the shareholders' meeting or the registration date (if such date is specified in the convening notices). The annual financial statements, the annual report of the board of directors and the annual report of the statutory auditor must be made available to the public at least 15 days prior to the date of the annual shareholders' meeting. Convening notices must be sent 15 days prior to the shareholders' meeting to the holders of registered Shares, holders of registered bonds, holders of registered warrants, holders of registered certificates issued with the co-operation of the Issuer, and, as the case may be, to the directors and statutory auditor of the Issuer. This communication is made by letter unless the addressees have individually and expressly accepted in writing to receive the notice by another form of communication, without having to give evidence of the fulfillment of such formality. The convening notice and the other documents referred to above are also made available on the Issuer's website.

Formalities to attend the general shareholders' meeting

All holders of Shares, warrants and bonds issued by the Issuer and all holders of certificates issued with the co-operation of the Issuer (if any) can attend the shareholders' meetings. Only shareholders, however, may vote at general shareholders' meetings.

Holders of Shares in dematerialized form must, in order to be admitted to attend and participate in a general shareholders' meeting, deposit a certificate of unavailability issued by a recognized account holder with the clearing agency for the financial instruments concerned or the clearing agency itself, confirming the number of financial instruments that have been registered in the name of the holder concerned and stating that these financial instruments are blocked until after the date of the shareholders' meeting. The certificate must be deposited at the Issuer's registered office or any other place indicated in the notice convening the shareholders' meeting at the latest on the third business day prior to the meeting.

In accordance with the Belgian Companies Code, the Issuer's articles of association also allow the board of directors to specify a registration date in the notice convening the general shareholders' meeting. If the board of directors decides to set a registration date in the notice, only shareholders who hold Shares at midnight (Central European Time, GMT+1) on the registration date may participate and vote with such Shares at the general shareholders' meeting, regardless of the number of Shares that they hold on the actual date of the general shareholders' meeting. The specified registration date can be no earlier than 15 calendar days, and no later than five business days, before the date of the shareholders' meeting.

Voting by proxy or by mail

Each shareholder has the right to attend a shareholders' meeting and to vote at the shareholders' meeting in person or through a proxy holder. The board of directors can request the participants to the meeting to use a model of proxy (with voting instructions), which must be deposited at the Issuer's registered office or at a place specified in the notice convening the shareholders' meeting at the latest on

the third business day prior to the meeting. Pursuant to the Issuer's articles of association, the proxy holder must be either another shareholder or a director of the Issuer

The Issuer's articles of association also allow shareholders to vote by mail by means of a form that is made available by the Issuer.

Quorum and majorities

In general, there is no attendance quorum requirement for a shareholders' meeting and decisions are generally passed with a simple majority of the votes of the Shares present or represented. However, capital increases (other than those decided by the board of directors pursuant to the authorized capital), decisions with respect to the Issuer's dissolution, mergers, de-mergers and certain other reorganizations of the Issuer, amendments to the articles of association (other than an amendment of the corporate purpose), and certain other matters referred to in the Belgian Companies Code do not only require the presence or representation of at least 50% of the share capital of the Issuer but also a majority of at least 75% of the votes cast. An amendment of the Issuer's corporate purpose requires the approval of at least 80% of the votes cast at a shareholders' meeting, which can only validly pass such resolution if at least 50% of the share capital of the Issuer and at least 50% of the profit certificates, if any, are present or represented. In the event where the required quorum is not present or represented at the first meeting, a second meeting needs to be convened through a new notice. The second shareholders' meeting may validly deliberate and decide regardless of the number of Shares present or represented.

Right to ask questions

At the shareholders' meeting, shareholders have a right to ask questions to the directors in connection with the report of the board of directors or the items on the agenda of such shareholders' meeting. Shareholders can also ask questions to the statutory auditor in connection with its report.

Dividends

All Shares entitle to an equal right to participate in the Issuer'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 Issuer's board of directors. The Issuer's articles of association also authorize 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 Issuer'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 Issuer's share capital. For further information in relation to the Issuer's dividend policy, see ''Dividend Policy''.

The board of directors will propose to the general shareholders' meeting a gross distribution of €0.15 per share and to structure this 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 (see also ''Taxation of Shares—Belgian tax regime—Taxation of dividends on Shares—Belgian withholding tax'').

Rights regarding liquidation

The Issuer can only be dissolved by a shareholders' resolution passed with a majority of at least 75% of the votes cast at an extraordinary shareholders' meeting where at least 50% of the share capital is present or represented.

If, as a result of losses incurred, the ratio of the Issuer's net assets (determined in accordance with Belgian legal and accounting rules for non-consolidated financial statements) to share capital is less

than 50%, the board of directors must convene an extraordinary shareholders' meeting within two months as of the date upon which the board of directors discovered or should have discovered these losses. At this shareholders' meeting the board of directors needs to propose either the dissolution of the Issuer or the continuation of the Issuer, in which case the board of directors must propose measures to redress the Issuer's financial situation. Shareholders representing at least 75% of the votes validly cast at this meeting have the right to dissolve the Issuer, provided that at least 50% of the Issuer's share capital is present or represented at the meeting.

If, as a result of losses incurred, the ratio of the Issuer's net assets to share capital is less than 25%, the same procedure must be followed, it being understood, however, that in that event shareholders representing 25% of the votes validly cast at the meeting can decide to dissolve the Issuer. If the amount of the Issuer's net assets has dropped below €61,500 (the minimum amount of share capital of a corporation with limited liability organized under the laws of Belgium (*naamloze vennootschap / société anonyme*), any interested party is entitled to request the competent court to dissolve the Issuer. The court can order the dissolution of the Issuer or grant a grace period within which the Issuer is to remedy the situation.

Changes to the share capital

Changes to the share capital decided by the shareholders

In principle, changes to the share capital are decided by the shareholders. The shareholders' meeting may at any time decide to increase or decrease the share capital of the Issuer. Such resolution must satisfy the quorum and majority requirements that apply to an amendment of the articles of association, as described above under ''—Right to attend and vote at general shareholders' meetings—Quorum and majorities''.

Capital increases decided by the board of directors

Subject to the same quorum and majority requirements, the shareholders' meeting may authorize the board of directors, within certain limits, to increase the Issuer's share capital without any further approval of the shareholders. This is the so-called authorized capital. This authorization needs to be limited in time (i.e., it can only be granted for a renewable period of maximum five years) and in scope (i.e., the authorized capital may not exceed the amount of the registered capital at the time of the authorization). On October 5, 2007, the Issuer's shareholders' meeting authorized the board of directors to increase the share capital of the Issuer within the framework of the authorized capital with maximum €400,000,000 for the purposes of implementing stock option or Share plans and acquisitions. See also ''—Preferential subscription right'' below.

Pursuant to the Belgian Companies Code, the powers under the authorized capital cannot be used to issue new Shares, for an issue price that is lower than the fractional value of the Shares (and which currently amounts to €14.91 per Share (after rounding) or, upon successful completion of the Offering, €11.65 per Share (after rounding)).

In order to permit the board of directors to make effective use of its powers under the authorized capital, the board of directors intends to submit to the annual general shareholders' meeting to be held on April 27, 2011, a proposal to reduce the fractional value of the Issuer's Shares through a reduction of the share capital with allocation of the amount of the share capital reduction to the issue premium account. The issue premium will serve as the guarantee for third parties and can only be reduced on the basis of a lawful resolution of the general shareholders' meeting passed in the manner required for an amendment to the company's articles of association. From a financial, accounting and company law perspective, the proposal will be structured to be neutral for the shareholders, without cancellation of the Shares. At the same annual shareholders' meeting, the board of directors also intends to submit the proposal to renew the powers of the board of directors under the authorized capital, and to authorize the board of directors to increase the share capital of the Issuer within the framework of the authorized capital with a maximum of 40% of what the amount of the Issuer's share capital will be at the time of the approval by the general shareholders' meeting, to be valid a for period of five years. See also ''— Share capital and Shares''.

Preferential subscription right

In the event of a capital increase for cash with the issue of new Shares, or in the event of an issue of convertible bonds or warrants, the existing shareholders have a preferential right to subscribe, pro rata,

to the new Shares, convertible bonds or warrants. These preferential subscription rights are transferable during the subscription period. The shareholders' meeting may decide to limit or cancel this preferential subscription right, subject to special reporting requirements. Such decision by the shareholders' meeting needs to satisfy the same quorum and majority requirements as the decision to increase the Issuer's share capital.

The shareholders may also decide to authorize the board of directors to limit or cancel the preferential subscription right within the framework of the authorized capital, subject to the terms and conditions set forth in the Belgian Companies Code. The Issuer's October 5, 2007 shareholders' meeting granted the board of directors this authorization within the limits of the authorized capital. See also ''—Capital increases decided by the board of directors'' above.

Generally, unless expressly authorized in advance by the shareholders' meeting, the authorization of the board of directors to increase the share capital of the Issuer through contributions in cash with cancellation or limitation of the preferential subscription right of the existing shareholders is suspended as of the notification to the Issuer by the CBFA of a public takeover bid on the financial instruments of the Issuer. The Issuer's shareholders' meeting did not grant such express authorization to the board of directors.

Purchase and sale of own Shares

In accordance with the Issuer's articles of association and the Belgian Companies Code, the Issuer can only purchase and sell its own Shares by virtue of a special shareholders' resolution approved by at least 80% of the votes validly cast at a shareholders' meeting where at least 50% of the share capital and at least 50% of the profit certificates, if any, are present or represented. The prior approval by the shareholders is not required if the Issuer purchases the Shares to offer them to Nyrstar's personnel.

In accordance with the Belgian Companies Code, an offer to purchase Shares must be made either by way of an offer to all shareholders under the same conditions or on a regulated market. Shares can only be acquired with funds that would otherwise be available for distribution as a dividend to the shareholders. The total amount of Shares held by the Issuer can at no time be more than 20% of its share capital.

The board of directors was not granted the authorization to purchase own Shares ''to avoid imminent and serious danger to the Issuer'' (i.e., to defend against public takeover bids).

On May 26, 2009, the shareholders of the Issuer resolved to grant the board of directors the authority to acquire (without prior authorization by the general shareholders' meeting) on or outside the stock exchange, a number of the Issuer's Shares representing a maximum of 20% of the subscribed capital, for a price not lower than 10% below the average closing price during the preceding 20 trading days and not higher than 10% above the average closing price during the preceding 20 trading days. This authorization also covers the acquisition on or outside the stock exchange by a direct subsidiary of the Issuer within the meaning and the limits set out by Article 627 of the Belgian Companies Code. This authorization is valid for a five-year period as from May 26, 2009 and replaces the authority that was granted on October 5, 2007.

The board of directors may, without prior authorization by the shareholders' meeting and for an unlimited duration in time, in accordance with Article 622, §2 of the Belgian Companies Code, dispose of the Issuer's own Shares on or outside the stock market. This authorization covers the disposal of the Issuer's Shares on or outside the stock market by a direct subsidiary of the Issuer within the meaning of Article 627 of the Belgian Companies Code.

During September 2008, the board of directors applied the authority granted in Article 13 of the Issuer's articles of association to acquire 310,000 Shares. During this period, the designated broker, KBC Securities NV, purchased a daily volume of 38,750 Shares (or less than 10% of the daily volume for the preceding three months) at a weighted average of €5.5793 per Share. The total cost of the buy back program amounted to €1,733,396. During May and June 2010, the board of directors utilized the authority granted in Article 13 of the Issuer's articles of association to acquire 3,321,558 additional Shares. During this period the designated broker, KBC Securities NV, purchased Shares for a price not lower than 10% below the average closing price during the 20 trading days prior to such purchase, and not higher than 10% above the average closing price during the 20 trading days prior to such purchase. The total cost of the buy back program amounted to €29,278,364. As a result of these two Share buy back programs, the Issuer currently holds 3,631,558 treasury Shares (approximately 3.6% of the Issuer's

issued share capital). See also ''—Share capital and Shares''. These shares will be held as treasury shares with suspended dividend rights, for potential delivery to eligible employees in 2011, 2012 and 2013 to satisfy Nyrstar's outstanding obligations under the LTIP and the Co-Investment Plan. See also ''Management and Corporate Governance—Description of Share plans—LTIP'' and ''Management and Corporate Governance—Description of Share plans—Co-Investment Plan'' above.

Legislation and jurisdiction

Notification of significant shareholdings

Belgian law imposes disclosure requirements on any individual or entity acquiring or transferring voting securities or securities which give a right to voting securities, as soon as, following such acquisition or transfer, the total number of voting rights directly or indirectly held by such individual or entity, alone or in concert with others, goes above or falls below a threshold of 5%, or any multiple of 5%, of the total number of voting rights attached to the Issuer's securities. Article 6 of the Belgian Act of May 2, 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions (*Wet op de openbaarmaking van belangrijke deelnemingen in emittenten waarvan aandelen zijn toegelaten tot de verhandeling op een gereglementeerde markt en houdende diverse bepalingen / Loi relative à la publicité des participations importantes dans des émetteurs dont les actions sont admises à la négociation sur un marché réglementé et portant des dispositions diverses*) (the ''**Belgian Act of May 2, 2007**''), allows companies to reduce the first disclosure threshold to 3% and to add an intermediate threshold of 7.5%. The Issuer has exercised this right, as provided for in Article 8 of its articles of association. A shareholder whose shareholding goes above or falls below any such thresholds must, each time, disclose this fact to the CBFA and to the Issuer. Such notification is also required if an individual or an entity acquires or transfers control (either direct or indirect, either *de jure* or *de facto*) of a company that holds 3% of the voting rights of the Issuer.

The forms on which such notifications must be made, as well as further explanations, can be found on the website of the CBFA (www.cbfa.be). Violation of the disclosure requirements may result in the suspension of voting rights, a court order to sell the securities to a third party and/or criminal liability. The CBFA may also impose administrative sanctions.

The Issuer is required to publicly disclose any notifications received regarding increases or decreases in a shareholder's ownership of the Issuer's securities, and must mention these notifications in the notes to its financial statements. A list as well as a copy of such notifications can be viewed on the Issuer's website, within the section addressed to investors (www.nyrstar.com/nyrstar/en/investors/).

It should be noted that the Belgian Act of May 2, 2007 also imposes a notification obligation where, as a result of events changing the allocation of voting rights, the percentage of voting rights attached to securities with voting rights reaches, exceeds or falls below the thresholds provided for in the above paragraph, even where no acquisition or disposal of securities occurred (e.g., share capital increase or cancellation of treasury Shares). Furthermore, the Belgian Act of May 2, 2007 also requires a notification when natural or legal persons enter into, change or terminate an agreement to act in concert, where as a result of such event, the percentage of voting rights subject to the action in concert or the percentage of voting rights of one of the parties acting in concert, reaches, exceeds or falls below the thresholds mentioned in the first paragraph.

Public takeover bids

Public takeover bids for the Issuer's Shares and other securities giving access to voting rights (such as subscription rights or convertible bonds, if any) are subject to supervision by the CBFA. Any public takeover bid must be extended to all of the Issuer's voting securities, as well as all other securities giving access to voting rights. Prior to making a bid, a bidder must publish a prospectus, approved by the CBFA prior to publication.

Belgium implemented the Thirteenth Company Law Directive (European Directive 2004/25/EC of April 21, 2004) by the Belgian Act on public takeover bids (*Wet op de openbare overnamebiedingen / Loi sur les offres publiques d'acquisition*) of April 1, 2007 (the ''**Belgian Act on Public Takeover Bids**'') and a Royal Decree of April 27, 2007 on public takeover bids (*Koninklijk Besluit op de openbare overnamebiedingen / Arrêté Royal sur les offres publiques d'acquisition*). The Belgian Act on Public Takeover Bids provides that a mandatory bid will need to be launched if a person, as a result of his own acquisition or the acquisition by persons acting in concert with him or by persons acting for their

account, directly or indirectly holds more than 30% of the voting securities in a company having its registered office in Belgium and of which at least part of the voting securities are traded on a regulated market or on a multilateral trading facility designated by a Royal Decree.

There are several provisions of Belgian company law and certain other provisions of Belgian law, such as the obligation to disclose significant shareholdings (see ''—Notification of significant shareholdings'' above) and merger control, that may apply towards the Issuer and which may create hurdles to an unsolicited tender offer, merger, change in management or other change in control, more difficult. These provisions could discourage potential takeover attempts that other shareholders may consider to be in their best interest and could adversely affect the market price of the Issuer's Shares. These provisions may also have the effect of depriving the shareholders of the opportunity to sell their Shares at a premium.

In addition, pursuant to Belgian company law, the board of directors of Belgian companies may in certain circumstances, and subject to prior authorization by the shareholders, deter or frustrate public takeover bids through dilutive issuances of equity securities (pursuant to the ''authorized capital'') or through Share buy-backs (i.e., purchase of own Shares). In principle, the authorization of the board of directors to increase the share capital of the Issuer through contributions in cash with cancellation or limitation of the preferential subscription right of the existing shareholders is suspended as of the notification to the Issuer by the CBFA of a public takeover bid on the securities of the Issuer. The shareholders' meeting can, however, expressly authorize the board of directors to increase the capital of the Issuer by issuing Shares in an amount of not more than 10% of the existing Shares of the Issuer at the time of such a public takeover bid. Such authorization has not been granted to the board of directors of the Issuer (see also ''—Changes to the share capital—Preferential subscription right).

The board of directors was not granted the authorization to purchase its own Shares ''to avoid imminent and serious danger to the Issuer'' (i.e., to defend against public takeover bids) (see also ''—Changes to the share capital—Purchase and sale of own shares'').

The Issuer's articles of association do not provide for any other specific protective mechanisms against public takeover bids.

The Issuer is a party to the following significant agreements which, upon a change of control of the Issuer 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 Facility, as described in more detail in ''Operating and Financial Review and Prospects—Liquidity and capital resources—Funding sources—Revolving Structured Commodity Trade Finance Facility'';
- Nyrstar's Convertible Bonds, as described in more detail in ''Operating and Financial Review and Prospects—Liquidity and capital resources—Funding sources—Convertible bonds'';
- Nyrstar's 5.5% fixed rate non-convertible bonds, as described in more detail in ''Operating and Financial Review and Prospects—Liquidity and capital resources—Funding sources—Public bonds'';
- Nyrstar's multi-currency CHF 50 million bilateral credit facility with Credit Suisse AG, as described in more detail in ''Operating and Financial Review and Prospects—Liquidity and capital resources—Funding sources—Bilateral facilities'';
- Nyrstar's off-take agreement with the Glencore Group, as described in more detail in ''Operating and Financial Review and Prospects—Contractual obligations and commitments''; and
- Nyrstar's streaming agreement with Talvivaara Sotkamo Limited, as described in more detail in ''Operating and Financial Review and Prospects—Contractual obligations and commitments''.

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

Squeeze-outs

Pursuant to Article 513 of the Belgian Companies Code, as amended by Article 60 of the Belgian Act on public takeover bids, or the regulations promulgated there under, a person or entity, or different persons or entities acting alone or in concert, who, together with the relevant company, own 95% of the

securities conferring voting rights in a public company, can acquire the totality of the securities conferring (potential) voting rights in that company following a squeeze-out offer. The Shares that are not voluntarily tendered in response to such offer are deemed to be automatically transferred to the bidder at the end of the procedure. At the end of the offer, this company is no longer deemed a public company, unless bonds issued by the company are still spread among the public. The consideration for the securities must be in cash and must represent the fair value as to safeguard the interests of the transferring shareholders.

Sell-out right

Holders of securities conferring (potential) voting rights may require an offeror who, acting alone or in concert, following a takeover bid, owns 95% of the voting capital or 95% of the securities conferring voting rights in a public company to buy their securities at the price of the bid, upon the condition that the offeror has acquired, through the bid, securities representing at least 90% of the voting capital subject to the takeover bid.

PRINCIPAL SHAREHOLDERS

The Issuer 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 Issuer pursuant to applicable transparency disclosure rules (see also ''Share Capital and Articles of Association—Legislation and jurisdiction—Notification of significant shareholdings''), up to the date of this Prospectus. Although the applicable transparency disclosure rules require that a disclosure must be made by each person passing or falling under one of a relevant thresholds, it is possible that the above information in relation to a shareholder is no longer up-to-date. In addition, the Issuer holds a number of Shares as treasury stock (see also ''Share Capital and Articles of Association—Share capital and Shares'').

		Before dilution		On a fully diluted basis	
	Date of Notification	**Number of Shares**	**% of the voting rights attached to Shares(1)**	**Number of Shares**	**% of the voting rights attached to Shares(2)**
BlackRock(3)	January 31, 2011	7,452,086	7.73%	8,373,837	7.46%
Glencore Holding AG(4)	February 9, 2009	7,791,622	8.08%	7,791,622	6.94%
Umicore NV	September 1, 2008	5,251,859	5.45%	5,251,859	4.68%
Nyrstar NV	July 26, 2010	3,631,558	—(5)	3,631,558	—(5)

Notes:

(1) The percentage of voting rights is calculated on the basis of the 100,013,262 outstanding Shares. The calculation is adjusted to take into account that the voting rights attached to the own Shares held by the Issuer are suspended by operation of law. The calculation does not take into account the number of Shares issuable within the context of the Offering, nor the number of Shares issuable upon conversion of the Convertible Bonds. For further information on the number of Shares issuable upon conversion of the Convertible Bonds, see ''Share Capital and Articles of Association—Share capital and Shares''.

(2) The percentage of voting rights is calculated on the basis of 112,283,561 outstanding Shares, assuming that all outstanding convertible bonds have been converted into 15,901,857 new Shares at a conversion price of €7.54 per Share. The calculation is adjusted to take into account that the voting rights attached to the own Shares held by the Issuer are suspended by operation of law. The calculation does not take into account the number of Shares issuable within the context of the Offering. The calculation also does not take into account that according to the terms of the Convertible Bonds, the conversion price of the Convertible Bonds will be adjusted downward as a result of the Offering depending on the Share price on or before the start of the Rights Subscription Period. For further information on the number of Shares issuable upon conversion of the Convertible Bonds, see ''Share Capital and Articles of Association—Share capital and Shares''.

(3) The notification was made by BlackRock Inc. on behalf of several BlackRock entities. The notification stated that BlackRock Inc. is the ultimate controlling parent of these entities, but that the legal entities holding the Shares are the discretionary investment managers that hold the Shares and exercise the voting rights. Based on the notification, it also appears that the BlackRock entities held Convertible Bonds in an aggregate principal amount of €6,950,000.00, which can be converted into an aggregate of 921,751 new Shares at a conversion price of €7.54 per Share. For further information on the Convertible Bonds, see ''Share Capital and Articles of Association—Share capital and Shares''.

(4) The notification was made on behalf of a subsidiary of Glencore Holding AG.

(5) Pursuant to the Belgian Companies Code, the voting rights attached to the own Shares held by the Issuer are suspended.

Nyrstar's three largest shareholders, BlackRock Group, Glencore and Umicore, have reiterated their support for the Offering. BlackRock Group (with respect to its actively managed funds, which represent a substantial majority of its shareholding) and Glencore have advised Nyrstar that they intend to participate in the Offering.

As to the Rights attached to the Shares that are held by the Issuer as treasury shares, the Issuer shall not exercise such Rights, but intends to sell these Rights in the context of the Offering.

THE OFFERING

Terms and conditions of the Offering

Shares offered with a non-statutory preference right

The offering by Nyrstar of new Shares in the amount of €490,064,974, will be carried out with non-statutory preference rights for existing shareholders. The statutory preference right of the existing shareholders of Nyrstar as set forth in Article 592 and following of the Belgian Companies Code has been disapplied with respect to the Offering. However, the existing shareholders are being granted Rights, each conferring a non-statutory preference, as described below.

From a practical perspective, the Rights do not differ from statutory preference rights, and the Offering procedure does not differ substantively from the procedure that would otherwise have applied if the Offering had taken place with the statutory preference rights as provided for by the Belgian Companies Code. In particular, the Rights will be separated from the underlying Shares and, as in accordance with Article 593 of the Belgian Companies Code, will be freely and separately tradable on the regulated market of Euronext Brussels during the Rights Subscription Period, which will have a term of 15 calendar days. This will allow shareholders to exercise or sell their Rights on the same terms and during the same period as if the Offering had been made with statutory preference rights in accordance with the provisions of Articles 592 and 593 of the Belgian Companies Code. As an exception to the procedure that would have applied if the Offering had taken place with statutory preference rights, Nyrstar has not published a notice in the Belgian Official Gazette (*Moniteur Belge*/*Belgisch Staatsblad*) and the Financial Press announcing the term of the Rights Subscription Period eight days prior to the start of Rights Subscription Period in accordance with Article 593 of the Belgian Companies Code. Nyrstar did not publish such notice as the final terms of the Offering have only been determined on February 23, 2011 and as announcing the start of the Offering before determination of, and independently from, such final terms could have been confusing to the market. The authority to structure the Offering with non-statutory preference rights as described in this Prospectus has been granted to the board of directors by a decision of the extraordinary general shareholders' meeting of the Issuer held on January 6, 2011, that approved the Offering. See also under ''—The new Shares and VVPR Strips offered—Authorizations relating to the Offering''.

Allocation of Rights

Each Share will entitle its holder on the Record Date to receive one Right.

Subscription Price and Ratio

The Subscription Price is €7.00, which is below the closing price of €11.39 per Share as quoted on the regulated market of Euronext Brussels on February 23, 2011 and below the fractional value of the Issuer's Shares of €14.91 (after rounding). The Subscription Price of the Shares will be allocated in its entirety to the Issuer's share capital.

The Ratio at which a person who is eligible to subscribe for new Shares and VVPR Strips through the exercise of Rights or Scrips, pursuant to the terms of this Prospectus (such person, an ''**Eligible Person**'') will have the right to subscribe for new Shares against payment of the Subscription Price is 7 new Shares for 10 Rights.

Offering procedure

Rights Offering

Subject to restrictions under applicable securities laws (see ''—Plan of distribution and allocation of the securities'' and as described below), existing shareholders of the Issuer as at the closing of the regulated market of Euronext Brussels on February 24, 2011 and persons having acquired Rights during the Rights Subscription Period will have a non-statutory preference right to subscribe for the new Shares, at the Subscription Price and in accordance with the Ratio. Each new Share will be offered together with a VVPR Strip. The VVPR Strips are further described in ''Taxation of Shares—Belgian tax regime—Taxation of VVPR Strips''.

The Rights, represented by coupon No. 3 of the existing Shares, will be separated from the underlying Shares on February 24, 2011 after the closing of the regulated market of Euronext Brussels and will be tradable on such regulated market from February 25, 2011 to March 11, 2011.

Any sale of Shares prior to the closing of the regulated market of Euronext Brussels on February 24, 2011 and to be settled after February 24, 2011, will be settled ''cum Rights''. Any Shares sold after the closing of the regulated market of Euronext Brussels on February 24, 2011 will be sold and settled ''ex Rights''.

The Rights Subscription Period will be open from February 25, 2011 to 4.00 pm CET on March 11, 2011 inclusive, as indicated below.

Subject to restrictions under applicable securities laws (see ''—Plan of distribution and allocation of the securities'' and as described below), existing shareholders whose holding of Shares is registered in the share register of the Issuer will receive communications informing them of the aggregate number of Rights to which they are entitled and of the procedures that they must follow to exercise or trade their Rights.

Existing shareholders whose holdings of Shares are held in a securities account are expected to be informed by their financial institution of the procedure that they must follow to exercise or trade their Rights.

Subject to restrictions under applicable securities laws (see ''—Plan of distribution and allocation of the securities'' and as described below), shareholders of the Issuer or transferees of Rights who do not hold the exact number of Rights to subscribe for a round number of new Shares may elect, during the Rights Subscription Period, either to purchase additional Rights in order to acquire additional new Shares or to transfer or sell all or part of their Rights.

Rights can no longer be exercised after 4.00 pm CET on March 11, 2011, which is the last day of the Rights Subscription Period. (See ''—Subscription periods—Rights subscription period''.)

The results of the Rights Offering are expected to be announced via a press release (before market opening) on or around March 15, 2011.

Scrips Offering

The Rights that are not exercised at the time of the closing of the Rights Subscription Period, which will be 4.00 pm CET on the last date of the subscription period, will be converted into an equal number of Scrips.

After the Rights Subscription Period has ended, the Underwriters (as defined below) will, subject to the terms and conditions of the Underwriting Agreement and this Prospectus and for the account of holders of Rights that have not been exercised, commence the sale, pursuant to this Prospectus in an institutional offering (i) by way of an exempt private placement in Belgium and elsewhere outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, and (ii) within the United States solely to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in transactions exempt from registration under the U.S. Securities Act, of the Scrips by way of an accelerated bookbuilt procedure. Through such a procedure, the Underwriters will build a book of demand to determine a single market clearing price for the Scrips.

The number of Scrips offered in the Scrips Offering will be equal to the number of Rights that have not been exercised at the closing of the Rights Subscription Period. Investors that acquire such Scrips irrevocably commit to subscribe at the Subscription Price to a number of new Shares and VVPR Strips corresponding to the Scrips acquired by them and in accordance with the Ratio. The Scrips Offering is expected to start on March 15, 2011 and is expected to end on the same day, though it may be extended. (See ''—Subscription periods—Scrips Subscription Period''.)

If the aggregate proceeds for the Scrips offered and sold in the Scrips Offering, and for the new Shares issued pursuant to the Scrips Offering, after deduction of any expenses relating to procuring such subscribers (including any value added tax), exceed the aggregate Subscription Price for the new Shares issued pursuant to the Scrips Offering (such an amount, the ''**Excess Amount**''), each holder of a Right that was not exercised by the last day of the Rights Subscription Period will be entitled to receive, except as noted below, a part of the Excess Amount in cash proportional to the number of unexercised Rights held by such holder on the last day of the Rights Subscription Period (rounded down to a whole Euro cent per unexercised Right) (the ''**Unexercised Rights Payment**''). There is no assurance that there will be any Excess Amount. Furthermore, there is no assurance that any or all Scrips will be sold during the Scrips Offering.

If the Excess Amount divided by the total number of unexercised Rights is less than €0.01, the holders of any unexercised Rights will not be entitled to receive an Unexercised Rights Payment and, instead, any Excess Amount will be transferred to the Issuer. The results of the Scrips Offering are expected to be announced via a press release on or around March 15, 2011.

The Scrips Offering will only take place if fewer than all of the Rights have been exercised during the Rights Subscription Period. Neither the Issuer, the Collecting Agents (as defined below), the Underwriters, nor any other person procuring a sale of the Scrips will be responsible for any lack of Excess Amount arising from any sale of the Scrips in the Scrips Offering.

Trading in Rights

Trading in the Rights on the regulated market of Euronext Brussels is expected to commence on February 25, 2011 and will continue until March 11, 2011 under the ISIN code BE0970124278 and the symbol NYR3. The transfer of Rights will take place as applicable through the book-entry system of Euroclear Bank SA/NV as operator of the Euroclear system.

Persons interested in trading or purchasing Rights should be aware that the exercise of Rights by holders who are located in countries other than Belgium may be subject to restrictions, including as described in ''—Plan of distribution and allocation of the securities''.

Subscription

Eligible Persons who wish to exercise their Rights should instruct their financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from such Eligible Persons and for informing the Collecting Agents (as defined below) of such exercise instructions.

Subject to applicable securities laws, Eligible Persons may instruct their financial intermediary to sell some or all of their Rights, or to purchase additional Rights, on their behalf.

All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the exercise, sale or purchase of Rights will be determined by such financial intermediary in accordance with its usual customer relations procedures or as it otherwise notifies the Eligible Person.

The Issuer is not liable for any action or failure to act by a financial intermediary or by the Collecting Agents in connection with any subscriptions or purported subscriptions.

Nyrstar registered shareholders will have to follow the instructions mentioned in the communications that they will receive from Nyrstar (subject to applicable securities laws) informing them of the aggregate number of Rights to which they are entitled and of the procedure they have to follow to exercise and trade their Rights.

Subscription periods

Rights Subscription Period

Eligible Persons may subscribe for new Shares and/or VVPR Strips by exercising their Rights from February 25, 2011 until March 11, 2011 inclusive (by 4.00 pm CET).

The last date and time before which notification of exercise instructions may be validly given by Eligible Persons may be earlier than March 11, 2011 depending on the financial institution through which the Rights of such Eligible Persons are held and depending on the communications that will be sent by Nyrstar to the Nyrstar registered shareholders. Eligible Persons who have not exercised their Rights by the last day of the Rights Subscription Period will no longer be able to exercise their Rights thereafter. However, all Shares timely subscribed by Eligible Persons will be fully allocated to them. All subscriptions are binding, and may not be revoked except as described below in ''—Revocation of the acceptance—Supplement to the Prospectus''.

Scrips Subscription Period

The Scrips will be offered and sold through an accelerated bookbuilding process (i) in an exempt private placement in Belgium and elsewhere outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, and (ii) within the United States solely to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in transactions exempt from

registration under the U.S. Securities Act. The Scrips Offering is expected to take place on or around March 15, 2011, but may be extended.

Minimum or maximum amount that may be subscribed

Subject to the Ratio, there is no minimum or maximum amount that may be subscribed pursuant to the Offering.

Shares held by Nyrstar

The Issuer and, as applicable, its subsidiaries will be granted Rights in respect of the Shares that they hold. In accordance with applicable legal provisions, the Issuer and its subsidiaries may not exercise any such Rights, but may, and expect to, sell them on the regulated market of Euronext Brussels or otherwise. See ''Share Capital and Articles of Association—Share Capital and Shares'' for the number of Shares held by the Issuer and its subsidiaries.

Revocation or suspension of the Offering

The Issuer has a right to proceed with the Offering in a reduced amount. This is, however, without prejudice to the underwriting commitment agreed to by the Underwriters (as described in ''—Placing and underwriting—Underwriting—Equity Commitment Agreement''). The actual number of the Shares subscribed for will be confirmed in the Financial Press.

The Issuer reserves the right to revoke or suspend the Offering, if the Issuer's board of directors determines that market circumstances do not allow for the occurrence or completion of the capital increase in circumstances satisfactory to it or upon the occurrence after the beginning of the Rights Subscription Period of an event allowing the Underwriters to terminate the Underwriting Agreement (see ''—Placing and underwriting—Underwriting—Underwriting Agreement'').

If the Issuer decides to revoke or suspend the Offering, a press release will be published and, to the extent such event would legally require the Issuer to publish a supplement to the Prospectus, such supplement will be published.

Revocation of the acceptance—Supplement to the Prospectus

Nyrstar will update the information provided in this Prospectus by means of a supplement hereto if a significant new factor that may affect the evaluation by prospective investors of the Offering occurs prior to the start of trading of the new Shares and VVPR Strips, expected to take place on or around March 18, 2011. Any prospectus supplement will be subject to approval by the CBFA.

Subscriptions to the new Shares are binding and may not be revoked. However, if a supplement to the Prospectus is published, subscribers in the Rights Offering and subscribers in the Scrips Offering will have the right, within two business days, to withdraw subscriptions made by them prior to the publication of the supplement. Such withdrawal must be done within the time limits set forth in the supplement (which shall not be shorter than two business days after publication of the supplement).

Any Right or Scrip in respect of which the subscription has been withdrawn as permitted by law following a publication of a supplement to the Prospectus shall be deemed to have been unexercised for the purposes of the Offering. Accordingly, holders of such unexercised Rights shall be able to share in the Excess Amount, as the case may be. However, subscribers withdrawing their subscription after the close of the Scrips Subscription Period when permitted by law following a publication of a supplement to the Prospectus will not be able to share in the Excess Amount, as the case may be, and will not be compensated in any other way, including for the purchase price (and any related cost) paid in order to acquire any Rights or Scrips.

Any supplement to the Prospectus will be published in the Financial Press or made available by any other permitted method of distribution. If Nyrstar does not provide an update with respect to such event, the CBFA may suspend the Offering until such event has been made public. The above applies to subscriptions in both the Rights Offering and the Scrips Offering.

Payment of funds and terms of delivery of the new Shares and VVPR Strips

The payment of the subscriptions with Rights is expected to take place on or around March 18, 2011 and will be done by debit of the subscriber's account with the same value date (subject to the relevant financial intermediary procedures).

The payment of the subscriptions in the Scrips Offering is expected to take place on or around March 18, 2011. The payment of the subscriptions in the Scrips Offering will be made by delivery against payment.

Delivery of the new Shares and VVPR Strips will take place on or around March 18, 2011.

Publication of the results of the Offering

The results of the Offering and the amount of the Unexercised Rights Payment due to holders of Rights that were not exercised will be published on or around March 16, 2011 in the financial press, which will be in Belgium, *L'Echo* and *De Tijd*, as well as any other additional newspapers in such countries that Nyrstar may determine (the ''**Financial Press**'').

Expected timetable of the Offering

Determination of the Subscription Price and Ratio	T-1	February 23, 2011
Separation from the Shares of coupon No. 3 (representing the Right) after closing of Euronext Brussels	T	February 24, 2011
Availability to the public of the Prospectus	T	February 24, 2011
Start of the trading of Shares ''ex Right''	T+1	February 25, 2011
Listing of the Rights on the regulated market of Euronext Brussels	T+1	February 25, 2011
Opening date of the Rights Subscription Period	T+1	February 25, 2011
End of the Rights Subscription Period	T+15	4.00 pm CET on March 11, 2011
End of the listing of the Rights on the regulated market of Euronext Brussels	T+15	March 11, 2011
Announcement via press release of the results of the Rights Offering (before market opening)	T+19	March 15, 2011
Scrips Offering	T+19	March 15, 2011
Announcement via press release of the results of the Scrips Offering	T+19	March 15, 2011
Publication in the Financial Press of the results of the Offering and the amount due to holders of unexercised Rights	T+20	March 16, 2011
Payment by investors	T+22	March 18, 2011
Completion of the Offering and realization of the capital increase	T+22	March 18, 2011
Listing and delivery of the new Shares and VVPR Strips subscribed with Rights and with Scrips	T+22	March 18, 2011
Payment of the Excess Amount to holders of unexercised Rights (as the case may be)	T+22	As of March 18, 2011

Note:

''T +'' a given number refers to the calendar day that falls that number of calendar days following the calendar day that corresponds to ''T'' (that is, February 24, 2011).

Nyrstar may amend the dates and times of the Offering and periods indicated in the above timetable and throughout this Prospectus. Should Nyrstar decide to amend such dates, times or periods, it will notify Euronext Brussels and inform investors through a publication in the Financial Press. Any material alterations to this Prospectus will be published in a press release, an advertisement in the Financial Press and a supplement to this Prospectus.

The new Shares and VVPR Strips offered

Type, class and dividend entitlement

The new Shares to be issued within the framework of the Offering shall have the same rights and benefits as, and shall rank *pari passu* in all respects with, the existing and outstanding Shares of the Issuer. They will carry the right to a dividend with respect to the financial year that started on January 1, 2010 and, from the date of their issue, will carry the right to any distribution made by the Issuer.

Consequently, they will be, from the date of their admission to trading, immediately fungible with the existing Shares already traded on the regulated market of Euronext Brussels.

Each new Share will be accompanied by one VVPR Strip issued by the Issuer. VVPR Strips enable their holders, if eligible, to benefit from a reduced Belgian withholding tax rate. VVPR Strips will be traded on the regulated market of Euronext Brussels. The VVPR Strips are further described in ''Taxation of Shares—Belgian tax regime—Taxation of VVPR Strips''.

The new Shares will be traded under the same ISIN code as the code for the existing Shares, namely BE0003876936. The new VVPR Strips will be traded under the same ISIN code as the code for the existing VVPR Strips, namely BE0005644183.

Legislation and jurisdiction

The new Shares and VVPR Strips will be issued in accordance with Belgian law.

In the event of litigation initiated in Belgium, the Belgian courts that will have jurisdiction will, in principle, be those where the registered office of the Issuer is located if the Issuer is defendant and will be designated according to the nature of the litigation, unless otherwise provided by Belgian rules, applicable treaties or jurisdiction or arbitration clauses.

Form

The subscribers have the choice of receiving the new Shares and the VVPR Strips in the form of dematerialized securities, booked in their securities account, or as registered Shares recorded in the Issuer's share register book.

Shareholders may at any time ask Nyrstar for their shares in dematerialized form to be converted into registered shares, or vice versa, at such shareholders' expense, in accordance with the articles of association.

Currency

The Offering is in Euro.

Rights attached to the new Shares

From their issue date, the new Shares will be subject to all provisions of the articles of association of the Issuer. The new Shares shall be of the same class as existing Shares and will be profit sharing as from any distribution relating to the financial year that started on January 1, 2010. The rights attached to the Shares are described in ''Share Capital and Articles of Association—Rights attached to the Shares''.

Authorizations relating to the Offering

The Issuer's extraordinary general shareholders' meeting of January 6, 2011 approved the Offering. It decided to increase the share capital up to a maximum amount of €500 million (including issuance premium, as applicable) and to offer the new Shares by preference to the existing Nyrstar shareholders.

It was decided that in the offering and allocation of the Shares the existing shareholders would be granted preference via a statutory preference right (within the meaning of Article 592 and following of the Belgian Companies Code) or a non-statutory preference right that, subject to applicable company, financial and securities law rules, would be tradable separately from the Shares. The extraordinary general shareholders' meeting also decided to grant the board of directors the flexibility and power to further implement the capital increase, including, amongst other things, the power to determine the number and the issue price of the new Shares, to determine the practical implementation of the Offering and allocation of the new Shares (including the manner in which shareholders would have a statutory or

non-statutory preference right), to determine the start and duration of the subscription period and, as the case may be, the termination of the Offering, and to do such other things as would be useful, appropriate or necessary in connection with the foregoing. The board of directors was also granted the right to sub-delegate the exercise of these powers (in whole or in part) to an ad hoc committee appointed by the board of directors, consisting of the managing director and at least two independent directors.

The shareholders' meeting permitted the issue price of the new Shares to be lower than the fractional value of the Issuer's Shares. In order to preserve the possibility for the board of directors to opt for an offering with non-statutory preference rights (see above), the extraordinary general shareholders' meeting also decided to disapply the statutory preference rights of the shareholders. Each of the board of directors and the statutory auditor of the Issuer prepared a special report in accordance with Articles 582 and 596 of the Belgian Companies Code in relation to the issuance of new Shares at an issue price that is, or may be, lower than the fractional value of the Issuer's existing Shares, and, as the case may be, the disapplication of the statutory preference right of the shareholders. The reports are available on the Issuer's website.

As authorized by the decision of the extraordinary general shareholders' meeting of January 6, 2011, the Issuer's board of directors has decided to carry out the capital increase through an offering with non-statutory preference rights for the shareholders of the Issuer, in the form of the Rights, subject to the specific terms set forth in the Prospectus. The Right is structured in a way that allows the shareholders of the Issuer to exercise or sell their Rights on the same terms and during the same period of time as if the Offering had been made observing the statutory preference right as provided for in Article 592 and following of the Belgian Companies Code. The decision of the board of directors to opt for a non-statutory preference right rather than a statutory preference right, allows the Issuer to carry out the Offering without having to publish the notice required by Article 593 of the Belgian Companies Code. See also under ''—Terms and conditions of the Offering—Shares offered with a non-statutory preference right''.

Issue date

The expected date for the issue of the new Shares and VVPR Strips is March 18, 2011.

Restrictions on free trading in the new Shares and VVPR Strips

There are no provisions limiting the free transferability of the new Shares and VVPR Strips included in the articles of association of the Issuer. See however ''—Plan of distribution and allocation of the securities'' regarding restrictions applicable to the Offering.

Pre-allotment disclosure

There are no pre-allotment arrangements in connection with the Offering, other than the underwriting commitment of the Underwriters described in ''—Placing and underwriting—Underwriting—Equity Commitment Agreement''.

Over-allotment and green shoe

No over-allotment facility or over-allotment option have been granted in connection with the Offering.

Notifications to applicants

Holders of Rights who will validly exercise them and pay for the corresponding number of new Shares and VVPR Strips are guaranteed, subject to the occurrence of the Closing (as defined below) and applicable securities law restrictions, to receive such number of new Shares and VVPR Strips. The results of the Offering will be publicly disclosed as set forth in ''—Terms and conditions of the Offering—Publication of the results of the Offering''.

Plan of distribution and allocation of the securities

Categories of potential investors—Countries in which the Offering will be open—Restrictions applicable to the Offering

Categories of potential investors

The Offering is carried out with non-statutory preference rights for existing shareholders. The Rights are allocated to all the shareholders of Nyrstar as of the Record Date, and each Share will entitle its holder to one Right. Both the initial holders of Rights and any subsequent purchasers of Rights, as well as any purchasers of Scrips in the Scrips Offering, may subscribe for the new Shares and VVPR Strips, subject to the applicable securities laws referred to above and the restrictions set forth below.

The Scrips Offering will only take place in an institutional offering (i) by way of an exempt private placement outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, and (ii) within the United States solely to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in transactions exempt from registration under the U.S. Securities Act.

Countries in which the Offering will be open

The Rights are granted to all Nyrstar shareholders and may only be exercised by Nyrstar shareholders (or subsequent purchasers of the Rights) who can lawfully do so under any law applicable to them. The new Shares and VVPR Strips to be issued upon exercise of the Rights are being offered only to holders of Rights to whom such offer can be lawfully made under any law applicable to those holders. Nyrstar has taken all necessary actions to ensure that Rights may lawfully be exercised by, and new Shares and VVPR Strips to be issued upon the exercise of Rights may lawfully be offered to, the public (including Nyrstar shareholders and holders of Rights) in Belgium. Nyrstar has not taken any action to permit any offering of Rights or new Shares or VVPR Strips to be issued upon the exercise of Rights in any other jurisdiction outside of Belgium.

The Scrips, and the new Shares and the VVPR Strips to be issued upon exercise of Scrips as a result of the Scrips Offering, are being offered only in an institutional offering (i) by way of an exempt private placement in Belgium and selected jurisdictions outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act, and (ii) within the United States solely to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in transactions exempt from registration under the U.S. Securities Act. The Scrips, and new Shares and VVPR Strips to be issued upon exercise of Scrips as a result of the Scrips Offering, are not being offered to any other persons or in any other jurisdiction.

The distribution of this Prospectus, the acceptance, sale, purchase or exercise of Rights, the purchase and the exercise of Scrips and the subscription for and acquisition of new Shares and VVPR Strips may, under the laws of certain countries other than Belgium, be governed by specific regulations. Individuals in possession of this Prospectus, or considering the acceptance, sale, purchase or exercise of Rights, the purchase or exercise of Scrips or the subscription for, or acquisition of, new Shares and VVPR Strips, must inquire about those regulations and about possible restrictions resulting from them, and comply with those restrictions. Intermediaries cannot permit the acceptance, sale or exercise of Rights, the purchase or exercise of Scrips or the subscription for, or acquisition of, new Shares and VVPR Strips, for clients whose addresses are in a country where such restrictions apply. No person receiving this Prospectus (including trustees and nominees) may distribute it in, or send it to, such countries, except in conformity with applicable law.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the Rights, the Scrips, new Shares and VVPR Strips to which they relate or an offer to sell or the solicitation of an offer to buy Rights, Scrips, new Shares or VVPR Strips in any circumstances in which such offer or solicitation is unlawful.

The following sections set out specific notices in relation to certain countries that, if stricter, shall prevail over the foregoing general notice.

Certain Member States of the EEA

Nyrstar has not authorized any offer to the public of new Shares, VVPR Strips, Rights or Scrips in any Member State of the European Economic Area (each, a ''**Member State**''), other than Belgium. With

respect to each Member State that has implemented the EU Prospectus Directive (each, a ''**Relevant Member State**''), no action has been undertaken or will be undertaken to make an offer to the public of new Shares, VVPR Strips, Rights or Scrips requiring a publication of a prospectus in that Relevant Member State. As a result, the new Shares, VVPR Strips, Rights or Scrips may only be offered in a Relevant Member State under the following exemptions of the EU Prospectus Directive, if they have been implemented in that Member State:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the EU Prospectus Directive), subject to obtaining the prior consent of the Joint Bookrunners for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the EU Prospectus Directive;

provided that no such offer of new Shares or VVPR Strips shall result in a requirement for the publication by Nyrstar or any Underwriter of a prospectus pursuant to Article 3 of the EU Prospectus Directive.

For the purposes of this paragraph, the expression an ''offer to the public'' of new Shares, VVPR Strips, Rights or Scrips in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and the new Shares, VVPR Strips, Rights or Scrips to be offered so as to enable an investor to decide to purchase or subscribe to any such securities, as the same may be varied in that Member State by any measure implementing the EU Prospectus Directive in that Member State.

Canada, Australia and Japan

This Prospectus may not be distributed or otherwise made available in Canada, Australia or Japan, and the Scrips and the new Shares and VVPR Strips may not be, directly or indirectly, offered or sold, and the Rights may not be directly or indirectly distributed to, exercised or otherwise offered or sold, or exercised by any person, in Canada, Australia or Japan unless such distribution, offering, sale, or exercise is permitted under applicable laws of the relevant jurisdiction.

United States

No actions have been taken to register or qualify the Rights, Scrips, Shares, or VVPR Strips offered hereby or otherwise permit a public offering of the Rights, Scrips, Shares or VVPR Strips offered hereby in the United States. The Rights, Scrips, Shares and VVPR Strips are being offered in the United States on a private placement basis solely to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in transactions exempt from the registration requirements of the U.S. Securities Act and outside the United States pursuant to Regulation S under the U.S. Securities Act. The Rights, Scrips, Shares and VVPR Strips offered hereby have not been and will not be registered under the U.S. Securities Act and may not be offered, sold or resold in, or to persons in, the United States except in accordance with an available exemption from registration under the U.S. Securities Act.

Investors may not exercise Rights or receive or exercise Scrips, and they may not purchase Rights, Scrips, Shares or VVPR Strips in the United States, unless they are qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act). Investors that are qualified institutional buyers may exercise their Rights only if such investors sign and deliver to Nyrstar or one of the Underwriters an investor letter as set out in Annex B. Investors that are qualified institutional buyers exercising Scrips will be deemed to have made the following representations and agreements:

1. It is and at the time of any exercise by it of Scrips will be, a ''qualified institutional buyer'' within the meaning of Rule 144A under the Securities Act of 1933, as amended (the ''**U.S. Securities Act**'').

2. It understands and acknowledges that neither the Scrips nor any Shares or VVPR Strips issuable upon exercise of the Scrips have been or will be registered under the U.S. Securities

Act, and may not be offered, sold or exercised, directly or indirectly, in the United States, other than in accordance with paragraph 4 below.

3. As a purchaser in a private placement of securities that have not been registered under the U.S. Securities Act, it is acquiring Scrips and Shares and VVPR Strips upon the exercise of such Scrips for its own account, or for the account of one or more other qualified institutional buyers for which it is acting as duly authorized fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations and agreements herein with respect to each such account, in each case for investment and not with a view to any resale or distribution of any Scrips or of any Shares or VVPR Strips issuable upon exercise of the Scrips.

4. It understands and agrees that, although offers and sales of the Scrips are being made only to qualified institutional buyers, and that Scrips may be exercised only by qualified institutional buyers, such exercises are not being made under Rule 144A, and that if in the future it or any such other qualified institutional buyer for which it is acting, as described in paragraph 3 above, or any other fiduciary or agent representing such investor decides to offer, sell, deliver, hypothecate or otherwise transfer any Scrips, Shares or VVPR Strips issuable on the exercise of Scrips, it will do so only (i) pursuant to an effective registration statement under the U.S. Securities Act, (ii) to a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (iii) outside the United States pursuant to Rule 904 under Regulation S under the U.S. Securities Act in an ''offshore transaction'' (and not in a pre-arranged transaction resulting in the resale of such Scrips or Shares or VVPR Strips into the United States) or (iv) in the case of Shares and VVPR Strips issued upon the exercise of Scrips, in accordance with Rule 144 under the U.S. Securities Act and, in each case, in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction. It understands that no representation can be made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for the resale of Shares or VVPR Strips.

5. It understands that for so long as such Shares and VVPR Strips issued upon the exercise of Scrips are ''restricted securities'' within the meaning of U.S. federal securities laws, no such Shares or VVPR Strips may be deposited into any American depositary receipt facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that the Shares and VVPR Strips will not settle or trade through the facilities of The Depository Trust Company or any other U.S. exchange or clearing system.

6. It has received a copy of this Prospectus and has had access to such financial and other information concerning the Company as it has deemed necessary in connection with making its own investment decision to purchase or exercise Scrips. It acknowledges that neither the Company nor the Underwriters nor any person representing the Company or the Underwriters has made any representation with respect to the Company or the offering or sale of any Scrips (or Shares or VVPR Strips issuable upon the exercise of Scrips) other than as set forth in the Prospectus, and upon which it is relying solely in making its investment decision with respect to the Scrips and such Shares and VVPR Strips. It has held and will hold any offering materials, including the Prospectus, it receives directly or indirectly from the Company or the Underwriters in confidence, and it understands that any such information received by it is solely for it and not to be redistributed or duplicated. It acknowledges that it has read and agreed to the matters stated in ''The Offering—Plan of distribution and allocation of the securities—Categories of potential investors—Countries in which the Offering will be open—Restrictions applicable to the Offering'' of this Prospectus.

7. It, and each other qualified institutional buyer, if any, for whose account it is acquiring Scrips, Shares or VVPR Strips, in the normal course of business, invest in or purchase securities similar to the Scrips, the Shares and VVPR Strips issuable upon the exercise of Scrips, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of purchasing any of the Scrips, such Shares and VVPR Strips and it is aware that it must bear the economic risk of an investment in each Scrip and any Share or VVPR Strip into which it may be exercised for an indefinite period of time and is able to bear such risk for an indefinite period. It confirms that it is acquiring Scrips, Shares or VVPR Strips for itself and any

other qualified institutional buyer, if any, for whom it us acting with an aggregate price or exercise price of US$250,000 per account.

8. It understands that these representations and undertakings are required in connection with United States securities laws.

9. It undertakes promptly to notify the Company and the Underwriters if, at any time prior to the closing of the Offering, any of the foregoing ceases to be true.

Terms used in this section but not otherwise defined above have the meanings given to them by Regulation S under the U.S. Securities Act.

Placing and underwriting

Collecting Agents

Fortis Bank SA/NV, ING Belgium SA/NV and KBC Securities NV will act as collecting agents (the ''**Collecting Agents**'') to accept, free of charge, subscriptions for new Shares and VVPR Strips through the exercise of the Rights. The financial intermediaries through whom shareholders or other investors hold their Rights will be responsible for collecting exercise instructions from them and for informing the Collecting Agents of their exercise instructions. Shareholders should request details of the costs that these financial intermediaries may charge.

Nyrstar registered shareholders will have to follow the instructions mentioned in the communications as indicated in ''—Terms and conditions of the Offering—Offering procedure—Subscription''.

Financial service—paying agent

The paying agent for the new Shares is KBC Bank NV/SA providing its financial service in Belgium free of charge for the Nyrstar shareholders.

Underwriting

Pursuant to the arrangements summarized below, Goldman Sachs International acts as sole global coordinator for the Offering, Goldman Sachs International and Deutsche Bank AG, London Branch, are joint bookrunners of the Offering, and ING Belgium, KBC Securities and Fortis Bank are Co-lead Managers of the Offering. Their respective addresses are indicated on the inside back cover of this Prospectus.

Equity Commitment Agreement

On November 15, 2010, the Issuer entered into an equity commitment agreement with Goldman Sachs International and Deutsche Bank AG, London Branch (the ''**Joint Bookrunners**''), which was supplemented by an addendum dated November 17, 2010 (such agreement as amended, the ''**Equity Commitment Agreement**''). In the Equity Commitment Agreement, the Joint Bookrunners agreed to underwrite the new Shares for an aggregate subscription amount of up to €500 million (the ''**Aggregate Equity Commitment Amount**'') and, each of them, for a maximum subscription amount of €250 million. By letters dated November 18, 2010, ING Belgium and KBC Securities, and November 23, 2010, Fortis Bank (ING Belgium, KBC Securities and Fortis Bank being referred to collectively as the ''**Co-lead Managers**'', and together with the Joint Bookrunners, the ''**Underwriters**'') acceded to the Equity Commitment Agreement and have so committed to assume in equal share up to, in aggregate, 22.5%, and each of them 7.5%, of the Joint Bookrunners' respective underwriting commitments.

In the Equity Commitment Agreement, Nyrstar has agreed to pay to the Underwriters a commission equal to 0.4% of the Aggregate Equity Commitment Amount, such commission to be apportioned between them *pro rata* on the basis of their respective underwriting commitments.

Underwriting Agreement

Subsequently, the Issuer and the Underwriters entered into an underwriting agreement on February 23, 2011 (the ''**Underwriting Agreement**''). Pursuant to the terms and subject to the satisfaction or waiver of the conditions of the Underwriting Agreement, the Underwriters have severally

agreed to underwrite the Offering, and to procure purchasers and payment for, and failing which to subscribe and pay for, the new Shares and VVPR Strips in the following proportions:

Underwriter	Percentage of Offer Shares underwritten
Goldman Sachs International	38.75
Deutsche Bank AG, London Branch	38.75
Fortis Bank SA/NV	7.5
KBC Securities NV	7.5
ING Belgium SA/NV	7.5
Total	**100%**

If an Underwriter defaults, the Underwriting Agreement provides that in certain circumstances, each Underwriter's underwriting commitment may be increased or the Underwriting Agreement may be terminated.

The Underwriting Agreement can also be terminated by the Underwriters before the completion the Offering and the listing and delivery to the subscribers of the new Shares subscribed with Rights and Scrips (the ''**Closing**'') in the following limited circumstances, as further provided in the Underwriting Agreement:

(a) any of the conditions precedent to the Underwriting Agreement is not satisfied at the required time(s) or ceases to be satisfied before the Closing date;

(b) either the Company or any of its subsidiaries has sustained any loss of or interference with their business;

(c) there has been a change in the share capital, increase in long-term debt or any decrease in consolidated net revenue, operating income or net current assets of the Nyrstar or any of its subsidiaries or any actual change or any actual development involving a material prospective change, in or affecting the general affairs, management, trading and/or financial position, business, earnings, shareholders' equity or results of operations of Nyrstar and its subsidiaries taken as a whole;

(d) there has occurred any of the following:

(i) any suspension or material limitation in trading in securities generally on the New York Stock Exchange, Euronext Brussels and/or the London Stock Exchange;

(ii) any suspension or material limitation in trading in Nyrstar's securities on any securities exchange;

(iii) a general moratorium on commercial banking activities (in all or material part) in Brussels, New York, and/or London declared by the relevant authorities, or a material disruption in commercial banking or securities settlement, payment or clearance services in Europe or the United States;

(iv) any material adverse change (actual or reasonably expected) in the national or international economic, political, industrial, legal or financial conditions or conditions of the capital markets or exchange rates;

(v) any Member State, Japan, the United States, Australia or Canada having defaulted or announced or threatened to default on its obligations under financing instruments or agreements;

(vi) any official decision or announcement that the Euro will cease to be the official currency in one or more jurisdictions which are members of the Euro zone on the date of the Underwriting Agreement;

(vii) a change or development involving a prospective change in Belgian taxation materially adversely affecting Nyrstar, the Shares, the issuance, subscription, delivery or transfer thereof; or

(viii) any outbreak or escalation of hostilities, civil war or war or the occurrence of any acts of terrorism or any change in financial markets or any calamity or crisis or any change in national or international, political, financial, economic or environmental conditions, or the declaration by the United Kingdom or any other Member State, the United States, Australia or Canada of a national emergency.

provided that, in connection with the events referred to in any of (a), (b), (c) and (d) (iv), (v), (vi), (vii) and (viii), the Underwriters may and will only terminate the Underwriting Agreement if they believe in good faith such event to make it impracticable or inadvisable to proceed with the Offering or the Closing in the conditions set forth in the Underwriting Agreement.

If the Underwriting Agreement is terminated in accordance with its terms, the Underwriters shall be released from their obligations under the Underwriting Agreement, including the Underwriting Commitment and, as the case may be, the Placing Commitment. However, except as described in section ''Risk Factors—Risks relating to the Offering—Termination of the Underwriting Agreement could have a material adverse effect on the trading price and underlying value of the Rights and the Shares.'', termination of the Underwriting Agreement does not affect the legal rights of purchasers of Scrips or new Shares. If the Underwriting Agreement is terminated, Nyrstar shall publish a prospectus supplement that will be subject to approval by the CBFA.

Pursuant to the Underwriting Agreement, Nyrstar has agreed to pay on to the Underwriters on the Closing date, an aggregate sum of 2.1% of the actual amount of the Offering (the ''**Global Subscription Amount**'') to be split as:

(a) 1.5% of the Global Subscription Amount as an underwriting fee, to be apportioned among the Underwriters pro rata the actual percentage of new Shares underwritten; and

(b) 0.6% of the Global Subscription Amount as a management fee, of which 75% will be paid to Goldman Sachs International as sole global coordinator, and the remainder apportioned among the Underwriters pro rata the actual percentage of the new Shares underwritten.

Nyrstar has also agreed to pay certain costs and expenses incurred by the Underwriters in connection with the Offering. Nyrstar has made certain representations, warranties and undertakings to the Underwriters. In addition, Nyrstar has agreed to indemnify the Underwriters against certain liabilities in connection with the Offering. The amounts identified in this section as payable to the Underwriters pursuant to the Underwriting Agreement are in addition to any amounts due to the Underwriters in consideration of their equity commitment under the Equity Commitment Agreement and described in ''—Underwriting—Equity Commitment Agreement'' above.

Lock-up agreements

The Underwriting Agreement includes a lock-up undertaking given by Nyrstar to the Underwriters pursuant to which Nyrstar has agreed, save in certain circumstances (the main ones being described below), that during a period beginning from the date of the Underwriting Agreement and continuing to and including the date that is 180 days after the Closing date, it will not (and will procure that none of its subsidiaries will), without the prior written consent of the Joint Bookrunners on behalf of the Underwriters:

(a) offer, sell, contract to sell or otherwise dispose of any Nyrstar's securities that are substantially similar to the Shares, including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive or acquire, any shares or capital stock of Nyrstar or any such substantially similar securities (other than upon the conversion or exchange of convertible or exchangeable securities outstanding as of the date of the Underwriting Agreement and fairly described herein); or

(b) make any short sale, engage in any hedging or other transaction that is designed to or that reasonably could be expected to lead to or result in a sale or disposition (even if such disposition would be by someone other than Nyrstar); or

(c) enter into a transaction with similar economic effect, or publicly announce its intention to do any of the transactions mentioned in (a) or (b) above.

However, such lock-up undertaking shall not restrict the issue or the transfer by Nyrstar of Nyrstar's shares upon conversion of Nyrstar's outstanding convertible bonds, or any shares or securities

convertible into Nyrstar's shares, in connection with: (i) issues of shares as consideration for mergers and acquisitions, up to a maximum of 10,000,000 ordinary shares (such number to be adjusted as the case may be for stock splits or stock consolidations) of Nyrstar, and (ii) stock option plans or other incentive plans as disclosed herein.

Stabilization

In connection with the Offering, the Underwriting Agreement provides that Goldman Sachs International (directly or through its affiliates) may, in agreement with the Company and to the extent permitted by applicable laws and regulations, engage in transactions on Euronext Brussels, in over-the-counter market or otherwise, that stabilize or maintain the market price of the Rights and/or Shares at levels that might not otherwise exist.

Admission to trading and dealing arrangements

The Rights, represented by coupon No. 3 of the existing Shares, will be separated from the underlying Shares on February 24, 2011 after the closing of the regulated market of Euronext Brussels. Nyrstar has applied for admission to trading of the Rights on the regulated market of Euronext Brussels. The Rights will be listed and traded on Euronext Brussels under ISIN BE0970124278 from February 25, 2011 to March 11, 2011 (inclusive).

No application for admission to trading of the Scrips will be made.

Nyrstar has applied for admission to trading of the new Shares and the new VVPR Strips on the regulated market of Euronext Brussels. Listing and admission to trading of the new Shares and the related VVPR Strips are expected to take place on or around March 18, 2011. The new Shares will be listed on the regulated market of Euronext Brussels under the ISIN code BE0003876936. The VVPR Strips will be listed on Euronext Brussels under the ISIN code BE 0005644183.

Expenses of the Offering

The gross and net proceeds of the Offering are expected to be €490 million and €475 million, respectively. The expenses related to the Offering are estimated to be approximately €15 million and include, among other things, the underwriting and management fees and commissions of €12.25 million due to the Underwriters (see above ''—Underwriting—Underwriting Agreement''), the fees due to the CBFA and Euronext Brussels and legal and administrative expenses, as well as publication costs. Nyrstar shall bear these expenses.

Dilution

Consequences in terms of participation in the share capital

Assuming that an existing Nyrstar shareholder holding 1% of the Issuer's share capital prior to the Offering does not subscribe for the newly issued Shares, such shareholder's participation in the Issuer's share capital would decrease to 0.59% as a result of the Offering. If a shareholder exercises all Rights allocated to it, there will be no dilution in terms of its participation in the Issuer's share capital or in terms of its dividend rights.

Financial consequences

Holders of Shares who exercise all of their allocated Rights with respect to such Shares and, accordingly, subscribe for the number of Shares offered to them in the Offering with respect to such Shares, will not suffer dilution as a result of the Offering upon its completion. Shareholders who decide not to exercise all of their allocated Rights should take into account the risk of a financial dilution of their portfolio. The table below sets out the extent of such a dilution. Theoretically, the value of the Rights offered to the existing shareholders should compensate for the reduction in the financial value of their portfolio resulting from such a dilution.

The following table shows that there is no financial dilution in case the Rights trade at or above this theoretical value, as well as the extent of financial dilution if the Rights trade at 50% of their theoretical value or if they have no value.

	Price before Offering[(1)]	Theoretical ex-Right price	Theoretical Right value + 50%	Theoretical Right value − 50%	Theoretical Right value − 100%
After the issue of 70,009,282 new Shares	11.39	9.58	2.71	0.90	—
% of financial dilution			—	7.9	15.9

Note:

(1) Price of the Shares as at February 23, 2011.

As further explained above under ''—Terms and conditions of the Offering—Offering procedure—Scrips Offering'' above, after the Rights Subscription Period has expired, any Rights that are not exercised during the Rights Subscription Period will be converted into an equal number of Scrips which will be offered by the Underwriters in the Scrips Offering. The Excess Amount, consisting of the net proceeds of the Scrips Offering, (if any) will be divided proportionally between all holders of Rights that did not exercise such Rights by the last day of the Rights Subscription Period, unless the Excess Amount divided by the number of unexercised Rights is less than €0.01. There is no assurance that there will be any Excess Amount. Furthermore, there is also no assurance that any or all Scrips will be sold during the Scrips Offering.

Interest of natural and legal persons involved in the Offering

There is no natural or legal person involved in the Offering and having an interest that is material to the Offering, other than the Underwriters.

TAXATION OF SHARES

Belgian tax regime

The paragraphs below present a summary of certain material Belgian federal income tax consequences of the exercise and disposition of Rights, and of the ownership and disposition of Shares, VVPR Strips and Scrips by an investor that acquires such securities in connection with this Offering. The summary is based on laws, treaties and regulatory interpretations in effect in Belgium on the date of this Prospectus, all of which are subject to change, including changes that could have retroactive effect.

This summary does not purport to address all tax consequences of an investment in Rights, Shares, VVPR Strips and Scrips, and does not take into account the specific circumstances of particular investors, some of which may be subject to special rules, or the tax laws of any country other than Belgium. This summary does not describe the tax treatment of investors that are subject to special rules, such as banks, insurance companies, collective investment undertakings, dealers in securities or currencies, persons that hold, or will hold, shares as a position in a straddle, share-repurchase transaction, conversion transactions, synthetic security or other integrated financial transactions.

For purposes of this summary, a Belgian resident is an individual subject to Belgian personal income tax (i.e., an individual who is domiciled in Belgium or has his seat of wealth in Belgium or a person assimilated to a resident), a company subject to Belgian corporate income tax (i.e., a corporate entity that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium) or a legal entity subject to Belgian income tax on legal entities (i.e., a legal entity other than a company subject to Belgian corporate income tax, that has its statutory seat, its main establishment, its administrative seat or seat of management in Belgium). A non-resident is any person that is not a Belgian resident.

Investors should consult their own advisers regarding the tax consequences of an investment in Rights, Shares, VVPR Strips and Scrips in the light of their particular circumstances, including the effect of any state, local or other national laws.

Taxation of dividends on Shares

Belgian withholding tax

As a general rule, a withholding tax at a rate of 25% is due on the gross amount of dividends paid on or attributed to the Shares, subject to such relief as may be available under applicable domestic or tax treaty provisions. Dividends subject to the dividend withholding tax include all benefits paid on or attributed to the Shares, irrespective of their form, as well as reimbursements of statutory capital, except reimbursements of fiscal capital made in accordance with the Belgian Companies Code. In principle, fiscal capital includes the paid-up statutory capital and, subject to certain conditions, paid-up share premiums and the amounts subscribed to at the time of the issue of profit sharing certificates.

Belgian law provides, subject to certain conditions, for a reduction to 15% of the dividend withholding tax with respect to dividends paid on or attributed to certain shares issued on or after January 1, 1994 (so-called VVPR shares). Shares eligible for this reduced dividend withholding tax rate may carry VVPR strips which are securities representing the right to receive dividends subject to the reduced withholding tax rate of 15%. The Shares to be issued within the framework of the Offering meet such conditions. The VVPR Strips are further described below in ''—Taxation of VVPR Strips''.

If Nyrstar redeems its own shares, the redemption distribution (after deduction of the portion of fiscal capital represented by the redeemed shares) will be treated as a dividend which in certain circumstances may be subject to a withholding tax at a rate of 10%, subject to such relief as may be available under applicable domestic or tax treaty provisions. No withholding tax will be triggered if such redemption is carried out on Euronext or a similar stock exchange and meets certain conditions. In case of liquidation of Nyrstar, any amounts distributed in excess of the fiscal capital will in principle be subject to withholding tax at a rate of 10%, subject to such relief as may be available under applicable domestic or tax treaty provisions.

Relief from Belgian withholding tax

Dividends distributed (i) to Belgian resident companies or (ii) to qualifying parent companies established in a Member State of the EU or in a country with which Belgium has concluded a tax treaty (and that treaty or any other treaty includes a qualifying exchange of information clause) will, subject to

certain formalities, be exempt from Belgian withholding tax provided that, upon attribution of the dividends, the shares held by such Belgian resident company or such qualifying parent company amount to at least 10% of Nyrstar's share capital and are held or will be held during an uninterrupted period of at least one year. A non-resident company qualifies as a parent company provided that (i) with respect to companies established in a Member State of the EU, it has a legal form as listed in the annex to the EU Parent-Subsidiary Directive of 23 July 1990 (90/435/EC), as amended by Directive 2003/123/EC of 22 December 2003, or, with respect to companies established in a country with which Belgium has concluded a tax treaty, a legal form similar to the ones listed in such annex; (ii) it is considered to be a tax resident according to the tax laws of the country where it is established and the tax treaties concluded between such country and third countries; and (iii) it is subject to corporate income tax or a similar tax without benefiting from a tax regime that derogates from the ordinary tax regime.

In order to benefit from this exemption, the investor must provide Nyrstar or its paying agent with a certificate confirming its qualifying status and the fact that it meets the required conditions.

If the investor holds the Shares for less than one year at the time the dividends are attributed to the Shares, Nyrstar must deduct the withholding tax but does not need to transfer it to the Belgian Treasury provided that the investor provides Nyrstar or its paying agent with a certificate confirming, in addition to its qualifying status, the date as of which the investor has held the Shares, and the investor's commitment to hold the Shares for an uninterrupted period of at least one year. The investor must also inform Nyrstar or its paying agent when the one-year period has expired or if its shareholding drops below 10% of Nyrstar's share capital before the end of the one-year holding period. Upon satisfying the one-year shareholding requirement, the deducted dividend withholding tax will be refunded to the investor.

Belgian tax law provides for an exemption from withholding tax with respect to dividends paid to a non-resident entity that is not engaged in any business or other profit making activity and is exempt from income taxes in its country of residence, provided that it is not required by contract to transfer the dividends received to any beneficial owner of such dividends for whom it would manage the Shares. The exemption will only apply if the entity provides Nyrstar or its paying agent with a signed certificate confirming its qualifying status and that it is the full legal owner or usufruct holder of the Shares.

Belgian dividend withholding tax is subject to such relief as may be available under applicable tax treaty provisions. Belgium has concluded tax treaties with more than 85 countries, reducing the dividend withholding tax rate to 15%, 10%, 5% or 0% for residents of those countries, depending on conditions, among others, related to the size of the shareholding and certain identification formalities.

Prospective holders should consult their own tax advisors to determine whether they qualify for a reduction in withholding tax upon payment or attribution of dividends, and, if so, as to the procedural requirements for obtaining a reduced withholding tax upon the payment of dividends or for making claims for reimbursement.

Belgian resident individuals

For Belgian resident individuals who acquire and hold Shares as a private investment, the Belgian dividend withholding tax fully discharges their personal income tax liability. They may nevertheless elect to report the dividends in their personal income tax return. Where such individual opts to report them, dividends will normally be taxable at the lower of the applicable withholding tax rate on dividends as described above (See ''—Belgian withholding tax'') and the progressive personal income tax rates applicable to the taxpayer's overall declared income. If the individual reports the dividends, the income tax due will be increased by local surcharges. In addition, if the dividends are reported, the dividend withholding tax withheld at source may be credited against the income tax due and is reimbursable to the extent that it exceeds the income tax due, provided that the dividend distribution does not result in a reduction in value of or a capital loss on the Shares. This condition is not applicable if the individual can demonstrate that he has held the Shares in full legal ownership for an uninterrupted period of twelve months prior to the attribution of the dividends.

For Belgian resident individuals who acquire and hold the Shares for professional purposes, the Belgian withholding tax does not fully discharge their income tax liability. Dividends received must be reported by the investor and will be taxable at the investor's personal income tax rate. Withholding tax withheld at source may be credited against the income tax due and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (1) the taxpayer must own the Shares in full legal

ownership at the time the dividends are paid or attributed; and (2) the dividend distribution may not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable if the investor can demonstrate that he has held the full legal ownership of the Shares for an uninterrupted period of twelve months prior to the attribution of the dividends.

Belgian resident companies

For Belgian resident companies, the dividend withholding tax does not fully discharge the corporate income tax liability. Gross dividends received must be reported and will be subject to corporate income tax at a rate of 33.99%, unless the reduced corporate income tax rates apply. If withholding tax is levied at source, it may be credited against the corporate income tax due and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (1) the taxpayer must own the Shares in full legal ownership at the time the dividends are paid or attributed; and (2) the dividend distribution may not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable (a) if the company can demonstrate that it has held the Shares in full legal ownership for an uninterrupted period of twelve months prior to the attribution of the dividends; or (b) if, during said period, the Shares never belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the shares in a Belgian permanent establishment.

Belgian resident companies may deduct 95% of gross dividends received from their taxable income if, at the date the dividends are paid or attributed, (1) they hold at least 10% of the share capital of Nyrstar or a participation with an acquisition value of at least €2,500,000, (2) the Shares qualify as fixed financial assets under Belgian GAAP, (3) they held or will hold the Shares in full legal ownership for an uninterrupted period of at least one year, and (4) the conditions relating to the taxation of the underlying distributed income, as described in Article 203 of the Income Tax Code (the ''**Article 203 ITC Taxation Condition**'') are met (together, the ''**Conditions for the application of the definitively taxed income regime**'').

The Conditions for the application of the definitively taxed income regime depend on a factual analysis upon each distribution, and for this reason the availability of this regime should be verified upon each distribution.

Belgian resident organizations for financing pensions

The dividends received by organizations for financing pensions (*organismes de financement de pensions / organismen voor de financiering van pensioenen*) within the meaning of Article 8 of the Belgian Act of October 27, 2006 are exempt from corporate income tax. Organizations for financing pensions can obtain a full (and reimbursable) tax credit for the Belgian withholding tax levied on dividends.

Belgian resident legal entities subject to Belgian legal entities tax

The Belgian dividend withholding tax in principle fully discharges the income tax liability of investors subject to the Belgian legal entities tax.

Non-residents

For non-resident individuals and companies, the dividend withholding tax will be the only tax on dividends in Belgium, unless the non-resident holds the Shares in connection with a business conducted in Belgium through a fixed base in Belgium or a Belgian permanent establishment.

If the Shares are acquired by a non-resident in connection with a business in Belgium, the investor must report any dividends received, which will be taxable at the applicable non-resident personal or corporate income tax rate, as appropriate. Belgian withholding tax levied at source may be credited against non-resident personal or corporate income tax and is reimbursable to the extent that it exceeds the income tax due, subject to two conditions: (1) the taxpayer must own the Shares in full legal ownership at the time the dividends are paid or attributed; and (2) the dividend distribution may not result in a reduction in value of or a capital loss on the Shares. The latter condition is not applicable if (1) the non-resident individual or the non-resident company can demonstrate that the Shares were held in full legal ownership for an uninterrupted period of twelve months prior to the attribution of the dividends; or (2) with regard to non-resident companies only, if, during said period, the Shares have not

belonged to a taxpayer other than a resident company or a non-resident company which has, in an uninterrupted manner, invested the Shares in a Belgian permanent establishment.

Non-resident companies whose Shares are invested in a Belgian permanent establishment may deduct 95% of the gross dividends received from their taxable income if, at the date the dividends are paid or attributed, the Conditions for the application of the definitively tax income regime are met. See ''—Belgian resident companies''. Application of the definitively taxed income regime depends, however, on a factual analysis to be made upon each distribution and its availability should be verified upon each distribution.

Taxation of capital gains and losses on Shares

Belgian resident individuals

Belgian resident individuals acquiring the Shares as a private investment should not be subject to Belgian income tax on the disposal of the Shares, and capital losses are not tax deductible.

Belgian resident individuals may, however, be subject to tax at a rate of 33% (plus local surcharges) if the capital gain is deemed to be realized outside the scope of the normal management of the individual's private estate. Moreover, capital gains realized by Belgian resident individuals on the disposal of the Shares to a non-resident company (or a body constituted in a similar legal form), to a foreign State (or one of its political subdivisions or local authorities) or to a non-resident legal entity, each time established outside the European Economic Area, are in principle taxable at a rate of 16.5% (plus local surcharges) if, at any time during the five years preceding the sale, the Belgian resident individual has owned, directly or indirectly, alone or with his/her spouse or with certain relatives, a substantial shareholding in Nyrstar (i.e., a shareholding of more than 25% in Nyrstar).

Capital gains realized by Belgian resident individuals upon the redemption of the Shares or upon the liquidation of Nyrstar will generally be taxable as a dividend. See ''—Taxation of dividends on Shares—Belgian resident individuals''.

Belgian resident individuals who hold the Shares for professional purposes are taxable at the ordinary progressive income tax rates on any capital gains realized upon the disposal of the Shares, except for Shares held for more than five years, which are taxable at a separate rate of 16.5% (plus local surcharges). Capital losses on the Shares incurred by Belgian resident individuals who hold the Shares for professional purposes are in principle tax deductible.

Belgian resident companies

Belgian resident companies are normally not subject to Belgian income tax on gains realized upon the disposal of Shares provided that the Article 203 ITC Taxation Condition, referred to above under ''—Taxation of dividends on Shares—Belgian resident companies'', is met. Capital losses on Shares incurred by resident companies are in principle not tax deductible.

Capital gains realized by Belgian resident companies upon the redemption of Shares or upon the liquidation of Nyrstar will in principle be taxable as dividends. See ''—Taxation of dividends on Shares—Belgian resident companies'', above.

Belgian resident organizations for financing pensions

Capital gains on Shares realized by organizations for financing pensions (*organismes de financement de pensions* / *organismen voor de financiering van pensioenen*) within the meaning of Article 8 of the Belgian Act of October 27, 2006 are exempt from corporate income tax. Capital gains realized upon the redemption of Shares or upon the liquidation of Nyrstar are considered to be dividends under Belgian tax law, but organizations for financing pensions can obtain a full (and reimbursable) tax credit for the Belgian withholding tax levied upon such redemption or liquidation.

Belgian resident legal entities subject to Belgian legal entities tax

Belgian resident legal entities subject to Belgian legal entities tax are, in principle, not subject to Belgian income tax on the disposal of Shares, except in case of transfer of a substantial shareholding to an entity established outside the European Economic Area. See ''—Belgian resident individuals'' above. Capital gains realized upon the redemption of Shares or upon the liquidation of Nyrstar will in principle

be taxable as dividends. See ''—Taxation of dividends on Shares—Belgian resident legal entities subject to Belgian legal entities tax'' above.

Capital losses on Shares incurred by legal entities resident in Belgium are not tax deductible.

Non-residents

Capital gains realized on the Shares by a non-resident investor that has not acquired the Shares in connection with a business conducted in Belgium through a fixed base in Belgium or a Belgian permanent establishment are generally not subject to taxation and capital losses are not tax deductible.

However, with respect to non-resident individuals, if the gain is deemed to be realized outside the scope of the normal management of the individual's private estate, the gain will be subject to non-resident income tax at a rate of 33% (increased with a 7% surcharge) if obtained or received in Belgium. Also, capital gains realized by non-resident individuals and non-resident legal entities on the disposal of the Shares to a non-resident company (or a body constituted in a similar legal form), to a foreign State (or one of its political subdivisions or local authorities) or to a non-resident legal person, each time established outside the European Economic Area, are in principle taxable at a rate of 16.5% (increased with a 7% surcharge) if, at any time during the five years preceding the sale, the seller has owned directly or indirectly, alone or with his/her spouse or with certain relatives, a substantial shareholding in Nyrstar (i.e., a shareholding of more than 25% in Nyrstar). Belgium has concluded tax treaties with more than 85 countries which generally provide for a full exemption from Belgian income tax on such gains realized by residents of those countries.

Capital gains realized by non-resident investors upon the redemption of Shares or upon the liquidation of Nyrstar will generally be taxable as a dividend. See ''—Taxation of dividends on Shares—Non-residents'' above.

Capital gains will be taxable at the ordinary progressive income tax rates and capital losses will be tax deductible, if those gains or losses are realized on Shares by a non-resident individual that holds these Shares in connection with a business conducted in Belgium through a fixed base or permanent establishment in Belgium. Capital gains realized by a non-resident company that holds these Shares in connection with a business conducted in Belgium through a Belgian permanent establishment are normally not subject to Belgian income tax, provided that, at the date of disposal, the Article 203 ITC Taxation Condition, referred to above under ''—Taxation of dividends on Shares—Belgian resident companies'', is satisfied with respect to a dividend payment. Losses on Shares incurred by a non-resident company are in general not tax deductible.

Taxation of VVPR Strips

General

The Shares to be issued within the framework of the Offering meet the conditions for entitlement to a reduced withholding tax rate of 15% and can therefore benefit from the reduced withholding tax regime. They will be issued with VVPR Strips.

The coupons representing the right to receive dividends subject to the normal withholding tax rate of 25% are attached to each Share. The Shares will, additionally, be accompanied by a second set of coupons, entitling their holders to receive dividends subject to the reduced withholding tax rate of 15%. These coupons should carry the same serial numbers as the ordinary coupons and should mention in French ''strips-PR'' or, in Dutch ''strips-VV''. The VVPR Strips will be listed on the regulated market of Euronext Brussels and can be traded separately. Payment of withholding tax at the reduced 15% rate is possible only if two coupons carrying the same number are handed over to Nyrstar or one of its paying agents before the end of the third year starting on January 1, of the year during which the dividend is declared.

Capital gains and losses on the VVPR Strips

Belgian residents

Belgian resident individuals holding VVPR Strips as a private investment are generally not subject to Belgian income tax on the disposal of the VVPR Strips, unless the gain is deemed to be realized outside the scope of the normal management of the individual's private estate. See ''—Taxation of capital gains and losses on Shares—Belgian resident individuals''. Capital losses are generally not tax deductible.

Any capital gains realized on VVPR Strips by Belgian resident individuals who hold the VVPR Strips for professional purposes are taxable as ordinary income and any capital losses on the VVPR Strips are in principle tax deductible.

The capital gains realized on VVPR Strips by Belgian resident companies will be taxable at the ordinary corporate income tax rates while the capital losses will, in principle, be tax deductible.

The capital gains realized on VVPR Strips by Belgian resident legal entities subject to the legal entities tax will not be taxable while the capital losses will, in principle, not be tax deductible.

Non-residents

Non-resident individuals holding VVPR Strips as a private investment are generally not subject to Belgian income tax on the disposal of the VVPR Strips, unless the gain is deemed to be realized outside the scope of the normal management of the individual's private estate. See ''—Taxation of capital gains and losses on Shares—Non-residents''. Capital losses are generally not tax deductible.

Any capital gains realized on VVPR Strips by non-resident investors who have acquired them in the framework of a professional activity undertaken in Belgium through a fixed base or a Belgian permanent establishment are taxable as ordinary income and any capital losses incurred on the VVPR Strips are in principle tax deductible.

Taxation of Rights and Scrips

Belgian withholding tax

The Unexercised Rights Payment should not be subject to Belgian withholding tax.

Belgian residents

Capital gains realized by Belgian resident individuals or by legal entities subject to Belgian tax on legal entities on the disposal of the Rights and/or the Scrips will, in principle, not be subject to income tax, except with respect to Belgian resident individuals when such investors hold the Rights and/or Scrips for professional purposes, in which case the gains realized upon disposal of the Scrips will be taxable at the progressive income tax rates, increased by local surcharges. For Belgian resident individuals holding the Rights and/or Scrips for professional purposes, losses incurred on the Rights are, in principle, tax deductible.

Capital gains realized upon disposal of the Rights and/or the Scrips will be taxable at the ordinary corporate income tax rate for Belgian resident companies.

Non-residents

Non-resident individuals holding the Rights and/or the Scrips as a private investment are generally not subject to Belgian income tax on the disposal of these Rights and/or Scrips. Capital losses are generally not tax deductible.

Any capital gains realized on the Rights and/or the Scrips by non-resident investors who have acquired them in the framework of a professional activity undertaken in Belgium through a fixed base or a Belgian permanent establishment are taxable at the ordinary income tax rates (possibly increased by 7% surcharges) and any capital losses incurred on the Rights and/or the Scrips are in principle tax deductible.

Tax on stock exchange transactions

The purchase and the sale and any other acquisition or transfer for consideration of Rights, Shares, Scrips and VVPR Strips on the secondary market through a professional intermediary established in Belgium is subject to the tax on stock exchange transactions of 0.17% of the purchase price, capped at €500 per transaction and per party. No tax on stock exchange transactions is due upon the issuance of new Rights, Shares, Scrips and VVPR Strips on a stock exchange (primary market).

No tax is due by (i) professional intermediaries described in Article 2, 9° and 10° of the Belgian Act of August 2, 2002 when acting for their own account; (ii) insurance companies described in Article 2, §1 of the Belgian Act of July 9, 1975 acting for their own account; (iii) professional retirement institutions referred to in Article 2, 1° of the Belgian Act of October 27, 2006 concerning the supervision on

institutions for occupational pension acting for their own account; (iv) collective investment institutions acting for their own account; and (v) non-residents acting for their own account, subject to delivering a sworn affidavit to the intermediary confirming their non-resident status.

Certain United States federal income tax considerations

This section should be carefully considered by U.S. Holders (as defined below), as it relates to certain U.S. federal income tax considerations.

To ensure compliance with Internal Revenue Service Circular 230, prospective investors are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this Prospectus or any document referred to herein is not intended or written to be used, and cannot be used by prospective investors for the purpose of avoiding penalties that may be imposed on them under the United States Internal Revenue Code; (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) prospective investors should seek advice based on their particular circumstances from an independent tax advisor.

This section describes the material U.S. federal income tax consequences of the receipt of Rights pursuant to the Rights Offering and the subsequent disposition or exercise of those Rights, the purchase of Shares and VVPR Strips pursuant to a Scrip acquired in the Scrips Offering, and the ownership and disposition of Shares and VVPR Strips acquired upon exercise of Rights or purchased pursuant to a Scrip acquired in the Scrips Offering. It applies only to U.S. Holders that acquire Rights pursuant to the Rights Offering, or acquire Shares or VVPR Strips through exercise of Rights or pursuant to a Scrip acquired in the Scrips Offering, and hold those Rights, Shares, or VVPR Strips as capital assets for U.S. federal income tax purposes. This section does not purport to address all material tax consequences of the ownership of Rights, Shares, or VVPR Strips and does not address particular aspects of U.S. federal income taxation that may be applicable to investors that are subject to special tax rules, including without limitation:

- banks, financial institutions or insurance companies;
- real estate investment trusts, regulated investment companies or grantor trusts;
- dealers or traders in securities, commodities or currencies;
- tax-exempt entities, including ''Section 401'' pension plans;
- individual retirement accounts and other tax deferred accounts;
- a person that receives Rights, Shares, or VVPR Strips as compensation for the performance of services;
- ''dual resident'' corporations;
- certain U.S. expatriates;
- a person that holds Rights, Shares, or VVPR Strips as part of a straddle or a hedging or conversion transaction;
- a person deemed to sell Rights, Shares, or VVPR Strips under the constructive sale provisions of the Internal Revenue Code of 1986, as amended (the ''**Code**'');
- a person that owns (directly, indirectly or constructively) 10% or more, by voting power or value, of the equity interests of the Issuer; or
- a person whose functional currency is not the U.S. Dollar.

Further, this description does not address state, local, foreign or other tax laws, nor does it address the alternative minimum tax or the U.S. federal gift and estate tax consequences of the acquisition, holding or disposition of Rights, Shares, or VVPR Strips.

This description is based on the Code, its legislative history, existing and proposed regulations promulgated thereunder, published rulings and court decisions, as well as on the 2006 Income Tax Convention Between the United States of America and Belgium (the ''**Treaty**''), in each case as currently in effect, all of which are subject to change (or to changes in interpretation), possibly with retroactive

effect. The Issuer has not requested, and does not intend to request, a ruling from the U.S. Internal Revenue Service (''**IRS**'') with respect to matters addressed herein.

U.S. Holders

For the purposes of this summary, a ''U.S. Holder'' is a beneficial owner of a Right, Share or VVPR Strip that is:

- a citizen or individual resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof, including the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over its administration, and one or more U.S. persons have the authority to control all of the substantial decisions of such trust, or (ii) such trust has a valid election in effect to be treated as a United States person for U.S. federal income tax purposes.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Rights, Shares, or VVPR Strips, the tax treatment of the partnership and a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax adviser as to the U.S. federal income tax consequences of acquiring, holding, or disposing of Rights, Shares, or VVPR Strips.

THE SUMMARY OF U.S. FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISERS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF RECEIVING, OWNING AND DISPOSING OF RIGHTS, SHARES, OR VVPR STRIPS, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL, FOREIGN AND OTHER TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

Taxation of Rights

Distribution of Rights

The distribution of Rights to a U.S. Holder should not constitute a taxable event to the U.S. Holder for U.S. federal income tax purposes, and the remainder of this U.S. federal income tax discussion assumes the distribution of Rights will be so treated for U.S. federal income tax purposes.

Basis and holding period

The tax basis of the Rights received by a U.S. Holder will be zero, unless either (i) the fair market value of the Rights on the date the Rights are distributed is 15% or more of the value of the underlying Shares with respect to which the Rights are distributed, or (ii) the U.S. Holder elects to allocate to the Rights a portion of its basis in the underlying Shares with respect to which the Rights were distributed. If either of these cases applies, basis will be allocated in proportion to the relative fair market values of the Shares and the Rights on the date the Rights are distributed. A U.S. Holder who wishes to make the election to allocate a portion of its basis to the Rights must attach a statement to this effect to its U.S. federal income tax return for the tax year in which the Rights are received. The election will apply to all of the Rights received by the U.S. Holder pursuant to the Rights Offering and, once made, will be irrevocable.

In the event that the value of the Rights is less than 15% of the value of the underlying Shares, U.S. Holders should consult their own tax advisors regarding the advisability of making such an election and the specific procedures for doing so.

The holding period of Rights in the hands of a U.S. Holder will include the U.S. Holder's holding period in the underlying Shares with respect to which the Rights were distributed (whether or not basis is allocated to the Rights).

Sale, exchange, or expiration

A U.S. Holder will recognize capital gain or loss on the sale or other disposition of Rights in an amount equal to the U.S. Dollar value of the difference between (i) the amount realized on the disposition and (ii) the U.S. Holder's tax basis, if any, in the Rights. If a U.S. Holder does not sell or exercise a Right and, as a result, receives an Unexercised Rights Payment, the U.S. Holder should recognize capital gain or loss in an amount equal to the U.S. Dollar value of the difference between (i) the amount the holder receives and (ii) the holder's tax basis (if any) in the Right. Capital gain of a non-corporate U.S. Holder will be taxed at a maximum rate of 15% if the holder has a holding period greater than one year, or at the same rates as ordinary income if the holder has a holding period of one year or less. A U.S. Holder's ability to deduct any capital losses may be subject to significant limitations.

If a U.S. Holder does not sell or exercise a Right but the amount of the Unexercised Rights Payment is zero, the U.S. Holder should not recognize a loss for U.S. federal income tax purposes (even if the holder has a tax basis in the Right). Instead, if the U.S. Holder had previously allocated to that Right a portion of the tax basis of the U.S. Holder's Shares, that basis will be re-allocated to the existing Shares.

Taxation of Scrips, Shares and VVPR Strips

Receipt of VVPR Strips

While no authority exists directly addressing the U.S. federal income tax characterization of an instrument like the VVPR Strips, the Issuer believes that for U.S. federal income tax purposes, the payment of the Subscription Price by a U.S. Holder upon exercise of a Right should be treated as consideration for both the Share and the VVPR Strips received by such holder. U.S. Holders should not recognize income upon the receipt of the VVPR Strips, and should take a basis in the VVPR Strips, if any, in the manner described in the following paragraph. Other characterizations are possible. Accordingly, in view of the uncertainty of the treatment of VVPR Strips for U.S. federal income tax purposes, U.S. Holders should consult their tax advisers regarding the U.S. tax treatment of VVPR Strips.

Basis in the Shares and VVPR Strips

A U.S. Holder's basis in the Shares and VVPR Strips acquired upon exercise of a Right or purchase pursuant to a Scrip acquired in the Scrips Offering should equal the sum of (i) the U.S. Dollar value of the amount paid by the U.S. Holder for the Shares and VVPR Strips and (ii) in the case of Shares and VVPR Strips acquired upon exercise of a Right, the U.S. Holder's tax basis, if any, in the Right exercised, or, in the case of Shares and VVPR Strips acquired through purchase pursuant to a Scrip acquired in the Scrips Offering, the price paid by the U.S. Holder for the Scrip. While not free from doubt, the aggregate basis in the Shares and VVPR Strips as calculated above should be allocated between the Shares and VVPR Strips based on their respective market values as of the date of the acquisition of such Shares and VVPR Strips. In view of the uncertainty of the treatment of VVPR Strips for U.S. federal income tax purposes, U.S. Holders should consult their tax advisers about the treatment of VVPR Strips.

Holding period in the Shares and VVPR Strips

The holding period of any new Share and VVPR Strips acquired will not include that of the corresponding Right or Scrip. The holding period of any new Share acquired will begin on the day of purchase. The holding period of any new VVPR Strips acquired will begin the day following the purchase.

Dividends

Subject to the rules described below in ''—Passive Foreign Investment Company'', any distributions paid by the Issuer to U.S. Holders would be taxable as dividend income to the extent such distributions are from the Issuer's current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. The Issuer does not intend to compute (or to provide U.S. Holders with information necessary to compute) earnings and profits under U.S. federal income tax principles. Accordingly, U.S. Holders generally will be required to treat all distributions as taxable dividends.

Dividends will not be eligible for the dividends received deduction allowed to U.S. corporate shareholders in respect of dividends received from U.S. corporations. Subject to applicable holding period and other limitations, the U.S. Dollar amount of dividends received on the Shares prior to January 1, 2013 by certain non-corporate U.S. Holders will be subject to taxation at a maximum rate of

15% if the dividends are ''qualified dividends''. Dividends paid on the Shares would be treated as qualified dividends if (i) the Issuer is eligible for the benefits of a comprehensive income tax treaty with the United States that the IRS has approved for the purposes of the qualified dividend rules, and (ii) the Issuer was not, in the year prior to the year in which the dividend was paid, and is not, in the year in which the dividend is paid, a PFIC. The IRS approved the prior Belgian Treaty as satisfying the requirements of the qualified dividend rules and it is reasonable to believe that the 2006 Belgian Treaty satisfies the requirements as well. Accordingly, the Issuer believes it should be a ''qualified foreign corporation''. These rules will expire at the end of 2012. If the U.S. Congress fails to take further action, any dividends paid after December 31, 2012 will be taxed at the regular rates applicable to ordinary income.

If the Issuer pays a dividend in a currency other than the U.S. Dollar, any such dividend will be included in the gross income of the U.S. Holder in an amount equal to the U.S. Dollar value of the currency on the date of receipt, determined at the spot foreign currency/U.S. Dollar exchange rate on the date such dividend distribution is includible in the income of the U.S. Holder, regardless of whether the payment is in fact converted into U.S. Dollars at that time. U.S. Holders will have a tax basis in the currency received equal to its U.S. Dollar value on the date of receipt. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is includible to the date such payment is converted into U.S. Dollars will be treated as ordinary income or loss from U.S. sources. If dividends received in Euros are converted into U.S. Dollars on the day they are received, the U.S. Holder generally will not be required to recognize foreign currency gain or loss in respect of the dividend income.

To the extent Belgian tax is withheld from any distributions, a U.S. Holder may, subject to certain limitations and restrictions, elect to either credit the Belgian tax withheld against the holder's U.S. federal income tax liability or deduct such tax in computing the holder's taxable income. For U.S. foreign tax credit purposes, distributions that are dividends for U.S. federal tax purposes will be income from sources outside the United States will generally be ''passive category'' income, and for certain classes of investors, may be ''general category'' income.

If a U.S. Holder is eligible under the Treaty for a lower rate of Belgian withholding tax on a distribution with respect to the Shares, and the U.S. Holder does not claim such lower rate and, as a result, is subject to a greater Belgian withholding tax on the distribution than such U.S. Holder could have obtained by claiming benefits under the Treaty, such additional Belgian withholding tax would likely be viewed under the U.S. foreign tax credit rules as a non-compulsory tax and therefore ineligible for the U.S. foreign tax credit.

Similarly, while there is no authority directly addressing this issue, if a U.S. Holder waives the right to receive a VVPR Strip or sells its VVPR Strip prior to the time a distribution is made with respect to the Shares and, as a result, is subject to a greater Belgian withholding tax on the distribution than the withholding tax to which the U.S. Holder would have been subject if the U.S. Holder had retained the VVPR Strip, it is likely that such additional Belgian tax would be viewed under the U.S. foreign tax credit rules as a non-compulsory tax and therefore ineligible for the U.S. foreign tax credit. If a U.S. Holder is eligible for and properly claims a reduced rate of Belgian withholding tax under the Treaty, and such reduced rate is equal to or less than the rate of withholding tax to which the U.S. Holder would have been entitled had the U.S. Holder retained the VVPR Strip, there should be no increase in Belgian withholding tax that would be viewed as non-compulsory. U.S. Holders should consult with their tax advisors as to whether such an increase in withholding taxes would constitute a non-compulsory tax in their situation.

Sale or exchange

Subject to the PFIC rules described below in ''—Passive Foreign Investment Company'', gain or loss realized by a U.S. Holder on the sale or other disposition of Shares is subject to U.S. federal income taxation as capital gain or loss in an amount equal to the difference between (i) the U.S. Dollar value of the amount realized on the disposition and (ii) the U.S. Holder's adjusted tax basis, determined in U.S. Dollars, in the Shares.

Although not entirely free from doubt, gain or loss realized by a U.S. Holder on the sale or other disposition of VVPR Strips should be subject to U.S. federal income taxation as capital gain or loss in an amount equal to the difference between (i) the U.S. Dollar value of the amount realized on the disposition and (ii) the U.S. Holder's adjusted tax basis, determined in U.S. Dollars, in the VVPR Strips.

Generally, such gain or loss as described in the preceding paragraphs will be capital gain or loss, will be long-term capital gain or loss if the U.S. Holder's holding period for such Shares or VVPR Strips exceeds one year, and will be income or loss from sources within the United States for foreign tax credit limitation purposes. For non-corporate U.S. Holders, the United States income tax rate applicable to net long-term capital gain currently will not exceed 15%. However, absent additional Congressional action, the rate for non-corporate U.S. Holders for long-term capital gain will generally increase to 20% for sales or other dispositions occurring after December 31, 2012. The deductibility of capital losses is subject to significant limitations.

Passive Foreign Investment Company

The Issuer believes that it is not a ''passive foreign investment company'' (''**PFIC**''), and it does not expect to become a PFIC, for the reasons explained below. A Non-U.S. corporation will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either:

- at least 75% of its gross income is ''passive income''; or
- at least 50% of the quarterly average value of its gross assets is attributable to assets that produce ''passive income'' or are held for the production of passive income.

Passive income for this purpose generally includes, among other things, dividends, interest, royalties, rents and gains from commodities and securities transactions and from the sale or exchange of property that gives rise to passive income. In determining whether a non-U.S. corporation is a PFIC, a proportionate share of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25% interest (by value) is taken into account. Although gains from the sale of commodities are generally treated as passive income, the Issuer believes that it will be entitled to treat its income from the sale of primary metals as active income, under a special exception that is available to qualifying active producers of commodities. However, the Issuer's possible status as a PFIC must be determined annually and therefore may be subject to change. This determination will depend in part on the Issuer's continuing status as an active producer of commodities. Moreover, the market value of the Issuer's assets may be determined in large part by the market price of the Shares, which is likely to fluctuate. If the Issuer were a PFIC in any year during a U.S. investor's holding period for the Shares the Issuer would ordinarily continue to be treated as a PFIC for each subsequent year during which the U.S. investor owned the Shares. If the Issuer is classified as a PFIC for any taxable year during which a U.S. Holder held the Shares, such holder may be subject to materially adverse U.S. federal income tax consequences on any dividends it receives from the Issuer or any gain it realizes upon a sale or disposition of Shares, including being subject to greater amounts of U.S. tax and being subject to additional U.S. tax form filing requirements.

U.S. Holders should consult their tax advisers concerning the U.S. federal income tax consequences of holding the Shares if the Issuer were considered to be a PFIC.

United States information reporting and backup withholding

Payments of dividends and other proceeds with respect to Shares by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding may apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Certain U.S. Holders (including, among others, corporations) are not subject to backup withholding. U.S. Holders should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining an exemption. The backup withholding rate is 28% for taxable years through the end of 2012. Absent further Congressional action, the backup withholding rate will rise to 31% after December 31, 2012.

Backup withholding tax is not an additional tax. A holder generally will be entitled to credit any amounts withheld under the backup withholding rules against such holder's U.S. federal income tax liability and may be entitled to a refund, provided the required information is furnished to the IRS in a timely manner.

The above description is not intended to constitute a complete analysis of all U.S. tax consequences relating to the acquisition, ownership or disposition of Rights, Shares, or VVPR Strips. U.S. Holders should consult their own tax advisors concerning the tax consequences of their particular situations.

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Nyrstar Consolidated Financial Statements

For the year ended

31 December 2010

CONSOLIDATED INCOME STATEMENT

	Note	For the year ended 31 December 2010 €m	2009 €m
Revenue	6	**2,696.1**	**1,663.9**
Raw materials used		(1,727.6)	(1,024,9)
Freight expense		(43.1)	(44.7)
Gross profit		**925.4**	**594.3**
Other income		9.1	6.2
Employee benefits expense	8	(262.2)	(208.9)
Energy expenses		(269.1)	(193.2)
Stores and consumables used		(103.1)	(65.4)
Contracting and consulting expenses		(85.7)	(58.9)
Other expenses		(23.1)	8.2
Depreciation, amortisation and depletion expense	11, 12, 15	(81.7)	(50.2)
Result from operating activities before exceptional items[(a)]		**109.6**	**32.1**
Restructuring expenses	24	(10.5)	(24.0)
Impairment (losses) / reversal	11	(0.9)	2.4
Profit on the disposal of subsidiaries		—	6.0
Result from operating activities		**98.2**	**16.5**
Finance income	9	0.8	1.8
Finance expenses	9	(37.6)	(11.6)
Net foreign exchange gain / (loss)	9	24.3	3.0
Net financing income / (expense)		**(12.5)**	**(6.8)**
Share of profit of equity accounted investees	13	3.1	4.0
Profit before income tax		**88.8**	**13.7**
Income tax (expense)	10	(16.6)	(3.3)
Profit for the period		**72.2**	**10.4**
Attributable to:			
Equity holders of the parent		**72.2**	10.0
Non-controlling interest		**—**	0.4
		72.2	**10.4**
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in € per share)			
—basic	29	0.74	0.10
—diluted	29	0.73	0.14

(a) Exceptional items are those items of financial performance which the Group believes should be separately disclosed on the face of the income statement to assist in the understanding of financial performance achieved by the Group.

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the year ended 31 December 2010 €m	2009 €m
Foreign currency translation differences	22	29.4	68.5
Defined benefit plans—actuarial losses and asset ceiling	25	(0.1)	(3.3)
Effective portion of changes in fair value of cash flow hedges	17	(16.0)	(32.7)
Change in fair value of investments in equity securities	14	2.7	1.4
Income tax on income and expenses recognised directly in equity	10	5.1	10.8
Other comprehensive income for the period, net of tax		21.1	44.7
Profit for the period		72.2	10.4
Total comprehensive income for the period		93.3	55.1
Attributable to:			
Equity holders of the parent		93.3	54.7
Non-controlling interest		—	0.4
Total comprehensive income for the period		**93.3**	**55.1**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2010 €m	As at 31 December 2009* €m
ASSETS			
Non-current assets			
Property, plant and equipment	11	758.8	611.3
Intangible assets	12	18.7	12.4
Investments in equity accounted investees	13	50.9	26.8
Investments in equity securities	14	9.8	5.5
Zinc purchase interests	15	247.3	—
Deferred tax assets	16	13.5	37.0
Other financial assets	17	23.7	53.9
		1,122.7	**746.9**
Current assets			
Inventories	18	556.6	480.5
Trade and other receivables	20	209.6	160.1
Prepayments		9.5	3.7
Current tax assets		7.2	5.8
Other financial assets	17	36.8	35.6
Cash and cash equivalents	21	160.6	84.0
		980.3	**769.7**
Total assets		**2,103.0**	**1,516.6**
EQUITY			
Equity attributable to equity holders of the parent			
Share capital and share premium	22	1,255.4	1,255.4
Reserves	22	(258.3)	(230.0)
Retained earnings		(169.0)	(252.0)
		828.1	**773.4**
Non-controlling interest		**4.2**	**5.3**
Total equity		**832.3**	**778.7**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	23	443.4	110.0
Deferred tax liabilities	16	54.2	48.6
Provisions	24	115.3	124.0
Employee benefits	25	52.2	50.2
Other financial liabilities	17	—	0.2
Other liabilities	19	12.1	23.9
		677.2	**356.9**
Current liabilities			
Trade and other payables	26	314.0	248.6
Current tax liabilities		13.9	4.0
Loans and borrowings	23	13.4	12.0
Provisions	24	42.7	33.4
Employee benefits	25	44.7	38.2
Other financial liabilities	17	30.2	17.3
Deferred income	27	107.0	—
Other liabilities	19	27.6	27.5
		593.5	**381.0**
Total liabilities		**1,270.7**	**737.9**
Total equity and liabilities		**2,103.0**	**1,516.6**

* Adjusted for revisions to the provisional accounting for the acquisition of the Coricancha mine (refer to note 7)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ millions	Note	Share capital	Share premium	Reserves	Retained earnings	Total amount attributable to owners	Non-controlling interests	Total equity
Balance at 1 January 2010		**1,176.9**	**78.5**	**(230.0)**	**(252.0)**	**773.4**	**5.3**	**778.7**
Profit or loss		—	—	—	72.2	**72.2**	—	**72.2**
Other comprehensive income	22	—	—	21.2	(0.1)	**21.1**	—	**21.1**
Treasury shares	22	—	—	(49.5)	20.2	**(29.3)**	—	**(29.3)**
Convertible bond		—	—	—	—	**—**	—	**—**
Net movement in non-controlling interests as result of acquisition/ disposal of subsidiaries	7	—	—		(2.7)	**(2.7)**	(1.1)	**(3.8)**
Dividends	22	—	—		(10.0)	**(10.0)**		**(10.0)**
Share-based payments	28	—	—		3.4	**3.4**	—	**3.4**
Balance at 31 December 2010		**1,176.9**	**78.5**	**(258.3)**	**(169.0)**	**828.1**	**4.2**	**832.3**

€ millions	Note	Share capital	Share premium	Reserves	Retained earnings	Total amount attributable to owners	Non-controlling interests	Total equity
Balance at 1 January 2009		**1,176.9**	**78.5**	**(285.9)**	**(262.9)**	**706.6**	**4.5**	**711.1**
Profit or loss		—	—	—	10.0	**10.0**	0.4	**10.4**
Other comprehensive income	22	—	—	47.1	(2.4)	**44.7**	—	**44.7**
Convertible bond	23	—	—	8.8	—	**8.8**	—	**8.8**
Net Movement in non-controlling interests as result of acquisition/ disposal of subsidiaries	7	—	—	—	—	**—**	0.4	**0.4**
Share-based payments	28	—	—	—	3.3	**3.3**	—	**3.3**
Balance at 31 December 2009		**1,176.9**	**78.5**	**(230.0)**	**(252.0)**	**773.4**	**5.3**	**778.7**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the year ended 31 December 2010 €m	2009 €m
Cash flows from operating activities			
Profit for the period		72.2	10.4
Adjustment to:			
Depreciation, amortisation and depletion expense	11, 12, 15	81.7	50.2
Income tax (benefit)/expense	10	16.6	3.3
Net finance (benefit)/expense	9	12.5	6.8
Share of profit in equity accounted investees	13	(3.1)	(4.0)
Impairment/(reversal of impairment)	11	0.9	(2.4)
Equity settled share based payment transactions		3.4	3.2
Other non-monetary items		(3.8)	—
(Gain)/Loss on sale of investments		—	(6.0)
(Gain)/Loss on sale of property, plant and equipment		(3.2)	0.1
		177.2	**61.6**
Changes in inventories		(51.3)	(185.4)
Changes in trade and other receivables		(30.6)	50.7
Changes in prepayments		(5.1)	2.8
Changes in other financial assets and liabilities		47.0	(57.7)
Changes in trade and other payables and deferred income		135.1	85.3
Changes in other liabilities		(11.7)	51.4
Change in provisions and employee benefits		(24.8)	(20.2)
Interest paid		(21.1)	(2.7)
Income tax paid		(4.2)	(4.8)
Net cash inflows/(outflows) from operating activities		**210.5**	**(19.0)**
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	(145.3)	(67.9)
Acquisition of intangible assets	12	(1.7)	—
Proceeds from sale of property, plant and equipment		7.7	0.3
Acquisition of zinc purchase interests	15	(242.6)	
Acquisition of subsidiary net of cash acquired	7	(29.5)	(104.0)
Acquisition of investments in equity securities	14	(5.7)	(4.1)
Acquisition of investments in equity accounted investees	13	(10.5)	(0.2)
Distribution from associates	13	—	12.7
Proceeds from sale of subsidiary		—	5.1
Interest received		0.8	2.8
Net cash (outflows) from investing activities		**(426.8)**	**(155.3)**
Cash flows from financing activities			
Repurchase of own shares	22	(29.3)	—
Proceeds from borrowings		333.7	121.4
Repayments of borrowings		(3.0)	(158.4)
Distributions to shareholders	22	(10.0)	—
Net cash inflows/(outflows) from financing activities		**291.4**	**(37.0)**
Net increase (decrease) in cash held		75.1	(211.3)
Cash at the beginning of the reporting period	21	84.0	297.0
Exchange fluctuations		1.5	(1.7)
Cash and cash equivalents at the end of the reporting period	21	**160.6**	**84.0**

The accompanying notes are an integral part of these consolidated financial statements.

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1 Reporting entity

Nyrstar NV (the ''Company'') is a company domiciled in Belgium. The address of the Company's registered office is Zinkstraat 1, 2490 Balen, Belgium. The consolidated financial statements of the Company as at and for the year ended 31 December 2010 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.

Nyrstar is a leading global multi-metals business, producing significant quantities of zinc and lead as well as other products such as silver, copper and gold. The Company is listed on Euronext Brussels under the symbol NYR.

The consolidated financial statements were authorised for issue by the Board of Directors of Nyrstar NV on 23 February 2011.

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), the Standard Interpretations Committee (SIC) and the International Financial Reporting 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 the following items measured at fair value:

- Derivative financial instruments;
- Financial instruments at fair value through profit or loss;
- Available-for-sale financial assets; and
- Assets and liabilities acquired in business combinations.

c. Reporting period

Consistently with the previous accounting year 2009, the Group's consolidated financial statements have been prepared for the 2010 calendar year with a balance sheet date of the 31 December 2010.

d. 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 Euro which is the Company's functional and presentation currency. All financial information has been rounded to the nearest hundred thousand Euros.

e. 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.

2 Basis of preparation (Continued)

f. Standards, amendments and interpretations

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2010 for entities for which the reporting period follows the calendar year:

- IFRS 3 (revised), *Business Combinations* and consequential to IAS 27, *Consolidated and separate financial statements*, IAS 28, *Investments in associates* and IAS 31, *Interests in joint ventures*, effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting beginning on or after July 1, 2009;
- IFRS 1 (revised), *First-time Adoption* (effective 1 July 2009); and Amendments to IFRS 1 for additional exemptions (effective January 2010);
- IAS 39 (amendment), *Financial instruments: Recognition and measurement on eligible hedged items* (effective 1 July 2009);
- Annual improvements 2009 (effective 1 January 2010); and
- Amendment to IFRS 2, *Share-based payments—Group cash-settled share-based payment transactions* (effective 1 January 2010).

The following new standards, amendments of standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2010, but are currently not relevant to the Group:

- IFRIC 12, *Service concession arrangements* (effective 1 January 2008, but EU endorsed for 30 March 2009);
- IFRIC 15, *Agreements for the construction of real estate* (effective 1 January 2009, but EU endorsed for 1 January 2010);
- IFRIC 16, *Hedges of a net investment in a foreign operation* (effective 1 October 2008, but EU endorsed for 1 July 2009);
- IFRIC 17, *Distribution of non-cash assets to owners*, effective for annual periods beginning on or after July 1, 2009; and
- IFRIC 18, *Transfer of assets from customers*, effective for transfers of assets received on or after July 1, 2009.

The following new standards, amendments of standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

- IAS 32 (amendment) *Financial instruments: classification of rights issued*.

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. Due to the change of the Group's operating segments the comparative segment information for 2009 has been restated. Further, the initial accounting for the acquisition of the Coricancha mine as of 31 December 2009, which was based on provisional amounts in the accounts for 2009, was completed in 2010, and therefore comparative information for 2009 affected by the finalisation of the Coricancha mine acquisition accounting has been adjusted.

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

3 Significant accounting policies (Continued)

consolidated from the date on which control is transferred to the Group until the date that the control ceases.

The purchase method of accounting is used to account for 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 given up, shares issued or liabilities undertaken 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. Where necessary, the acquired entities' accounting policies have been changed to ensure consistency with the policies adopted by Nyrstar.

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.

The consolidated financial statements include the Group's share of the income and expenses 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 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.

Losses applicable to NCI in excess of the NCI's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the NCI has a binding obligation and is able to make an additional investment to cover the losses.

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 arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. The Group is also accounting 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.

3 Significant accounting policies (Continued)

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.

Subsequently, 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 Euros 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 expenses 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.

b. 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 sales contracts.

Derivatives are initially recognised at their fair value on the date the derivative contract is entered into. 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 fair value of 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

3 Significant accounting policies (Continued)

flow hedges is recognised outside of the income statement, directly in equity 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.

c. 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.

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 amount transferred from 'Exploration and evaluation (see note 3(d)).

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.

Depreciation

Straight-line basis

The expected useful lives are the lesser of the life of the operation 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 units of production basis. 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.

3 Significant accounting policies (Continued)

- In applying the units 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 some circumstances and 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.

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 development costs include costs associated with a start-up period where the assets are brought to a condition of being capable of operating as intended by management. Mineral reserves and capitalised mine development costs are depreciated from the commencement of production using a unit of production method based on the estimated economically recoverable reserves and in some circumstances mineral resources to which they relate or are written off if the property is abandoned. The net carrying amounts of mineral reserves and resources and capitalised mine development costs at each mine property are reviewed for impairment either individually or at the cash-generating unit level when events and changes in circumstances indicate that the carrying amount may not be recoverable. To the extent that these values exceed their recoverable amounts, that excess is fully provided against in the financial year in which this is determined.

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.

d. Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition of a controlled entity, associate or jointly controlled entity over Nyrstar's share in the fair value of the identifiable assets and liabilities, including contingent liabilities, of the acquired entity at the date of acquisition. 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.

3 Significant accounting policies (Continued)

The excess of Nyrstar's interest in the fair value of the net identifiable assets acquired over the cost of acquisition is recognised in the income statement immediately.

Research and development costs

Research costs related to the prospect of gaining new scientific or technological knowledge and understanding are recognised in the income statement as an incurred expense. Development costs are defined as costs incurred for the design of new or substantially improved products and for the processes prior to commercial production or use. They are capitalised if, among others, the following conditions are met:

- The intangible asset will give rise to future economic benefits, or in other words, the market potential has been clearly demonstrated;
- The expenditures related to the process or product can be clearly identified and reliably measured; and
- The Group intends to and has sufficient resources to complete development and to use or sell the asset.

In circumstances where it is difficult to clearly distinguish between research or development costs, the costs are considered as being research costs. If development costs are capitalised they are amortised using a straight-line method over their useful life.

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 carried forward 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 when commercial production commences on a unit of production basis based on the estimated economically recoverable reserves and in some circumstances mineral resources to which they relate.

An impairment review is performed, either individually or at the cash generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against the carrying amount, in the financial year in which this is determined. Exploration and evaluation assets are reassessed annually by management and are carried forward provided that at least one of the conditions outlined above is met.

Expenditure is transferred to mine development assets once the work completed to date supports the future development of the property and such development receives appropriate approvals.

3 Significant accounting policies (Continued)

Other intangible assets

All of the following types of intangible assets are carried at historical cost, less accumulated amortisation and impairment losses, except for government granted CO2 emission rights which are valued at the prevailing market price at the day of the grant:

- Concessions, patents, licenses: are amortised over the period of their legal protection;
- Software and related internal development costs: are typically amortised over a period of five years;
- CO2 emission rights: are not amortised but can be impaired; and
- Land use rights: are typically amortised over the contractual period.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the income statement as incurred.

e. 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.

f. Investments in equity securities

The classification depends on the purpose for which the investments have been acquired. Management determines the classification of investments at initial recognition. Investments 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 equity. When investments are sold, the accumulated fair value adjustments recognised in equity are included in the income statement within ‘other operating expenses’.

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 expenses. By-products inventory on hand 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 portion of fixed and variable overhead expenses, including depreciation and amortisation. Stores of consumables and spares are valued at cost with due allowance for obsolescence. Cost of purchase of all types of 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.

3 Significant accounting policies (Continued)

As the Company applies hedge accounting as referred in note 3(b), the hedged items of stock are valued at fair value. 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.

h. Impairment

Financial assets

A financial asset 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.

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 at each reporting date.

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 that are expected to benefit from the synergies of the combination.

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 is not 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.

3 Significant accounting policies (Continued)

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 retained earnings.

Employee bonuses

Nyrstar recognises a liability and expense for employee bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer to encourage voluntary redundancy.

Share-based payment compensation

The Group operates an employee share acquisition plan, an executive long-term incentive plan and a co-investment plan, which are partly equity-settled and partly cash-settled share-based compensation plans.

3 Significant accounting policies (Continued)

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 unconditionally entitled to the shares. The amount recognised as an employee benefit expense is the independently calculated 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 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, Nyrstar has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of benefits will be required to settle the obligation.

Workers' compensation

Provision is made for outstanding claims, including any incurred but not reported claims, where any controlled entity self-insures for risks associated with workers' compensation.

Outstanding claims are recognised when an incident occurs and are measured at the cost that the entity expects to incur in settling the claims, discounted using a rate that reflects current market assessments of the time value of money and risks specific to the liability.

An independent actuary provides the calculation of the value of outstanding claims. Each period the impact of the unwind of discounting is recognised in the income statement as a financing cost.

Restoration obligations

In accordance with past practices and applicable legal requirements, provision is made for the anticipated costs of future restoration and rehabilitation of smelting and refining sites to the extent that a legal or constructive obligation exists. The provision includes costs associated with dismantling of assets, reclamation, monitoring, water purification and coverage and permanent storage of historical residues. The provision is based upon current costs and has been determined on a discounted basis with reference to the current legal framework and current technology. Each period the impact of the unwind of discounting is recognised in the income statement as a financing cost. Any change in the restoration provision is recorded against the carrying value of the provision and the related asset, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity, with the effect being recognised in the income statement on a prospective basis over the remaining life of the relevant operation. The restoration provision is separated into current and non-current components based on the expected timing of these cash flows.

Closure and restoration costs relating to mining activities include the dismantling and demolition of infrastructure, and the removal of residual materials and the remediation of disturbed areas. Estimated closure and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the mine development or during the production phase, based on the net present value of estimated future costs. Provisions for closure and restoration costs do not include any additional obligations which are expected to arise from future disturbance. The costs are estimated on the basis of a closure plan where available. If there is no formal closure plan, costs are estimated by a third party. The cost estimates are updated annually during the life of the operation to reflect known developments, e.g. revisions to cost estimates and to the estimated lives of operations, and are subject to formal review at regular intervals. The initial closure provision

3 Significant accounting policies (Continued)

together with other movements in the provisions for closure and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Restructuring

A constructive obligation for a restructuring arises only when two conditions are fulfilled. Firstly, 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. Secondly, 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.

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 does not vary with changes in their fair value.

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.

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

Sales revenue is stated on a gross basis, with freight and realisation expenses included in gross profit. Sales of metals and by-products are only recognised when all of the following conditions have been satisfied:

a. the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;

b. the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c. the amount of revenue can be measured reliably;

d. it is probable that the economic benefits associated with the transaction will flow to the entity; and

e. the costs incurred or to be incurred in respect of the transaction can be measured reliably

m. Finance income and expense

Financing income includes:

- Interest income of funds invested; and
- Dividend income.

3 Significant accounting policies (Continued)

Interest income is recognised as it accrues in the income statement using the effective interest method. Dividend income is recognised in the income statement on the date that the Group's right to receive payment is established.

Financing 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 and workers' compensation.

Financing costs are calculated using the effective interest method. Financing 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 financing costs are expensed as incurred.

Net financing costs represent financing 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 tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current 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 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 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 deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured 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 tax assets and liabilities are offset if there is a legally enforceable right to offset current 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 tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred 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 at the same time as the liability to pay the related dividend is recognised.

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

3 Significant accounting policies (Continued)

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. 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.

Where settlement of any part of cash consideration receivable is deferred, the amounts receivable in the future are discounted to their present value.

r. 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).

s. Earnings per share

Nyrstar presents basic and diluted earnings per share (EPS) data 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.

t. Segment reporting

Operating segments are components of the Group for which discrete financial information is available and evaluated regularly by Nyrstar's Management Committee (NMC) in deciding how to allocate resources and in assessing performance. The NMC has been identified as the chief operating decision maker.

The segment information reported to the NMC (including the measurements of segment profit or loss, segment assets and liabilities) is prepared in conformity with the same accounting policies as those described in the summary of significant accounting policies.

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.

u. Treasury shares

When Nyrstar reacquires its own equity instruments, the par value of treasury shares purchased is deducted from a separate category of equity. The difference between the par value of the treasury shares

3 Significant accounting policies (Continued)

purchased and the amount of consideration paid, which includes directly attributable costs, is recognised as a deduction from retained earnings. 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 surplus or deficit on the transaction is recognised in retained earnings.

v. Zinc purchase interests

Streaming agreements for the acquisition of zinc concentrates are presented on the face of 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. 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.

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.

a. Critical accounting estimates and assumptions

Impairment of assets

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 below). For further information refer to note 3(h) and note 11.

Determination of fair values in business combination

The consolidated entity has applied estimates and judgments in order to determine the fair value of assets acquired and liabilities and contingent liabilities assumed by way of a business combination.

The value of assets, liabilities and contingent liabilities recognized at the acquisition date are recognized at fair value. In determining fair value the consolidated entity has utilized valuation methodologies including discounted cash flow analysis. The assumptions made in performing these valuations include assumptions as to discount rates, foreign exchange rates, commodity prices, the timing of development, capital costs, and future operating costs. Any significant change in key assumptions may cause the acquisition accounting to be revised including the recognition of additional goodwill or a discount on acquisition.

Determination of ore reserves and resources estimates

Estimated recoverable reserves and resources are used to determine the depreciation of mine production assets, in accounting for deferred costs and in performing impairment testing. 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 will impact the carrying value of assets and depreciation and impairment charges recorded in the income statement.

4 Critical accounting estimates and judgements (Continued)

Restoration obligations

Provision is made for the anticipated costs of future restoration and rehabilitation of smelting and refining sites and mining areas from which natural resources have been extracted to the extent that a legal or constructive obligation exists. These provisions include future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition, decontamination, water purification and permanent storage of historical residues. These future cost estimates are discounted to their present value. 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 benefit obligations

An asset or liability in respect of defined benefit pension or medical plans is recognised on the consolidated statement of financial position. The present value of a defined benefit obligation is dependent upon a number of factors that are determined on an actuarial basis. Nyrstar determines the appropriate discount rate to be used at the end of each year.

b. Critical judgements in applying the Group's accounting policies

Recovery of deferred tax assets

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 recoupment.

5 Financial risk management

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 assisted in its oversight role by an internal audit function.

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.

5 Financial risk management (Continued)

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 2010, no guarantees were outstanding to external customers (31 December 2009: nil).

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).

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 and raw materials. 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. 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 profit. Nyrstar currently does not undertake any structural or strategic hedging which means that its results are exposed to fluctuations in zinc, lead and other metal prices. Nyrstar may review its hedging policy from time to time.

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 Peruvian Sol 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, U.S. Dollars, Peruvian Sols and Swiss Francs. As a result, movement of the U.S. Dollar, the Australian Dollar, Peruvian Sol, 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.

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 30 (f). Changes in interest rates may impact primary loans and borrowings by changing the levels of required interest payments.

5 Financial risk management (Continued)

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. The goal of this policy is to limit the effect in profit and loss of a parallel shift of 1% of the entire interest curve, calculated on the projected net financial debt amount, to below a certain predefined limit per year. In addition Nyrstar's policy states that interest rates cannot be fixed for periods more than ten years through the purchase or sale of interest rate derivatives.

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 net operating income divided by total shareholders' equity, excluding non-controlling interests.

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 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 set out below in note 28.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

6 Segment reporting

From 2010 onwards, Nyrstar has three operating segments, ''Smelting segment'', ''Mining segment'' and ''Other & Eliminations segment''. From 2010 onwards, operating results such as revenue and gross margin are regularly reviewed by the Nyrstar management committee (which has been identified as the company's ''chief operating decision maker'' only on the level of all smelting sites combined and all mines combined) to make decisions about resources to be allocated to these segments and assess their performance. In 2010, Nyrstar adjusted its segmental disclosure to better align with how the NMC allocates resources and assesses performance. The change in Nyrstar's segmental disclosure reflects its actual and planned strategic expansion into mining.The Group's 2009 segment information has been restated to reflect the change to the Group's operating segments from financial year 2010.

The 'Smelting' segment comprises the following smelters: Auby (France), Balen (Belgium), Budel (Netherlands), Clarksville (US), Hobart (Australia) and Port Pirie (Australia). The 'Mining' segment consists of the Tennessee mines (US), the Coricancha, the Contonga and Pucarrajo mines (Peru) and the zinc streaming agreement with the Talvivaara mine (Finland). The 'Other & Eliminations' segment contains Galva 45 (France), GM Metal (France), and corporate activities as well as the eliminations of the intra-group transactions including any unrealised profits resulting from intercompany transactions.

The chief operating decision-maker assesses the performance of the operating segments based on a measure of 'Result from operating activities before exceptional items'.

6 Segment reporting (Continued)

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 and Umicore, which accounted for 45.1% and 11.8% respectively, of the total Group's zinc and lead sales.

€ millions	For the year ended 31 December 2010			
	Smelting	Mining	Other & Eliminations	Total
Revenue from external customers	2,653.6	12.7	29.8	2,696.1
Inter-segment revenue	—	83.2	(83.2)	—
Total segment revenue	**2,653.6**	**95.9**	**(53.4)**	**2,696.1**
Raw materials used	(1,783.4)	—	55.8	(1,727.6)
Freight expense	(42.8)	(0.3)	—	(43.1)
Gross profit	**827.4**	**95.6**	**2.4**	**925.4**
Employee benefits expense	(186.7)	(27.3)	(48.2)	(262.2)
Energy expenses	(258.9)	(9.1)	(1.1)	(269.1)
Other income/(expenses)	(196.3)	(35.2)	28.7	(202.8)
Depletion, depreciation and amortisation expense	(57.0)	(20.0)	(4.7)	(81.7)
Result from operating activities before exceptional items	**128.5**	**4.0**	**(22.9)**	**109.6**
Restructuring expenses				(10.5)
Impairment (losses)/reversal				(0.9)
Result from operating activities				**98.2**
Finance income				0.8
Finance expenses				(37.6)
Net foreign exchange gain/(loss)				24.3
Net financing income/(expense)				**(12.5)**
Share of profit/(loss) of equity accounted investees[(a)]				3.1
Profit before income tax				**88.8**
Income tax benefit/(expense)				(16.6)
Profit for the period				**72.2**
Capital expenditure	(81.1)	(60.2)	(5.7)	(147.0)

(a) A split by investee is provided in note 13.

6 Segment reporting (Continued)

€ millions	Period to 31 December 2009 Smelting	Mining	Other & Eliminations	Total
Revenue from external customers	1,627.9	—	36.0	1,663.9
Inter-segment revenue	—	—	—	—
Total segment revenue	**1,627.9**	**—**	**36.0**	**1,663.9**
Raw materials used	(1,009.1)	—	(15.8)	(1,024.9)
Freight expense	(43.8)	—	(0.9)	(44.7)
Gross profit	**575.0**	**—**	**19.3**	**594.3**
Employee benefits expense	(164.1)	(1.4)	(43.4)	(208.9)
Energy expenses	(186.0)	(0.6)	(6.6)	(193.2)
Other income/(expenses)	(132.9)	(0.9)	23..9	(109.9)
Depletion, depreciation and amortisation expense	(45.9)	(0.4)	(3.9)	(50.2)
Result from operating activities before exceptional items	**46.1**	**(3.3)**	**(10.7)**	**32.1**
Restructuring expenses				(24.0)
Impairment (losses)/reversal				2.4
Profit on the disposal of subsidiaries				6.0
Result from operating activities				**16.5**
Finance income				1.8
Finance expenses				(11.6)
Net foreign exchange gain/(loss)				3.0
Net financing income/(expense)				**(6.8)**
Share of profit/(loss) of equity accounted investees[(a)]				4.0
Profit before income tax				**13.7**
Income tax benefit/(expense)				(3.3)
Profit for the period				**10.4**
Capital expenditure	(61.5)	(3.7)	(2.8)	(68.0)

(a) A split by investee is provided in note 13.

Geographical information

a. Revenues from external customers

€ millions	For the year ended 31 December 2010	2009
Belgium	360.0	110.0
Europe	945.7	600.1
Americas	275.9	173.8
Australia	711.0	529.5
Asia	388.2	239.6
Other	15.3	10.9
	2,696.1	**1,663.9**

The revenue information above is based on the location (shipping address) of the customer.

6 Segment reporting (Continued)

b. Non-current assets

€ millions	As at 31 December 2010	2009
Australia	182.0	138.3
Belgium	61.2	50.8
France	179.1	191.8
Netherlands	76.9	73.0
Peru	109.3	40.3
Switzerland	249.7	—
USA	166.6	128.6
Other	—	0.9
	1,024.8	**623.7**

Non-current assets for this purpose consist of property, plant and equipment, intangible assets and the zinc purchase interests.

7 Acquisition of business

Acquisitions in 2010

Acquisition of subsidiary: Contonga and Pucarrajo mines

In July 2010 Nyrstar acquired a 100% interest in the Contonga and Pucarrajo polymetallic mines in Peru (owned by Minera Huallanca S.A.) for approximately US$33 million (€ 25.8 million) including assumed debt. The Contonga and Pucarrajo mines comprise approximately 4,600 hectares of mining concessions, located 450 kilometres north of Lima in the Ancash region, which is well known for its significant zinc, lead, silver, gold and copper deposits.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Pre-acquisition carrying amounts €m	Fair value adjustments €m	Recognised values on acquisition €m
Property, plant and equipment	20.5	27.2	47.7
Inventories	2.1	—	2.1
Trade receivables	4.3	—	4.3
Other current assets	3.8	—	3.8
Deferred tax asset	0.6	—	0.6
Cash and cash equivalents	0.1	—	0.1
Provisions	(3.6)	(13.3)	(16.9)
Loans and borrowings	(4.1)	—	(4.1)
Deferred tax liabilities	—	(7.0)	(7.0)
Trade and other payables	(11.8)	—	(11.8)
Net identifiable assets and liabilities	**11.9**	**6.9**	**18.8**
Goodwill on acquisition			7.0
Consideration paid, satisfied in cash			25.8
Cash acquired			0.1
Net cash outflow			**25.7**

The fair values are provisional due to the complexity and timing of the acquisition. The review of the fair value of the assets and liabilities acquired will continue for one year from the acquisition date.

The amounts of revenue and loss since the acquisition date included in the consolidated income statement for the reporting period is € 4.4 million and € 3.4 million respectively. If the acquisition had

7 Acquisition of business (Continued)

occurred on 1 January 2010, management estimates that consolidated revenue for the current period would have been € 15.5 million and the consolidated loss for the current period would have been € 5.0 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 2010. The goodwill balance is a result of the recognised deferred tax liabilities which solely relate to the total fair value adjustments on net assets within the acquisition accounting.

Acquisition of additional interest in Coricancha Mine

On 7 July 2010 Nyrstar acquired an additional 15% interest in Coricancha mine in Peru (owned by Compania Minera San Juan (Peru) SA). A cash consideration of US$ 4.8 million (€ 3.8 million) was paid to the non-controlling interest shareholders. The carrying value of the net assets of Coricancha mine at the acquisition date was € 13.1 million and the carrying value of the additional interest acquired was € 1.1 million. The difference of € 2.7 million between the consideration paid and the carrying value of the interest acquired has been recognized in retained earnings within equity. Regarding the initial acquisition of the 85% interest in Coricancha mine in 2009 we refer to the disclosure under the ''Acquisitions in 2009'' section below.

Acquisitions in 2009

Acquisition of subsidiary: Mid-Tennessee Zinc mine complex

On 1 May 2009, the Group acquired a 100% interest in the Mid-Tennessee Zinc mine complex in Tennessee, US for € 9.0 million in cash. The mine complex was acquired from Mid-Tennessee Zinc Corporation (MTZ) (in Chapter 11 Bankruptcy), following approval from the US Bankruptcy Court on 1 May 2009.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Recognised values on acquisition (*) €m
Property, plant and equipment	13.7
Cash and cash equivalents	—
Restoration provisions	(4.7)
Net identifiable assets and liabilities	**9.0**
Goodwill on acquisition	—
Consideration paid, satisfied in cash	9.0
Cash acquired	—
Net cash outflow	**9.0**

(*) The assets and associated liabilities have been purchased out of Chapter 11 at fair value.

The accounting for the Mid-Tennessee zinc mine complex acquisition as at 31 December 2009 was based on provisional amounts and has been completed within the one year measurement period from the acquisition date without any required adjustments.

If the acquisition had occurred on 1 January 2009, management estimates that consolidated revenue for the period prior to the acquisition date would have been nil and consolidated losses for the period prior to the acquisition date would have been € 0.4 million, predominantly representing 'care and maintenance' costs. 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 2009.

Acquisition of subsidiary with non-controlling interests: Coricancha mine

On 13 November 2009, the Group acquired an 85% interest in the Coricancha mine in Peru (owned by Compania Minera San Juan (Peru) SA) for € 10.2 million in cash from Gold Hawk Resources Inc

7 Acquisition of business (Continued)

(TSX-V:CGK) (Gold Hawk). Gold Hawk, a publicly listed Canadian based mining company, has retained a 15% interest.

As part of the transaction, the Group has also agreed to provide a three year commercial loan facility of (up to) US$20 million and has assumed a parent company guarantee previously provided by Gold Hawk in relation to a US$13 million debt facility related to the mine. The debt facility was fully drawn and expired in February 2010.

The accounting for the Coricancha mine acquisition as at 31 December 2009 was based on provisional amounts due to the timing and complexity of the acquisition. In 2010, the acquisition accounting was completed within the one year measurement period as follows:

	Provisional fair values on acquisition as previously reported €m	Fair value adjustments €m	Fair values on acquisition €m
Property, plant and equipment	33.3	(1.2)	32.1
Inventories	0.3	—	0.3
Trade receivables	2.9	(2.6)	0.3
Deferred tax asset	3.4	(2.1)	1.3
Cash and cash equivalents	0.5	—	0.5
Provisions	(9.0)	(1.1)	(10.1)
Loans and borrowings	(11.0)	—	(11.0)
Deferred tax liabilities	(7.0)	1.0	(6.0)
Trade and other payables	(1.4)	—	(1.4)
Net identifiable assets and liabilities	**12.0**	**(6.0)**	**6.0**
Non-controlling interests (15%)	(1.8)	0.9	(0.9)
Goodwill on acquisition	—	5.1	5.1
Consideration paid, satisfied in cash	10.2		10.2
Cash acquired	0.5		0.5
Net cash outflow	**9.7**		**9.7**

The fair value adjustments arose due to the revision to the valuation of property, plant and equipment which mainly relates to mineral interest, the revision to the valuation of restoration provisions and the related impact on deferred tax liabilities. Fair value adjustments regarding trade receivables and deferred tax assets are based on new information about the recoverability of certain positions at the acquisition date. The goodwill balance is a result of the recognised deferred tax liabilities which solely relate to the total fair value adjustments on net assets within the acquisition accounting.

The 2009 comparative information has been revised to reflect this measurement period adjustment.

If the acquisition had occurred on 1 January 2009, management estimates that consolidated revenue for the period prior to the acquisition date would have been nil and consolidated losses for the period prior to the acquisition date would have been € 3.8 million, predominantly representing 'care and maintenance' costs. 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 2009.

Acquisition of subsidiary: East-Tennessee Zinc mine complex

On 7 December 2009, the Group acquired a 100% interest in the East-Tennessee Zinc mine complex in Tennessee, US from the Glencore Group for US$ 127.4 million (€ 87.2 million) in cash.

7 Acquisition of business (Continued)

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Pre-acquisition carrying amounts €m	Fair value adjustments €m	Recognised values on acquisition €m
Property, plant and equipment	18.0	65.9	83.9
Intangible assets	—	4.5	4.5
Inventories	3.5	—	3.5
Cash and cash equivalents	1.9	—	1.9
Provisions	(3.9)	—	(3.9)
Trade and other payables	(2.7)	—	(2.7)
Net identifiable assets and liabilities	**16.8**	**70.4**	**87.2**
Goodwill on acquisition			—
Consideration paid, satisfied in cash			87.2
Cash acquired			1.9
Net cash outflow			**85.3**

The accounting for the East-Tennessee Zinc mine complex acquisition as at 31 December 2009 was based on provisional amounts and has been completed within the one year measurement period from the acquisition date without any required adjustments.

If the acquisition had occurred on the 1 January 2009, management estimates that consolidated revenue for the period prior to the acquisition date would have been nil and consolidated losses for the period prior to the acquisition date would have been € 10.5 million, predominantly representing 'care and maintenance' costs. 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 the 1 January 2009.

8 Employee benefits expense

Recognised in the income statement for the year ended 31 December	2010 €m	2009 €m
Wages and salaries	(220.7)	(164.6)
Compulsory social security contributions	(25.5)	(24.2)
Contributions to defined contribution plans	(3.8)	(8.6)
Increase in liability for long-service leave	(2.1)	(1.3)
Expenses related to defined benefit plans	(2.2)	(3.7)
Equity & cash settled share based payment transactions, incl. social security	(7.9)	(6.5)
	(262.2)	**(208.9)**

At year-end 2010 (year-end 2009) the workforce at the Nyrstar group comprised of 4,450 (3,346) employees (full time equivalents) with 32% (48%) of Nyrstar's total personnel employed in Europe, 41% (17%) in the Americas and 27% (35%) in Australia.

9 Finance income and expense

Recognised in the income statement for the year ended 31 December	2010 €m	2009 €m
Finance income		
Interest income on cash and cash equivalents	**0.8**	1.8
	0.8	1.8
Finance expense		
Interest expense on loans and borrowings	**(26.1)**	(6.4)
Unwind of discount in provisions	**(7.5)**	(4.3)
Other finance charges	**(4.0)**	(0.9)
	(37.6)	(11.6)
Net foreign exchange gain/(loss)	**24.3**	3.0
Net financing income/(expense)	**(12.5)**	(6.8)

The net foreign exchange gain recorded during the year ended 31 December 2010 amounted to € 24.3 million (2009: net gain of € 3.0 million) and is primarily related to realised foreign exchange results on group legal restructuring transactions amounting to € 20.9 million (31 December 2009 : nil).

10 Income tax expense

a. Income tax expense recognised in the income statement

For the year ended 31 December	2010 €m	2009 €m
Current income tax (expense)	**(15.6)**	**(7.7)**
Deferred income tax (expense)/benefit	**(1.0)**	**4.4**
Income tax benefit/(expense)	**(16.6)**	**(3.3)**
Reconciliation of deferred income tax benefit:		
Deferred income tax (expense)/benefit included in income tax expense comprises:		
(Decrease)/increase in deferred tax assets	**(5.2)**	**23.7**
Decrease/(increase) in deferred tax liabilities	**4.2**	**(19.3)**
Total deferred income tax (expense)/benefit	**(1.0)**	**4.4**

10 Income tax expense (Continued)

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:

For the year ended 31 December	2010 €m	2009 €m
Profit before income tax	**88.8**	13.7
Tax at aggregated weighted average tax rate	**(38.2)**	(5.6)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Notional interest deduction	**24.2**	32.7
Non-taxable amounts	**(15.1)**	(27.7)
Net loss on disposal of equity accounted investees	**1.3**	5.0
Impairment of assets	**—**	1.0
Other	**(2.3)**	(1.8)
	(30.1)	3.6
Recognition of previously unrecognised tax losses	**24.8**	37.0
Recognition of previously unrecognised temporary differences	**12.6**	10.6
Non recognition of other temporary differences	**(17.9)**	(46.7)
Non recognition of tax losses	**(18.7)**	(26.1)
Overprovision for previous years income taxes	**7.4**	6.2
Unrecoverable withholding tax	**(2.3)**	(1.8)
Net adjustment to deferred tax balances due to tax rate change in foreign jurisdiction	**(1.5)**	—
Share of income tax of equity accounted investees	**1.3**	—
Foreign exchange differences	**7.8**	13.9
Income tax benefit/(expense)	**(16.6)**	(3.3)

Nyrstar recognised an income tax expense for the year ended 31 December 2010 of € 16.6 million representing an effective tax rate of 18.7% (2009: 24.0%). The main items impacting the income tax rate are the notional interest deduction in Belgium, non-tax deductible expenses and the recognition and the non-recognition of deferred tax assets attributable to tax losses and temporary differences in Australia, Belgium, Switzerland and the US.

c. Income tax recognised directly in equity

For the year ended 31 December	2010 €m	2009 €m
Income tax benefit/(expense) recognised on cash flow hedges	5.1	9.8
Income tax benefit/(expense) recognised on defined benefits pension schemes	—	1.0
Total income tax recognised directly in equity	**5.1**	**10.8**

11 Property, plant and equipment

31 December 2010	Note	Land and buildings €m	Plant and equipment €m	Mining properties and development €m	Cyclical maintenance and other €m	Under construction €m	Total €m
Cost or deemed cost		90.7	858.6	136.4	102.9	61.4	1,250.0
Accumulated depreciation and impairment		(12.4)	(404.6)	(7.2)	(67.0)	—	(491.2)
Carrying amounts		**78.3**	**454.0**	**129.2**	**35.9**	**61.4**	**758.8**
Reconciliation of carrying amounts:							
Opening 1 January 2010		70.3	423.3	62.5	9.9	45.3	611.3
Acquired in business combination	7	—	5.8	41.2	0.7	—	47.7
Additions		2.8	37.0	27.3	24.9	53.3	145.3
Transfers		4.8	11.1	10.7	11.2	(37.7)	0.1
Disposals		(2.5)	(0.1)	—	(0.1)	(1.8)	(4.5)
Depreciation expense		(2.4)	(52.2)	(11.0)	(9.7)	—	(75.3)
Impairment		—	—	—	(0.9)	—	(0.9)
Exchange difference		5.3	29.1	(1.5)	(0.1)	2.3	35.1
Closing		**78.3**	**454.0**	**129.2**	**35.9**	**61.4**	**758.8**

The carrying amount of Property, plant and equipment accounted for as finance lease assets at 31 December 2010 is € 0.5 million which is classified as Plant and equipment.

31 December 2009	Note	Land and buildings €m	Plant and equipment €m	Mining properties and development €m	Cyclical maintenance and other €m	Under construction €m	Total €m
Cost or deemed cost		111.7	939.8	62.5	56.7	52.9	1,223.6
Accumulated depreciation and impairment		(41.4)	(516.5)	—	(46.8)	(7.6)	(612.3)
Carrying amounts		**70.3**	**423.3**	**62.5**	**9.9**	**45.3**	**611.3**
Reconciliation of carrying amounts:							
Opening 1 January 2009		47.5	312.7	—	8.2	67.5	435.9
Acquired in business combination	7	8.6	56.2	61.5	—	3,4	129.7
Additions		0.2	10.0	—	1.3	56.4	67.9
Transfers		13.5	64.3	—	7.4	(85.2)	—
Disposals		(0.1)	(0.3)	—	—	—	(0.4)
Depreciation expense		(1.5)	(40.9)	—	(7.8)	—	(50.2)
Impairment		(0.4)	(1.2)	—	—	—	(1.6)
Exchange difference		2.5	22.5	1.0	0.8	3.2	30.0
Closing		**70.3**	**423.3**	**62.5**	**9.9**	**45.3**	**611.3**

The carrying amount of Property, plant and equipment accounted for as finance lease assets at 31 December 2009 is € 1.2 million which is classified as plant and equipment.

Impairment

For financial year 2010 the Group recorded an impairment loss of € 0.9 million on leasehold improvements as a consequence of the announced relocation of corporate offices from London to Zurich. No indicator of additional impairment or reversal of impairment for the Group was identified for financial year 2010.

12 Intangible assets

31 December 2010	Note	Goodwill €m	Exploration & evaluation[(a)] €m	Software €m	Emission Rights €m	Total €m
Cost		12.1	—	10.7	4.0	26.8
Accumulated amortisation		—	—	(7.1)	(1.0)	(8.1)
Carrying amounts		**12.1**	**—**	**3.6**	**3.0**	**18.7**
Reconciliation of carrying amounts:						
Opening 1 January 2009		5.1	4.5	—	2.8	12.4
Additions		—	—	1.6	0.1	1.7
Acquired in business combinations	7	7.0	—	—	—	7.0
Transfers		—	(4.9)	4.8	—	(0.1)
Amortisation expense		—	—	(2.8)	—	(2.8)
Exchange difference		—	0.4	—	0.1	0.5
Closing		**12.1**	**0.0**	**3.6**	**3.0**	**18.7**

31 December 2009	Note	Goodwill €m	Exploration & evaluation[(a)] €m	Software €m	Emission Rights €m	Total €m
Cost		5.1	4.5	—	3.5	13.1
Accumulated amortisation		—	—	—	(0.7)	(0.7)
Carrying amounts		**5.1**	**4.5**	**—**	**2.8**	**12.4**
Reconciliation of carrying amounts:						
Opening 1 January 2009		—	—	—	3.0	3.0
Additions		—	—	—	0.1	0.1
Acquired in business combinations	7	5.1	4.5	—	—	9.6
Transfers		—	—	—	—	—
Amortisation expense		—	—	—	(0.3)	(0.3)
Closing		**5.1**	**4.5**	**—**	**2.8**	**12.4**

(a) Exploration and evaluation: useful life not determined until transferred to property, plant & equipment

13 Investments in equity accounted investees

A summary of the Group's investment in equity accounted investees is set out in the following table:

For the year ended 31 December	2010 €m	2009 €m
Carrying amount at the beginning of the period	**26.8**	25.0
Movements of the period:		
Share of profit (after tax) of equity accounted investees	**3.1**	4.0
Distribution from joint venture	**—**	(12.7)
Increase in investment in equity accounting investee	**18.3**	0.2
Exchange difference	**2.7**	10.3
Carrying amount at the end of the period	**50.9**	26.8

13 Investments in equity accounted investees (Continued)

Summary financial information for equity accounted investees, adjusted for the percentage ownership held by the Group, is as follows:

In € millions	Ownership %	Current assets	Non current assets	Current liabilities	Non current liabilities	Revenues	Profit/ (loss)
31 December 2010							
ARA (Joint venture)	50.0	8.9	59.5	(2.4)	(0.3)	35.3	2.3
Genesis (Joint venture)	50.0	1.9	0.9	(3.2)	—	12.9	—
Föhl China (Joint venture)	50.0	2.0	1.1	(0.8)	(0.2)	4.4	0.8
Ironbark (Associate)	26.5	3.8	27.0	—	—	0.3	—
		16.6	**88.5**	**(6.4)**	**(0.5)**	**52.9**	**3.1**
31 December 2009							
ARA (Joint venture)	50.0	5.5	49.1	(2.9)	(0.1)	23.8	3.7
Genesis (Joint venture)	50.0	1.8	0.8	(2.6)	—	8.4	(0.1)
Föhl China (Joint venture)	50.0	1.2	0.5	(0.6)	(0.2)	2.2	0.4
		8.5	**50.4**	**(6.1)**	**(0.3)**	**34.4**	**4.0**

The Company acquired in March 2010 an additional 11% interest in Ironbark Zinc Limited (Ironbark) for € 10.3 million. With this additional investment, the total shareholders' stake of Nyrstar in Ironbark increased to 31%, requiring the investment to be accounted for under the equity method. This step acquisition resulted in a gain arising on the initial investment amounting to € 3.7 million which is reflected in the income statement as Other income. In November 2010, Ironbark completed a share placement of 48 million ordinary shares, in which Nyrstar did not participate, resulting in a dilution of Nyrstar's interest down to 26.52%. The increase in investment in Ironbark amounts to € 18.1 million and consists of the cost of acquisition of additional interest (€ 10.3 million) and the fair value of the previously held interest reclassified from investments in equity securities amounting to € 7.8 million. The remaining increase of € 0.2 million relates to Föhl China.

14 Investments in equity securities

Investment in Herencia Resources Plc

In April 2010, Nyrstar purchased through a private placement, 10.4% of the ordinary shares of Herencia Resources Plc, a base metal exploration company listed on the Alternative Investment Market in London, for € 0.9 million. The objective of the capital raising was to fund the drilling of a newly discovered vein in Herencia's most advanced zinc-lead-silver-gold Paguanta project in Northern Chile. Nyrstar also participated in a further capital raising in Herencia in December 2010, whereby it maintained its holding of 10.4% for a purchase price of € 0.6 million. Due to the exercise of warrants by a third party. Nyrstar's interest in Herencia Resources Plc decreased to 10.24% as at 31 December 2010.

Investment in Exeltium SAS

In April 2010, Nyrstar contributed an amount of € 4.2 million to the € 172.8 million capital increase of Exeltium SAS, a consortium of electricity-intensive industrial consumers in France, which provides and resells electricity to its industrial partners.

Ironbark Zinc Limited

As detailed in note 13 Investment in equity accounted investees, the Company acquired in 2010 an additional 11% interest in Ironbark Zinc Limited (Ironbark), thus requiring the investment to be accounted for under the equity method. As a result this investment has been reclassified.

14 Investments in equity securities (Continued)

A summary of the Group's investment in other equity securities is set out in the following table:

For the year ended 31 December	2010 €m	2009 €m
Carrying amount at the beginning of the period	5.5	—
Movements of the period:		
Purchase of investment	5.7	4.1
Reclassification to investments accounted for under the equity method	(7.8)	—
Changes in fair value	6.4	1.4
Carrying amount at the end of the period	**9.8**	**5.5**

The reclassification relates to the investment in Ironbark. The reclassified amount includes accumulated fair value adjustments which were previously recognised in other comprehensive income (amounting to € 3.7 million).

15 Non-current assets: Zinc purchase interests

In February 2010, Nyrstar acquired 1.25 million tonnes of zinc in concentrate from Talvivaara Sotkamo Limited (a member of the Talvivaara Mining Company Plc group) for a purchase price of USD 335 million (€ 242.6 million).

The acquisition is presented on the face of 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. 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. The depletion expense recognised in the 2010 income statement amounts to € 3.6 million (2009: nil). The carrying amount as at 31 December 2010 of € 247.3 million contains foreign currency translation difference of € 8.3 million as the asset is held by a Group company with USD as functional currency.

Talvivaara will deliver 100% of its zinc concentrate production to Nyrstar until the 1.25 million tonnes of zinc in concentrate has been delivered (equivalent to approximately 2 million tonnes of zinc concentrate at a grade of 65%). Based on Talvivaara's planned production, the parties expect a ramp-up to approximately 90,000 tonnes per annum of zinc in concentrate by 2012, with deliveries over a period of 10 to 15 years.

16 Deferred tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

16 Deferred tax assets and liabilities (Continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities consist of temporary differences attributable to:

As at 31 December	Assets 2010 €m	Assets 2009 €m	Liabilities 2010 €m	Liabilities 2009 €m	Net 2010 €m	Net 2009 €m
Employee benefits	11.6	8.5	—	—	11.6	8.5
Environmental provisions	3.3	9.3	—	—	3.3	9.3
Other provisions	0.1	1.1	—	—	0.1	1.1
Embedded derivatives	—	—	—	(9.6)	—	(9.6)
Property, plant and equipment	4.1	25.2	(62.3)	(55.1)	(58.2)	(29.9)
Inventories	1.7	2.0	—	—	1.7	2.0
Deferred expenditure	—	—	(10.3)	(3.5)	(10.3)	(3.5)
Tax credit notional interest deduction	0.2	6.2	—	—	0.2	6.2
Tax losses carried forward	23.7	1.5	—	—	23.7	1.5
Other	—	2.6	(17.9)	0.2	(17.9)	2.8
Items recognised directly in equity	5.1	—	—	—	5.1	—
Deferred tax assets / (liabilities)	49.8	56.4	(90.5)	(68.0)	(40.7)	(11.5)
Set off of tax	(36.3)	(19.4)	36.3	19.4	—	—
Net deferred tax assets / (liabilities)	**13.5**	**37.0**	**(54.2)**	**(48.6)**	**(40.7)**	**(11.5)**

Unrecognised deferred tax assets

As at 31 December	Balance 2010 €m	Balance 2009 €m
Deductible temporary differences	90.4	78.2
Tax losses	90.8	80.3
	181.2	**158.5**

Expiration of tax effected unrecognised temporary differences and tax losses

As at 31 December	Net deductible temporary differences 2010 €m	Tax losses carried forward 2010 €m	Total 2010 €m	Net deductible temporary differences 2009 €m	Tax losses carried forward 2009 €m	Total 2009 €m
No expiration date	83.6	86.2	169.8	59.8	80.3	140.1
Expiration date 7 years	6.8	4.6	11.4	18.4	—	18.4
	90.4	**90.8**	**181.2**	**78.2**	**80.3**	**158.5**

17 Other financial assets and liabilities

As at 31 December	2010 €m	2009 €m
Non-current assets		
Commodity contracts—fair value hedges	**11.1**	23.9
Embedded derivatives	**12.6**	30.0
Total non-current other financial assets	**23.7**	**53.9**
Current assets		
Commodity contracts—fair value hedges	**28.1**	32.6
Foreign exchange contracts—held for trading	**7.6**	0.8
Foreign exchange contracts—cash flow hedge	**1.1**	—
Embedded derivatives	**—**	2.2
Total current other financial assets	**36.8**	**35.6**
Non-current liabilities		
Commodity contracts—fair value hedges	**—**	0.2
Total non-current other financial liabilities	**—**	**0.2**
Current liabilities		
Commodity contracts—fair value hedges	**23.6**	11.5
Foreign exchange contracts—held for trading	**1.2**	5.8
Embedded derivatives	**5.4**	—
Total current other financial liabilities	**30.2**	**17.3**

a. Instruments used by Nyrstar to manage exposure to currency and commodity price risk exposures

The fair value of derivatives (commodity contracts) hedging the inventories and the fixed forward sales contracts resulted in a net asset of € 15.6 million (31 December 2009 net asset: € 44.8 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 18 and 19, 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 € 6.4 million (31 December 2009 net payable: € 5.0 million). The fair value of foreign exchange contracts used for cash flow hedging relates to the purchase price payments in regard of the Farallon acquisition in 2011.

The Group's exposure to currency and commodity risk related to other financial assets and liabilities is disclosed in note 30.

b. Embedded derivatives

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 Group's consolidated statement of financial position. The effective portion of changes in the fair value of the Group's embedded derivative are recognised in the cashflow hedge reserve in equity, whilst changes in the fair value of the ineffective hedge portion are recognised in the consolidated income statement.

The change in fair value on the effective portion of the Group's embedded derivatives during the year ended 31 December 2010 with a negative impact of € 16.9 million (2009: negative impact of € 32.7 million) was recognised in the Cashflow hedge reserve whilst changes in fair value on the ineffective portion of € 12.8 million (2009: € 5.3 million) were recognised in the income statement within energy expenses.

18 Inventories

As at 31 December	2010 €m	2009 €m
Raw materials	**170.2**	212.1
Work in progress	**268.6**	170.0
Finished goods	**38.0**	41.4
Stores and consumables	**46.7**	36.6
Fair value adjustment	**33.1**	20.4
Total inventories	**556.6**	**480.5**

As the Group applies hedge accounting as described in note 3(g), the hedged items of inventories are valued at fair value. The fair value adjustment as part of the carrying value of inventories at 31 December 2010 amounts to € 33.1 million (31 December 2009: € 20.4 million).

19 Other liabilities

Current As at 31 December	2010 €m	2009 €m
Fair value of underlying hedged risk	**27.6**	27.5
Total current	**27.6**	27.5

Non-Current As at 31 December	2010 €m	2009 €m
Fair value of underlying hedged risk	**12.1**	23.9
Total non-current	**12.1**	23.9

The other liabilities relate to the fair value of fixed forward sales contracts (the underlying hedged items) for a total of € 39.7 million, being offset by the fair value of hedging derivatives on these fixed forward sales contracts as reported in note 17 Other financial assets and liabilities, which amounts to € 39.2 million as at 31 December 2010.

20 Trade and other receivables

As at 31 December	2010 €m	2009 €m
Trade receivables	**198.9**	160.3
Less: Provision for receivables impairment	**(3.7)**	(4.5)
Net trade receivables	**195.2**	155.8
Other receivables	**14.4**	4.3
Total trade and other receivables	**209.6**	160.1

The Group's exposure to currency and liquidity risk related to trade and other receivables is disclosed in note 30.

21 Cash and cash equivalents

As at 31 December	2010 €m	2009 €m
Cash at bank and on hand	**56.1**	34.9
Short-term bank deposits	**104.5**	49.1
Total cash and cash equivalents	**160.6**	84.0

Cash at bank or on hand and short-term deposits earned a combined weighted average interest rate of 0.50% for calendar year 2010 (2009: 0.20% per annum).

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 30.

22 Capital and reserves

Share capital and share premium

Based on the provisions of IFRS 3 *Business Combinations,* the Group's share capital under a reverse acquisition equates to that of the accounting acquirer plus any capital issued to acquire the accounting acquiree. Therefore the share capital and premium disclosed in the consolidated financial statements as at 31 December 2010, represents the combined share capital of the Zinifex Carve-out Group, € 371.6 million, plus the issuance of share capital to acquire the Nyrstar and the Umicore Carve-out Group, € 883.8 million.

As at the 31 December 2010 the share capital of Nyrstar NV comprised 100 million ordinary shares (31 December 2009: 100 million) with a par value of (rounded) € 14.91, previously € 20 with an additional share premium of € 1.95. This reduction refers to a decision by the extraordinary Shareholders' meetings held on 29 April 2009 and 23 May 2009 to decrease the share capital to absorb the retained losses arising from the 2008 impairment charge and thereby to restore the Company's potential future dividend capacity. 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.

Dividends

As approved by the Annual Shareholders' Meeting as at 28 April 2010, the Group declared and paid a dividend of € 0.10 per share, for a total of € 10.0 million.

At the annual general shareholders' meeting of 27 April 2011, the board of directors will propose a distribution of €0.15 per share, amounting to a total distribution of €14.5 million, and to structure this distribution as a capital reduction with reimbursement of paid-up capital. These financial statements do not reflect this distribution.

Reconciliation of movement in reserves

€ millions	Treasury shares	Translation reserve	Reverse acquisition reserve	Cashflow hedge reserve	Convertible bond	Investments reserve	Total
Balance at 1 January 2010	**(6.2)**	**33.7**	**(273.0)**	**5.3**	**8.8**	**1.4**	**(230.0)**
Other comprehensive income	—	29.4	—	(10.9)	—	2.7	**21.2**
Acquisition of treasury shares	(49.5)	—	—	—	—	—	**(49.5)**
Balance at 31 December 2010	**(55.7)**	**63.1**	**(273.0)**	**(5.6)**	**8.8**	**4.1**	**(258.3)**

€ millions	Treasury shares	Translation reserve	Reverse acquisition reserve	Cashflow hedge reserve	Convertible bond	Investments reserve	Total
Balance at 1 January 2009	**(6.2)**	**(34.8)**	**(273.0)**	**28.1**	**—**	**—**	**(285.9)**
Other comprehensive income	—	68.5	—	(22.8)	—	1.4	**47.1**
Acquisition of treasury shares	—	—	—	—	—	—	**—**
Convertible bond—equity component	—	—	—	—	8.8	—	**8.8**
Balance at 31 December 2009	**(6.2)**	**33.7**	**(273.0)**	**5.3**	**8.8**	**1.4**	**(230.0)**

a. Treasury shares

During the period 10 May 2010 to 28 June 2010, Nyrstar acquired on Euronext Brussels 3,321,558 of its own shares. The difference between the par value of the total treasury shares purchased during 2010 (€ 49.5 million) and the consideration paid (€ 29.3 million), which includes directly attributable costs, amounts to € 20.2 million and has been recognised directly in retained earnings.

22 Capital and reserves (Continued)

The treasury shares reserve comprises the par value of the Company's share held by the Group. As at 31 December 2010, the Group held a total of 3,631,558 of the Company's shares (31 December 2009: 310,000).

b. Translation reserve

Foreign currency differences arising on the translation of the financial statements of foreign controlled entities are taken to the foreign currency translation reserve, as described in accounting policy note 3(a).

c. Reverse acquisition reserve

The reverse acquisition reserve relates to the acquisition of the Zinifex Carve-out Group in 2007 (€241.5 million) and the final purchase price adjustment paid in 2008 (€ 31.5 million).

d. Cashflow hedge reserve

The cashflow hedge reserve comprises the effective portion of the cumulative net changes in the fair value and associated tax effect of an embedded derivative contained in the Hobart smelter electricity contract with its electricity supplier as well as foreign exchange contracts related to the purchase price payments in regard of the Farallon acquisition in 2011.

e. Convertible bond

The amount represents the value of the conversion rights of compound financial instruments recognised in equity as described in accounting policy note 3(k) relating to the convertible bond issued in July 2009 (Note 23).

f. Investments in equity securities

The investment reserve comprises the changes in fair value of investments in equity securities determined by reference to their quoted closing bid prices, recognised in equity as described in accounting policy note 3(f).

g. Disclosure of the shareholders' structure

The Group's major shareholders based on notifications of significant shareholdings received as at 31 December 2010 were:

Shareholder's name	Shareholder's address	Date of notification	Number of voting rights	% Shareholding
BlackRock Group	33 King William Street, London EC4R 9AS, UK	25/8/2010	9,966,011	9.97
Glencore Holdings AG	Baarmattstrasse 3, 6340 Baar, Switzerland	9/2/2009	7,791,622	7.79
Umicore S.A. / N.V.	Broekstraat 31, 1000 Brussels, Belgium	1/9/2008	5,251,856	5.25
			23,009,489	**23.01**

In addition, BlackRock Group holds as at 31 December 2010 convertible bonds issued by Nyrstar NV providing a total of 921,751 voting rights that may be acquired if the convertible bonds are converted into shares.

23 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 30.

	Dec 2010 €m	Dec 2009 €m
Non-current		
Unsecured bank loans	0.2	0.3
Convertible bonds	111.5	109.2
Fixed rate bonds	224.7	—
SCTF credit facility	107.0	—
Finance lease liabilities	—	0.5
Total Non-current	**443.4**	**110.0**
Current		
Unsecured bank loans	12.9	9.3
Other loans	—	1.9
Finance lease liabilities	0.5	0.8
Total Current	**13.4**	**12.0**

Convertible bonds

On 2 July 2009, the Company issued € 105 million unsubordinated unsecured convertible bonds, with a five year term, due 2014. On 7 July 2009, the Company completed the exercise of the € 15 million over-allotment option, increasing the overall size of the offering to € 120 million. The extraordinary general meeting held by the Company on 25 August 2009 approved the issue of new ordinary shares upon conversion of the bonds.

The bonds have been issued at 100% of their principal amount and have a coupon of 7% per annum, payable semi-annually in arrears. The conversion price as at 31 December 2010 is € 7.54 per share (2009: 7.62 per share).

The conversion right in respect of a bond may be exercised, 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 for redemption prior to the final maturity date, until the seventh day before the date fixed for redemption.

If all of the Bonds were to be converted into new ordinary shares as at 31 December 2010, 15,915,119 new ordinary shares would be issued, representing a dilution of 15.9% of the Company's ordinary share capital.

The Bonds are listed on the Luxembourg Stock Exchange's Euro MTF market.

The convertible bonds are presented in the statement of financial position as follows:

	€m
Proceeds from issue of convertible bonds	120.0
Transaction costs	(2.5)
Net proceeds	**117.5**
Amount classified as equity at initial recognition	(8.8)
Accretion 2009	0.5
Carrying amount of liability at 31 December 2009	**109.2**
Accretion 2010	2.3
Carrying amount of liability at 31 December 2010	**111.5**

The liability component of the convertible bond has been determined on initial recognition at fair value by discounting the principal and the interest cash flows of the bond using an interest rate for similar

23 Loans and borrowings (Continued)

bonds without an equity component set at 9.09%. Subsequent to the initial recognition the liability is measured at amortized cost.

SCTF credit facility

In January 2010 Nyrstar entered into a secured 4-year multi-currency Revolving Structured Commodity Trade Finance Facility for an initial amount of €250 million underwritten by Deutsche Bank. Prior to entering into this facility, Nyrstar cancelled its pre-existing syndicated facility which commenced with a limit of €350 million in December 2007 million and had been reduced to €150 million in December 2009. The new facility is designed to better suit the nature of Nyrstar's business as the borrowing base adjusts to changing working capital requirements. Specifically, the amount available for drawing is referenced to the value of Nyrstar's inventories and receivables and accordingly adjusts as commodity prices change, thereby offering greater financial flexibility than traditional credit line financing. Borrowings under this facility are secured by Nyrstar's inventories and receivables.

Deutsche Bank and Nyrstar subsequently commenced a syndication process targeting an increase in the facility limit to €300 million. The syndication process was more than twice over-subscribed, and following the scaling back of allocations was closed with an increased facility limit of €400 million. The participating banks in the facility are Deutsche Bank, BNP Paribas Fortis, Fortis Bank (Nederland), ING Belgium, KBC Bank, Natixis, Société Générale, Royal Bank of Scotland, Banco Bilbao Vizcaya Argentaria, Banque LBLux, National Australia Bank Limited, Scotiabank, Dexia Bank, Raiffeisen Zentralbank Oesterreich and Westpac Banking Corporation.

The syndicated facility incorporates an ''accordion'' feature that facilitated an increase in the facility limit. In November 2010, Nyrstar exercised the accordion and the syndicate banks increased their commitments to €500 million, resulting in a facility limit of €500 million.

At 31 December 2010, US$ 150 million, equal to € 112.3 million, was drawn under this facility leaving undrawn capacity of € 387.7 million. 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 € 5.3 million.

The facility has a maturity of four years (with run-off period during the fourth year leading to a maturity of 28 January 2014), and a margin of 1.9% above EURIBOR. 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. The borrower under the facility was originally Nyrstar Sales & Marketing NV but was subsequently transferred to Nyrstar Sales & Marketing AG. The obligations of the borrower under the facility are guaranteed by Nyrstar NV.

Fixed rate bonds

In March 2010, the Company completed a € 225 million public offering of 5.5% fixed rate bonds due in April 2015. Directly attributable transaction costs have been deducted at initial recognition and are amortized over the term of the bond. Transaction cost not yet amortized at the balance sheet date amount to € 0.3 million. The bonds are listed on the Luxembourg Stock Exchange's regulated market.

23 Loans and borrowings (Continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

As at 31 December	Currency	Nominal interest rate	Year of maturity	2010 €m Face value	2010 €m Carrying amount	2009 €m Face value	2009 €m Carrying amount
Unsecured bank loan	USD	12.00%	2011	12.9	12.9	9.1	9.1
Convertible bonds(*)	EUR	7.00%	2014	120.0	111.5	120.0	109.2
SCTF credit facility	EUR / USD	Euribor / Libor + 1.9%	2014	112.3	107.0	—	—
Fixed rate bonds	EUR	5.50%	2015	225.0	224.7	—	—
Finance lease liabilities	AUD	6.20%	2011	0.5	0.5	1.3	1.3
Other	EUR	—	2010	0.2	0.2	0.5	0.5
Total interest bearing liabilities				**470.9**	**456.8**	132.8	122.0

(*) The Company may, at any time on or after 10 July 2012, redeem the 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.

Finance lease liabilities As at 31 December	2010 €m	2009 €m
Commitments in relation to finance leases are payable as follows		
Within one year	**0.5**	0.8
Later than one year but not later than five years	**—**	0.5
Recognised as a liability	**0.5**	1.3

The Group's exposure to liquidity and currency risk related to loans and borrowings is disclosed in note 30.

24 Provisions

31 December 2010	Current portion: Restoration	Current portion: Restructure	Current portion: Workers' compensation and other	Current portion: Total	Non-current portion: Restoration	Non-current portion: Restructure	Non-current portion: Workers' compensation	Non-current portion: Total
Carrying amount at start of period	14.6	17.4	1.4	**33.4**	115.3	4.7	4.0	**124.0**
Payments/other sacrifices of economic benefits	(3.3)	(12.9)	(0.8)	**(17.0)**	—	—	—	**—**
Acquired in business combination	—	—	9.8	**9.8**	7.1	—	—	**7.1**
Additional provisions/ (reversal of provisions)	(2.8)	5.5	0.5	**3.2**	(18.5)	0.6	(0.2)	**(18.1)**
Transfers	7.5	4.7	—	**12.2**	(7.5)	(4.7)	—	**(12.2)**
Unwind of discount	0.3	—	—	**0.3**	7.1	—	0.4	**7.5**
Foreign exchange translation	0.5	—	0.3	**0.8**	6.5	—	0.5	**7.0**
Carrying amount at end of period	**16.8**	**14.7**	**11.2**	**42.7**	**110.0**	**0.6**	**4.7**	**115.3**

24 Provisions (Continued)

	Current portion				Non-current portion			
31 December 2009	**Restoration**	**Restructure**	**Workers' compensation and other**	**Total**	**Restoration**	**Restructure**	**Workers' compensation**	**Total**
Carrying amount at start of period	12.9	24.1	2.1	**39.1**	108.0	—	3.2	**111.2**
Payments/other sacrifices of economic benefits	(1.4)	(19.4)	(1.9)	**(22.7)**	(5.5)	(0.3)	—	**(5.8)**
Acquired in business combination	—	—	—	**—**	18.7	—	—	**18.7**
Additional provisions/ (reversal of provisions)	3.3	23.8	1.0	**28.1**	(15.1)	0.2	0.1	**(14.8)**
Transfers	(0.6)	(12.4)	—	**(13.0)**	—	4.7	—	**4.7**
Unwind of discount	—	—	—	**—**	1.2		0.2	**1.4**
Foreign exchange translation	0.4	1.3	0.2	**1.9**	8.0	0.1	0.5	**8.6**
Carrying amount at end of period	**14.6**	**17.4**	**1.4**	**33.4**	**115.3**	**4.7**	**4.0**	**124.0**

Restoration provisions

Restoration work on the projects provided for is estimated to occur progressively over the next 15 years. The discount rates applied to the carrying values is 7.5% (31 December 2009: 7.5%) for all environmental provisions.

Restructuring provisions

In 2010 Nyrstar continued its global organisational restructuring program with the objective of reducing costs and positioning the Company for a long-term sustainable future. This included the relocation of its management committee and other corporate, marketing and sales functions to its new corporate office in Zurich, Switzerland in 2010. The incremental cost of this program for financial year 2010 amounts to € 10.5 million, with a provision of € 15.3 million remaining at 31 December 2010.

Workers' compensation and other provisions

Workers' compensation payments made by self insured operations (applicable for the following Group entities: Nyrstar Port Pirie Pty Ltd, Nyrstar Hobart Pty Ltd and Nyrstar Clarksville Inc.) will continue over the life of the operations. The weighted average discount rate applied to the carrying values of workers' compensation is 4.1% (2009: 3.6%).

It is anticipated that all other provisions will be satisfied within the next twelve months.

25 Employee benefits

Non-current employee provisions As at 31 December	2010 €m	2009 €m
Long service leave[(a)]	**3.7**	3.5
Retirement plans[(b)]	**37.2**	39.0
Other	**11.3**	7.7
	52.2	50.2

Current employee provisions As at 31 December	2010 €m	2009 €m
Annual leave and long service leave[(a)]	**27.8**	22.6
Other	**16.9**	15.6
	44.7	38.2

(a) Annual leave and long service leave

Annual leave is 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.

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 government bonds with terms to maturity and currency that match the estimated future cash flows.

(b) 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 contribution plans

- Nyrstar Australia Pty Limited Superannuation Accumulation Plan
- Group Stakeholder Pension Plan

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 2010.
- 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 2010.
- 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 2010.

25 Employee benefits (Continued)

- Nyrstar Finance International SA/NV: Staff Cash Balance Plan, Staff Complementary Savings Plan, reviewed as at 31 December 2010.
- Nyrstar NV: Staff Cash Balance Plan, Staff Complementary Savings Plan, reviewed as at 31 December 2010.
- Nyrstar Sales & Marketing NV: Staff Cash balance plan, Staff Complementary Savings Plan, reviewed as at 31 December 2010.
- Nyrstar France Régime d'Indemnités de Fin de Carrière and Régime du Mutuelle, reviewed as at 31 December 2010.
- Nyrstar Germany GmbH, closed Defined Benefit plan, reviewed as at 31 December 2009.
- Galva 45 SA Régime d'Indemnités de Fin de Carrière, reviewed as at 31 December 2010 .
- Nyrstar Sales & Marketing AG joined the Helvetia Group Foundation for Employee Pensions for its employees in second half of 2010.

Medical benefit plans

- Nyrstar Clarksville Inc. Post Retirement Medical Benefit and Life Insurance Plan (PRMB&LI), reviewed as at 31 December 2010. Defined benefit accounting is applied for the PRMB&LI.
- Nyrstar France Mutuelle, reviewed as at 31 December 2010.

The amounts recognised on the statement of financial position have been determined as follows:

As at 31 December	2010 €m	2009 €m
Present value of funded obligations	52.6	51.4
Present value of unfunded obligations	28.4	29.4
Total present value of obligations	81.0	80.8
Fair value of plan assets	(45.0)	(41.2)
Total funded deficit/(surplus)	36.0	39.6
Unrecognised past service (cost)/gains	0.8	(0.6)
Limitation on recognition of surplus due to asset ceiling	0.4	—
Total recognised retirement benefit obligations	**37.2**	**39.0**

Plan assets comprise: As at 31 December	2010 €m	2009 €m
Cash	0.7	0.4
Equity instruments	15.4	13.1
Debt instruments	15.1	14.9
Other assets	13.8	12.8
	45.0	**41.2**

Plan assets split by major category are not available for the Nyrstar Budel BV Excedent Pension Plan, therefore all assets been classified within other assets.

25 Employee benefits (Continued)

The changes in the present value of the defined benefit obligations are as follows:

As at 31 December	2010 €m	2009 €m
Defined benefit obligations at start of period	80.8	77.9
Current service cost	2.4	2.4
Interest cost	4.1	4.5
Actuarial (gains)/losses recognised in other comprehensive income	2.6	6.1
Contributions paid into the plans by participants	0.1	0.2
Benefits paid by the plans	(10.5)	(8.4)
Plan amendment	(1.0)	5.9
Plan settlement/curtailments	0.1	(8.1)
Foreign exchange translation	2.4	0.3
Defined benefit obligations at end of period	**81.0**	**80.8**

The changes in the present value of plan assets are as follows:

As at 31 December	2010 €m	2009 €m
Fair value of plan assets at start of period	41.2	45.4
Expected return on plan assets	2.4	2.5
Actuarial gains/(losses) recognised in other comprehensive income	2.9	2.8
Contributions paid into the plans by employer	4.8	4.0
Contributions paid into the plans by participants	0.1	0.2
Benefits paid by the plan	(7.6)	(6.2)
Plan settlement/curtailments	0.1	(8.1)
Exchange difference	1.1	0.6
Fair value of plan assets at end of period	**45.0**	**41.2**

The expense recognised in the income statement is as follows:

As at 31 December	2010 €m	2009 €m
Current service cost	(2.4)	(2.4)
Interest cost	(4.1)	(4.5)
Past service (cost)/gains	2.0	—
Amortisation of actuarial gains/(losses)	—	(0.1)
Amortisation of curtailment	(0.1)	0.8
Expected return on plan assets	2.4	2.5
Total amounts included in employee benefits expense	**(2.2)**	**(3.7)**

The actuarial gains and losses and the limitations on recognition of a surplus recognised directly in equity are as follows:

As at 31 December	2010 €m	2009 €m
Cumulative at start of period	(1.7)	1.6
Recognised during the period	(0.1)	(3.3)
Cumulative at end of period	**(1.8)**	**(1.7)**

25 Employee benefits (Continued)

Principal actuarial assumptions

The principal actuarial assumptions used at the reporting date (expressed as weighted averages):

As at 31 December	2010	2009
Discount rate	4.45%	5.27%
Expected return on plan assets	5.21%	5.59%
Expected future salary increases	2.89%	2.00%
Annual increase in healthcare costs		
Initial trend rate	5.91%	5.74%
Ultimate trend rate	4.17%	4.10%
Years until ultimate is reached	3.5	3

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The expected rate of return is based on historical returns.

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 2010 are as follows:

	2010 €m	2009 €m	2008 €m
Defined benefit obligation	81.0	80.8	77.9
Fair value of plan assets	(45.0)	(41.2)	(45.4)
Funded deficit/(surplus)	**36.0**	**39.6**	**32.5**
Changes in actuarial assumptions	3.6	5.7	(7.7)
Experience adjustments increasing/(reducing) plan liabilities	(1.0)	0.4	0.9
Experience adjustments on plan assets: actual returns (greater)/less than expected	(2.9)	(2.8)	11.7
Total	**(0.3)**	**3.3**	**4.9**

26 Trade and other payables

As at 31 December	2010 €m	2009 €m
Trade payables	**290.7**	**239.7**
Other payables	**23.3**	**8.9**
Total trade and other payables	**314.0**	**248.6**

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 30.

27 Deferred income

As at 31 December	2010 €m	2009 €m
Deferred income	**107.0**	**—**

The deferred income refers to customer pre-financed deliveries of zinc and lead products.

28 Share-based payments

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

Under the ESAP Grant 1 eligible employees who were employed by the Group at the grant date or six months thereafter were awarded a conditional right to receive Nyrstar shares.

Under the ESAP Grant 2 eligible employees who were employed by the Group at the grant date or three months thereafter were awarded a conditional right to receive Nyrstar shares.

The terms of the grants are detailed in the table below:

	Grant 1	Grant 2
Effective Grant Date	29 October 2007	29 October 2008
Performance Period	3 years to 29 October 2010	3 years to 29 October 2011
Performance Criteria	Employee remains in service to the 29 October 2010	Employee remains in service to the 29 October 2011
Vesting Date	29 October 2010	29 October 2011
Settlement[(a)]	Cash	Cash
Shares awarded per employee	50	50
Fair value at settlement date (€ per share)	10.58	N/A
Fair Value of ESAP at 31 December 2010 (€ per share)	N/A	11.21

(a) The Board has the discretion to settle the awards in shares or in cash equivalent. As at 31 December 2009 the Company did not have a present obligation to settle in cash and as such the awards were valued as equity-settled. After the vesting date in 2010 the ESAP Grant 1 has been settled in cash equivalent calculated based on a closing share price of € 10.58. For the outstanding award ESAP Grant 2, the Company is now committed to a cash settlement and thus the classification has changed from equity-settled to cash-settled. The consequential liability at the date of the change has been recorded against equity and re-measured at fair value as at the balance sheet date with the change in fair value recognized in the income statement. It is the intention to pay the cash equivalent of 50 Nyrstar shares at the closing share price on the vesting date to all eligible employees.

If a participating employee leaves the Group prior to the vesting date, he or she will either forfeit his or her rights under the Employee Award. Notwithstanding the above performance criteria the award will vest in full immediately in case the participating employee dies before his award has vested or in case the participating employee leaves the company by reason of official retirement before his award has vested.

Employees will not be entitled to dividends, voting or other ownership rights in respect of the Employee Awards.

The fair value of services received in return for the shares issued under the ESAP is based on the fair value of the shares granted which for the period to 31 December 2010 was € 0.7 million before tax effects and cash settlement (31 December 2009: € 0.7 million).

28 Share-based payments (Continued)

Movement of ESAP shares awarded

The following table sets out the movement in the number of equity instruments granted during the period in relation to the ESAP:

Date	Movement	Grant 1	Grant 2	Total
1 January 2010	Opening Balance	135,500	140,850	276,350
2010	Forfeitures	(10,350)	(10,500)	(20,850)
2010	Settlements	(125,150)	—	(125,150)
31 December 2010	**Closing Balance**	**—**	**130,350**	**130,350**

Date	Movement	Grant 1	Grant 2	Total
1 January 2009	Opening Balance	154,500	160,700	315,200
2009	Forfeitures	(19.000)	(19,850)	(38,850)
31 December 2009	Closing Balance	135,500	140,850	276,350

Executive Long Term Incentive Plan

In April 2008 an initial grant (Grant 1) was made in accordance with the rules and conditions of the Executive Long Term Incentive Plan (LTIP).This 2008 Grant consists of 3 tranches of which the key terms are set out below.

During the first half of 2009 a second grant (Grant 2) was made in accordance with the rules and conditions of the LTIP. The effective accounting grant date of Grant 2 is 30 June 2009 and the performance period over which the performance conditions are assessed is three years, commencing 1 January 2009. Settlement of the awarded shares can be either in the way of an allocation of shares or a cash payment.

During the first half of 2010 a third grant (Grant 3) was made in accordance with the rules and conditions of the Nyrstar Executive Long Term Incentive Plan (LTIP). The effective accounting grant date of Grant 3 is 30 June 2010 and the performance period over which the performance conditions are assessed is three years, commencing 1 January 2010.

Towers Watson Limited was engaged to determine the fair value of awards issued under LTIP at grant date. Fair values have been calculated using the Monte Carlo simulation model which has also been used to update the fair value of cash-settled awards at the balance sheet date.

	GRANT 1 Tranche 1	GRANT 1 Tranche 2	GRANT 1 Tranche 3	GRANT 2	GRANT 3
Effective Grant Date	23 April 2008	23 April 2008	23 April 2008	30 June 2009	30 June 2010
Performance Period	12 months to 31 December 2008	1 January 2008 to 31 December 2009	1 January 2008 to 31 December 2010	1 January 2009 to 31 December 2011	1 January 2010 to 31 December 2012
Performance Criteria[(a)]	Executive remains in service to the 31 December 2008	-zinc price 50% -MSCI 50%	-zinc price 50% -MSCI 50%	-zinc price 50% -MSCI 50%	-zinc price 50% -MSCI 50%

28 Share-based payments (Continued)

		Executive remains in service to the 31 December 2009	Executive remains in service to the 31 December 2010	Executive remains in service to the 31 December 2011	Executive remains in service to the 31 December 2012
Vesting Date	31 December 2010	31 December 2010	31 December 2010	31 December 2011	31 December 2012
Settlement (b)	Cash	Cash	Share	Share/cash	Share/cash
Fair Value of LTIP at grant date (€ per share)					
— remains in service	€13.3	N/A	N/A	N/A	N/A
— ROCE	N/A	€12.80	€12.31	N/A	N/A
— TSR	N/A	€6.35	€6.76	N/A	N/A
— Price of zinc	N/A	N/A	N/A	€3.20	€6.15
— MSCI	N/A	N/A	N/A	€3.45	€4.03
Fair Value of LTIP at 31 December 2010 (€ per share)					
— remains in service	€11.21	N/A	N/A	N/A	N/A
— Price of zinc	N/A	€6.73	€12.31	€3.20	€6.15
— MSCI	N/A	€11.21	€6.76	€3.45	€4.03

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. In 2010, participants received a cash equivalent of € 0.10 per share award for awards granted under Grant 1, tranche 1 and tranche 2.

The fair value of services received in return for the shares issued under the LTIP is based on the fair value of the share options granted which for the period to 31 December 2010 amounts to:

Grant 1 : € 2.2 million before tax effects (31 December 2009: € 4.3 million)

Grant 2 : € 2.8 million before tax effects (31 December 2009: € 1.3 million)

Grant 3 : € 0.6 million before tax effects (31 December 2009: nil)

(a) Performance criteria

The performance conditions are set out below.

Service condition

The eligible employee under the LTIP is to remain an employee of Nyrstar NV or its subsidiaries until the date indicated in the table above.

Price of zinc/MSCI

To ensure that the LTIP is aligned with maximizing shareholder returns, the Board has set two performance conditions, which are weighted equally. The performance conditions of Grant 1 (tranches 2 and 3) were modified on 28 April 2009 to become the same as the performance conditions for Grant 2 and Grant 3.

There are two separate performance conditions with an equal number of awards granted under each condition. 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:

- Price of zinc
- MSCI World Metals and Mining Index

28 Share-based payments (Continued)

Shares are awarded pro rata to executives 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%) Annual 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%) Annual 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.

(b) Settlement

Tranche 1 and 2 under LTIP Grant 1 are cash settled share based payment plans and accordingly the tranches are to be revalued at each reporting date.

The Board has the discretion to settle LTIP Grant 2 and Grant 3 award in shares or cash equivalent. However, the Company does not have a present obligation to settle in cash and as such the award is currently valued as equity settled. If this position changes and the awards become 'cash settled' then the fair value will need to be re-measured.

Movement of LTIP shares awarded

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

		GRANT 1					
Date	Movement	Tranche 1	Tranche 2	Tranche 3	GRANT 2	GRANT 3	Total
1 January 2010	Opening Balance	292,737	221,955	234,532	2,003,351	—	2,752,575
30 June 2010	Initial allocation					604,407	604,407
2010	(Forfeitures)/Additions	108	(42,199)	3,305	101,954	(43,891)	19,277
31 December 2010	**Closing Balance**	**292,845**	**179,756**	**237,837**	**2,105,305**	**560,516**	**3,376,259**

		GRANT 1					
Date	Movement	Tranche 1	Tranche 2	Tranche 3	GRANT 2	GRANT 3	Total
1 January 2009	Opening Balance	296,337	296,337	296,337	—	—	**2,752,575**
30 June 2009	Initial allocation				2,003,351	—	2,003,351
2009	(Forfeitures)/Additions	(3,600)	(74,382)	(61,805)	—	—	(139,787)
31 December 2009	**Closing Balance**	**292,737**	**221,955**	**234,532**	**2,003,351**	**—**	**2,752,575**

Management Committee Co-Investment Plan

A co-investment plan for the members of the Management Committee 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, i.e. the vesting date. For each Nyrstar share that a member of the management committee 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.

28 Share-based payments (Continued)

The Co-Investment plan has 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 (a) the highest of multiple A, multiple B and multiple C and (b) the total number of the Co-Investment Shares of the respective Participant.

''Multiple A'' will be equal to:

(a) zero, if the highest average closing price of Nyrstar shares during any given full calendar week between 1 July 2010 and 1 July 2011 has been less than twenty Euro (€ 20.00),

(b) four, if the highest average closing price of Nyrstar shares during any given full calendar week between 1 July 2010 and 1 July 2011 has been equal to or higher than thirty Euro (€ 30.00), or

(c) a number between two and four, to be determined on a straight line basis, if the highest average closing price of Nyrstar shares during any given full calendar week between 1 July 2010 and 1 July 2011 has been between twenty Euro (€ 20.00) and thirty Euro (€ 30.00), whereby factor two (2) coincides with the twenty Euro (€ 20.00) threshold and factor four (4) coincides with the thirty Euro (€ 30.00) threshold.

''Multiple B'' will be equal to:

(a) zero, if the highest average closing price of Nyrstar shares during any given full calendar week between 1 July 2011 and 1 July 2012 has been less than twenty Euro (€ 20.00),

(b) four, if the highest average closing price of Nyrstar shares during any given full calendar week between 1 July 2011 and 1 July 2012 has been equal to or higher than thirty Euro (€ 30.00), or

(c) a number between two and four, to be determined on a straight line basis, if the highest average closing price of Nyrstar shares during any given full calendar week between 1 July 2011 and 1 July 2012 has been between twenty Euro (€ 20.00) and thirty Euro (€ 30.00), whereby factor two (2) coincides with the twenty Euro (€ 20.00) threshold and factor four (4) coincides with the thirty Euro (€ 30.00) threshold.

''Multiple C'' will be equal to:

(a) zero, if the highest average closing price of Nyrstar shares during any given full calendar week between 1 July 2012 and 1 July 2013 has been less than twenty Euro (€ 20.00),

(b) four, if the highest average closing price of Nyrstar shares during any given full calendar week between 1 July 2012 and 1 July 2013 has been equal to or higher than thirty Euro (€ 30.00), or

(c) a number between two and four, to be determined on a straight line basis, if the average closing price of Nyrstar shares during any given full calendar week between 1 July 2012 and 1 July 2013 has been between twenty Euro (€ 20.00) and thirty Euro (€ 30.00), whereby factor two (2) coincides with the twenty Euro (€ 20.00) threshold and factor four (4) coincides with the thirty Euro (€ 30.00) threshold.

The Matching Shares will consist of Nyrstar shares which the company intents to redeem in accordance with the respective statutory powers granted to the board. If Nyrstar is unable to deliver the respective Matching Shares to a Participant, Nyrstar 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 Nyrstar shares during the twenty trading days preceding the Vesting Date. In the context of the Co-Investment Plan Nyrstar will grant 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 ten Euro (€ 10.00).

The members of the management committee have purchased a total number of 190,000 shares as participation in the Co-Investment Plan. The fair value of services received in return for the shares

28 Share-based payments (Continued)

qualifying under the co-investment plan is based on the fair value of the awards granted which for financial year 2010 amounts to € 0.7 million.

29 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share (EPS) at 31 December 2010 was based on the profit attributable to ordinary shareholders of € 72.2 million and a weighted average number of ordinary shares outstanding of 97.8 million.

The basic EPS is calculated as follows:

For the year ended 31 December	2010 €m	2009 €m
Profit/(loss) attributable to ordinary shareholders (basic)	72.2	10.0
Weighted average number of ordinary shares (in millions)		
Issued ordinary shares at start of period	100.0	100.0
Treasury shares	(2.2)	(0.3)
Weighted average number of ordinary shares (basic) at end of period	97.8	99.7
Earnings per share (basic)	**0.74**	**0.10**

(b) Diluted earnings per share

The calculation of diluted earnings per share (EPS) at 31 December 2010 was based on the profit attributable to ordinary shareholders (diluted) of € 82.5 million and a weighted average number of ordinary shares outstanding of 113.7 million.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential ordinary shares. The convertible bond is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense, net of tax, resulting from the liability component of the convertible bond.

The diluted EPS is calculated as follows

For the year ended 31 December	2010 €m	2009 €m
Profit/(loss) attributable to ordinary shareholders (basic)	72.2	10.0
Interest expense on convertible bond, net of tax	10.3	4.9
Profit/(loss) attributable to ordinary shareholders (diluted)	82.5	14.9
Weighted average number of ordinary shares (in millions)		
Issued ordinary shares at start of period	100.0	100.0
Effect of conversion of convertible bond	15.9	7.8
Treasury shares	(2.2)	(0.3)
Weighted average number of ordinary shares (diluted) at end of period	113.7	107.5
Earnings per share (diluted)	**0.73**	**0.14**

30 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.

30 Financial Instruments (Continued)

(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:

As at 31 December	2010 €m	2009 €m
Trade and other receivables	209.6	160.1
Cash and cash equivalents	160.6	84.0
Commodity contracts used for hedging: Assets	39.2	56.5
Embedded derivatives: Assets	12.6	32.2
Forward exchange contracts used for hedging: Assets	1.1	—
Forward exchange contracts held for trading: Assets	7.6	0.8
	430.7	**333.6**

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

As at 31 December	2010 €m	2009 €m
Domestic Euro-zone countries	104.1	85.8
Asia	41.5	23.3
United States	14.5	9.6
Other European countries	41.0	21.3
Other regions	8.5	20.1
	209.6	**160.1**

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of customer was:

As at 31 December	2010 €m	2009 €m
Wholesale customers	180.2	142.0
End-user customers	29.4	18.1
	209.6	**160.1**

(ii) Ageing analysis

The aging of trade and other receivables at the reporting date was:

As at 31 December	2010 €m	2009 €m
Not past due	175.4	133.5
Past due 0-30 days	26.8	18.8
Past due 31-120 days	2.1	2.5
Past due 121 days—one year	2.2	1.0
More than one year	3.1	4.3
	209.6	**160.1**

30 Financial Instruments (Continued)

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.

(b) Liquidity risk management

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2010 €m	Carrying Amount	Contractual cash flows	6mths or less	6-12 mths	1-2 years	2-5 years
Non-derivative financial liabilities						
Finance lease liabilities	(0.5)	(0.5)	(0.4)	(0.1)	—	—
Loans and borrowings	(456.3)	(566.0)	(29.5)	(4.2)	(21.0)	(511.3)
Trade and other payables	(314.0)	(314.0)	(298.9)	(15.1)		—
Derivative financial liabilities						
Commodity contracts—fair value hedges	(23.6)	(23.6)	(23.6)	—	—	—
Foreign exchange contracts—held for trading	(1.2)	(1.2)	(1.2)	—	—	—
Embedded derivatives	(5.4)	(5.4)	(2.7)	(2.7)	—	—

31 December 2009 €m	Carrying Amount	Contractual cash flows	6mths or less	6-12 mths	1-2 years	2-5 years
Non-derivative financial liabilities						
Finance lease liabilities	(1.3)	(1.3)	(0.4)	(0.4)	(0.5)	—
Loans and borrowings	(120.7)	(173.2)	(15.4)	(4.2)	(8.4)	(145.2)
Trade and other payables	(248.6)	(248.6)	(248.6)	—	—	—
Derivative financial liabilities						
Commodity contracts—fair value hedges	(11.7)	(11.7)	(11.0)	(0.5)	(0.2)	—
Foreign exchange contracts—held for trading	(5.8)	(5.8)	(5.8)	—	—	—
Embedded derivatives	—	—	—	—	—	—

30 Financial Instruments (Continued)

(c) Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	31 December 2010				31 December 2009			
€m	Euro	USD	AUD	OTHER	Euro	USD	AUD	OTHER
Trade and other receivables	107.3	92.5	7.4	2.4	79.6	69.2	9.9	1.4
Loans and borrowings	(336.4)	(119.9)	(0.5)	—	(109.8)	(10.9)	(1.3)	—
Trade and other payables	(127.4)	(140.7)	(40.6)	(5.3)	(102.6)	(115.9)	(28.5)	(1.6)
Gross balance sheet exposure	(356.5)	(168.1)	(33.7)	(2.9)	(132.8)	(57.6)	(19.9)	(0.2)
Foreign exchange contracts	179.9	(310.6)	152.0	(14.6)	120.1	(261.8)	152.9	(16.0)
Commodity contracts	—	23.7	—	—	—	134.1	—	—
Net exposure	**(176.6)**	**(455.0)**	**118.3**	**(17.5)**	**(12.7)**	**(185.3)**	**133.0**	**(16.2)**

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	2010	2009	2010	2009
Euro:USD	1.3257	1.3948	1.3362	1.4406
Euro:AUD	1.4423	1.7727	1.3136	1.6008

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.

Parameter	Variable	Year Ended December 31, 2010 Estimated impact (€ million)	Year Ended December 31, 2009 Estimated impact (€ million)
US$/€	+/− €0.01	**+/− 10.4**	**+/− 7.8**
AUD/€	+/− €0.01	**−/+ 3.5**	**−/+ 3.1**

The above sensitivities were calculated by modelling Nyrstar's 2010 and 2009 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 and lead 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.

30 Financial Instruments (Continued)

The following table sets out a summary of the face value of derivative contracts hedging commodity price risks at 31 December 2010.

31 December 2010	Average Price US$	6 mths or less €m	6-12 mths €m	12-18 mths €m	18 mths + €m	Total €m
	per tonne					
Zinc						
Contracts purchased	2,085	(92.5)	(58.8)	(23.1)	(21.5)	(195.9)
Contracts sold	2,245	116.7	0.8	0.2	—	117.7
Net position		24.2	(58.0)	(22.9)	(21.5)	(78.2)
Lead						
Contracts purchased	2,505	(7.4)	—	—	—	(7.4)
Contracts sold	2,245	35.0	—	—	—	35.0
Net position		27.6	—	—	—	27.6
	per ounce					
Silver						
Contracts purchased	28.25	(33.8)	(2.0)	—	—	(35.8)
Contracts sold	28.65	110.1	—	—	—	110.1
Net position		76.3	(2.0)	—	—	74.3

The following table sets out a summary of the face value of derivative contracts hedging commodity price risks at 31 December 2009.

31 December 2009	Average Price US$	6 mths or less €m	6-12 mths €m	12-18 mths €m	18 mths + €m	Total €m
	per tonne					
Zinc						
Contracts purchased	1,941	(40.4)	(14.6)	(0.8)	(0.2)	(56.0)
Contracts sold	2,332	130.8	3.8	0.5	0.1	135.2
Net position		90.4	(10.8)	(0.3)	(0.1)	79.2
Lead						
Contracts purchased	2,386	(3.4)	—	—	—	(3.4)
Contracts sold	2,314	16.4	—	—	—	16.4
Net position		13.0	—	—	—	13.0
	per ounce					
Silver						
Contracts purchased	17.71	(2.9)	—	—	—	(2.9)
Contracts sold	17.46	44.7	—	—	—	44.7
Net position		41.8	—	—	—	41.8

Sensitivity analysis

Nyrstar's results are significantly affected by changes in metal prices. Sensitivities to variations in metal prices are depicted in the following table, which sets out the estimated impact on Nyrstar's full year results and equity.

Parameter	Variable	Year Ended December 31, 2010 Estimated impact (€ million)	Year Ended December 31, 2009 Estimated impact (€ million)
Zinc price	+/− US$100/tonne	**+/− 25.0**	**+/− 19.0**
Lead price	+/− US$100/tonne	**+/− 0.5**	**+/− 0.7**

The above sensitivities were calculated by modelling Nyrstar's 2010 and 2009 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.

30 Financial Instruments (Continued)

(e) Financial Instruments by category

Assets per statement of financial position	31 December 2010				31 December 2009			
	Loans and Receivables €m	Assets at fair value through profit and loss €m	Derivatives used for hedging €m	Total €m	Loans and Receivables €m	Assets at fair value through profit and loss €m	Derivatives used for hedging €m	Total €m
Derivative financial instruments	—	20.3	40.2	**60.5**	—	21.5	68.0	**89.5**
Trade and other receivables excluding prepayments	209.6	—	—	**209.6**	160.1	—	—	**160.1**
Cash and cash equivalents	160.6	—	—	**160.6**	84.0	—	—	**84.0**
Total	**370.2**	**20.3**	**40.2**	**430.7**	**244.1**	**21.5**	**68.0**	**333.6**

Liabilities per statement of financial position	31 December 2010				31 December 2009			
	Liabilities at fair value through profit and loss €m	Derivatives used for hedging €m	Other financial liabilities at amortised cost €m	Total €m	Liabilities at fair value through profit and loss €m	Derivatives used for hedging €m	Other financial liabilities at amortised cost €m	Total €m
Borrowings (excluding finance lease liabilities)	—	—	(456.3)	**(456.3)**	—	—	(120.7)	**(120.7)**
Finance lease liabilities	—	—	(0.5)	**(0.5)**	—	—	(1.3)	**(1.3)**
Derivative financial instruments	—	(30.2)	—	**(30.2)**	(5.8)	(11.7)	—	**(17.5)**
Trade and other payables	—	—	(314.0)	**(314.0)**			(248.6)	**(248.6)**
Total	**—**	**(30.2)**	**(770.8)**	**(801.0)**	**(5.8)**	**(11.7)**	**(370.6)**	**(388.1)**

30 Financial Instruments (Continued)

(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:

Interest rate risk exposures 31 December 2010	Notes	Floating interest rate €m	Fixed interest rate €m	Total €m	Sensitivity Analysis: Income statement 100 bp increase	Income statement 100 bp decrease	Equity 100 bp increase	Equity 100 bp decrease
Financial assets								
Cash	21	160.6	—	**160.6**	1.6	(0.8)	1.6	(0.8)
Financial liabilities								
Loan facility	23	—	(13.1)	**(13.1)**	—	—	—	—
Borrowings—Fixed rate bonds	23	—	(224.7)	**(224.7)**	—	—	—	—
Borrowings—SCTF credit facility	23	(107.0)	—	**(107.0)**	(1.1)	0.3	(1.1)	0.3
Borrowings—convertible bonds	23	—	(111.5)	**(111.5)**	—	—	—	—
Lease liability	23		(0.5)	**(0.5)**	—	—	—	—
Net interest bearing financial assets/(liabilities)		53.6	(349.8)	**(296.2)**	0.5	(0.5)	0.5	(0.5)

Interest rate risk exposures 31 December 2009	Notes	Floating interest rate €m	Fixed interest rate €m	Total €m	Sensitivity Analysis: Income statement 100 bp increase	Income statement 100 bp decrease	Equity 100 bp increase	Equity 100 bp decrease
Financial assets								
Cash	21	84.0	—	**84.0**	0.9	(0.2)	0.9	(0.2)
Financial liabilities								
Loan facility	24	—	(11.5)	**(11.5)**	—	—	—	—
Borrowings—Fixed rate bonds		—	—	**—**	—	—	—	—
Borrowings—SCTF credit facility		—	—	**—**	—	—	—	—
Borrowings—convertible bonds	24	—	(109.2)	**(109.2)**	—	—	—	—
Lease liability	24	—	(1.3)	**(1.3)**				
Net interest bearing financial assets/(liabilities)		84.0	(122.0)	**(38.0)**	—	—	—	—

30 Financial Instruments (Continued)

(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 approximates their fair value.

	31 December 2010		31 December 2009	
	Carrying Amount €m	Fair Value €m	Carrying Amount €m	Fair Value €m
Trade and other receivables	209.6	209.6	160.1	160.1
Investments in equity securities	9.8	9.8	5.5	5.5
Cash and cash equivalents	160.6	160.6	84.0	84.0
	380.0	**380.0**	**249.6**	**249.6**
Forward exchange contracts used for hedging: Assets				
Commodity contracts—fair value hedges	39.2	39.2	56.5	56.5
Foreign exchange contracts—cash flow hedges	1.1	1.1	—	—
Foreign exchange contracts—held for trading	7.6	7.6	0.8	0.8
Embedded derivative	12.6	12.6	32.2	32.2
	60.5	**60.5**	**89.5**	**89.5**
Forward exchange contracts used for hedging: Liabilities				
Commodity contracts—fair value hedges	(23.6)	(23.6)	(11.7)	(11.7)
Foreign exchange contracts—held for trading	(1.2)	(1.2)	(5.8)	(5.8)
Embedded derivative	(5.4)	(5.4)	—	—
	(30.2)	**(30.2)**	**(17.5)**	**(17.5)**
Unsecured bank loans	(13.1)	(13.1)	(10.5)	(10.5)
Other loans	—	—	(1.0)	(1.0)
Borrowings—fixed rate bonds	(224.7)	(224.7)	—	—
Borrowings—SCTF credit facility	(107.0)	(107.0)	—	—
Borrowings—convertible bonds	(111.5)	(111.5)	(109.2)	(109.2)
Finance lease liabilities	(0.5)	(0.5)	(1.3)	(1.3)
Trade and other payables	(314.0)	(314.0)	(248.6)	(248.6)
	(770.8)	**(770.8)**	**(370.6)**	**(370.6)**

The following table presents the fair value measurements by level of the following fair value measurement hierarchy:

- 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).

30 Financial Instruments (Continued)

- Input for the asset or liability that are not based on observable market data (level 3)

31 December 2010	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Investments in equity securities	5.5	—	4.3	9.8
	5.5	**—**	**4.3**	**9.8**
Forward exchange contracts used for hedging: Assets				
Commodity contracts—fair value hedges	—	39.2	—	39.2
Foreign exchange contracts—held for trading	—	7.6	—	7.6
Foreign exchange contracts—cash flow hedge	—	1.1	—	1.1
Embedded derivative	—	12.6	—	12.6
	—	**60.5**	**—**	**60.5**
Forward exchange contracts used for hedging: Liabilities				
Commodity contracts—fair value hedges	—	(23.6)	—	(23.6)
Foreign exchange contracts—held for trading	—	(1.2)	—	(1.2)
Embedded derivative	—	(5.4)	—	(5.4)
	—	**(30.2)**	**—**	**(30.2)**

31 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.

As at 31 December	2010 €m	2009 €m
Within one year	15.0	22.9
Later than one year but not later than five years	—	0.1
	15.0	23.0

32 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.

As at 31 December	2010 €m	2009 €m
Within one year	0.8	1.9
Later than one year but not later than five years	1.4	4.0
	2.2	**5.9**

Lease rentals for the period ended 31 December 2010 amounting to € 4.4 million (31 December 2009: € 3.3 million) relating to the lease of property and machinery respectively, have been included in the income statement.

33 Contingencies

Guarantees

As at 31 December	2010 €m	2009 €m
Guarantees provided by Nyrstar		
Workers' compensation	5.3	7.2
Environmental	42.0	40.0
Supplier	7.7	—
Other	4.2	0.7
	59.2	**47.9**
Guarantees received by Nyrstar		
Supplier	0.2	0.9
	0.2	0.9

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.

34 Related parties

a) Transactions with related parties

No transactions with related parties occurred in the period to 31 December 2010.

b) Key management compensation

BOARD OF DIRECTORS For the year ended 31 December	2010 €m	2009 €m
—Salaries and other compensation:		
Fixed portion	0.5	0.4
Variable portion	—	—
—Number of shares held	—	—

NYRSTAR MANAGEMENT COMMITTEE For the year ended 31 December	2010 €m	2009 €m
—Salaries and other compensation:		
Fixed portion	2.1	2.0
Variable portion (paid during period)	1.3	0.8
—Other benefits	1.2	0.9
—Number of shares held	1,094,497	405,150

Other benefits comprised of relocation-related allowances, housing allowances and pension contributions.

35 Audit and non-audit services provided by the Company's statutory auditor

During the period, the auditor received fees for audit and non audit services provided to the Group as follows:

For the year ended 31 December	2010 €'000	2009 €'000
Audit services	673.4	615.6
Non audit services	523.3	364.3

36 Group entities

The holding company and subsidiaries included in the Group's Consolidated Financial Statements are:

Entity	Belgian company number	Country of Incorporation	Ownership
Nyrstar Netherlands (Holdings) B.V.		The Netherlands	100%
Nyrstar Budel B.V.		The Netherlands	100%
Budelco B.V.		The Netherlands	100%
Buzifac B.V.		The Netherlands	100%
Buzipon B.V.		The Netherlands	100%
Buzisur B.V.		The Netherlands	100%
Nyrstar Australia Pty Ltd		Australia	100%
Nyrstar International B.V.		The Netherlands	100%
Nyrstar Netherlands Trading BV		The Netherlands	100%
Nyrstar Hobart Pty Ltd		Australia	100%
Nyrstar Metals Pty Ltd		Australia	100%
Nyrstar Port Pirie Pty Ltd		Australia	100%
Nyrstar US Inc.		United States	100%
Nyrstar Holdings Inc.		United States	100%
Nyrstar Taylor Chemicals Inc.		United States	100%
Nyrstar Clarksville Inc.		United States	100%
Nyrstar Tennessee Mines—Gordonsville LLC		United States	100%
Nyrstar Tennessee Mines—Strawberry Plains LLC		United States	100%
Nyrstar IDB LLC		United States	100%
Compania Minera San Juan (Peru) S.A.		Peru	100%
Nyrstar Belgium NV Belgium SA/NV)	RPR 0865.131.221	Belgium	100%
Nyrstar France SAS SAS)		France	100%
Galva 45 S.A.		France	66%
GM-Metal SAS		France	100%
Nyrstar Germany GmbH Germany GmbH)		Germany	100%
Nyrstar NV	RPR 0888.728.945	Belgium	100%
Nyrstar Sales & Marketing NV	RPR 0811.219.314	Belgium	100%
Nyrstar Finance International NV	RPR 0889.716.167	Belgium	100%
Nyrstar UK Pty Ltd		United Kingdom	100%
Nyrstar Spain & Portugal S.L.		Spain	100%
Nyrstar Trading GmbH		Austria	100%
Nyrstar Italy S.R.L.		Italy	100%
Nyrstar Sales & Marketing AG		Switzerland	100%
Nyrstar Finance International AG		Switzerland	100%
Minera Huallanca S.A.		Peru	100%
Nyrstar Peru Metal S.A.		Peru	100%
Nyrstar Peru S.A.		Peru	100%
Nyrstar US Trading Inc.		United States	100%
Nyrstar France Trading SAS		France	100%
Nyrstar Canada (Holdings) Ltd		Canada	100%

37 Subsequent events

On 5 January 2011, Nyrstar successfully completed its acquisition of Farallon, the owner of the Campo Morado zinc-rich polymetallic mining operation in Mexico, by way of a friendly takeover for approximately CAD 409 million (approximately € 296 million).

On 6 January 2011, Nyrstar NV held a second extraordinary general shareholders' meeting to vote on a proposal to permit a rights offering in an amount of up to €500 million. The proposal was approved by the EGM.

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FREE TRANSLATION

NYRSTAR NV

Report of the statutory auditor to the general meeting of shareholders of Nyrstar NV on the consolidated financial statements as of and for the year ended 31 December 2010

23 February 2011

PRICEWATERHOUSECOOPERS

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REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF SHAREHOLDERS OF NYRSTAR NV ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2010

In accordance with legal and statutory requirements, we report to you on the performance of our audit mandate. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the 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, and with the legal and regulatory requirements applicable in Belgium. These consolidated accounts comprise the statement of financial position as of 31 December 2010 and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the summary of significant accounting policies and the other explanatory notes. The total of the consolidated statement of financial position amounts to € 2,103.0 million and the consolidated statement of income shows a profit for the year (Group share) of € 72.2 million.

The board of directors of the Company is responsible for the preparation of the consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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, legal requirements and auditing standards applicable in Belgium, as issued by the ''Institut des Réviseurs d'Entreprises/Instituut van de Bedrijfsrevisoren''. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we have considered internal controls relevant to the Group'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 Group's internal control. We have also evaluated the appropriateness of the

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Siège social/Maatschappelijke zetel: Woluwe Garden, Woluwedal 18, B-1932 Sint-Stevens-Woluwe
Registre des personnes morales/Rechtspersonenregister: 0429501944/Bruxelles-Brussel/TVA/BTW BE 429.501.944/ING 310-1381195-01

accounting policies used, the reasonableness of accounting estimates made by the Group and the presentation of the consolidated financial statements, taken as a whole. Finally, we have obtained from management and responsible officers of the Group the explanations and information necessary for our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net worth and financial position as of 31 December 2010 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation of the management report and its content are the responsibility of the board of directors.

Our responsibility is to supplement our report with the following additional comment, which does not modify our audit opinion on the financial statements:

- The management report on the consolidated financial statements includes the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the Group is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

Sint-Stevens-Woluwe, 23 February 2011

PricewaterhouseCoopers Bedrijfsrevisoren BCVBA
Represented by
"Peter Van den Eynde"
Bedrijfsrevisor

Nyrstar Consolidated Financial Statements

For the year ended

31 December 2009

CONSOLIDATED INCOME STATEMENT

	Note	For the period ended Twelve months to 31 December 2009 €m	Twelve months to 31 December 2008 €m
Revenue	6	**1,663.9**	2,409.7
Raw materials used[b]		**(1,024,9)**	(1,454.3)
Freight expense		**(44.7)**	(74.6)
Gross profit		**594.3**	880.8
Other income		**6.2**	9.6
Employee benefits expense	8	**(208.9)**	(226.9)
Energy expenses		**(193.2)**	(261.7)
Stores and consumables used		**(65.4)**	(95.8)
Contracting and consulting expenses		**(58.9)**	(110.1)
Other expenses[b]		**8.2**	(58.8)
Depreciation and amortisation expenses	11,12	**(50.2)**	(79.7)
Result from operating activities before exceptional items[a]		**32.1**	57.4
Restructuring expenses	24	**(24.0)**	(24.1)
Impairment (losses) / reversal	11	**2.4**	(615.0)
Profit on the disposal of subsidiaries	21	**6.0**	—
Result from operating activities		**16.5**	(581.7)
Finance income	9	**1.8**	7.4
Finance expenses	9	**(11.6)**	(21.1)
Net foreign exchange gain/(loss)	9	**3.0**	(0.1)
Net financing income / (expense)		**(6.8)**	(13.8)
Share of profit of equity accounted investees	13	**4.0**	6.9
Loss on the disposal of equity accounted investees		**—**	(17.7)
Profit / (loss) before income tax		**13.7**	(606.3)
Income tax benefit / (expense)	10	**(3.3)**	11.6
Profit / (loss) for the period		**10.4**	(594.7)
Attributable to:			
Equity holders of the parent		**10.0**	(584.9)
Minority interest		**0.4**	(9.8)
		10.4	(594.7)
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in Euro per share)			
—basic	28	**0.10**	(5.85)
—diluted	28	**0.14**	(5.85)

(a) Exceptional items are those items of financial performance which the Group believes should be separately disclosed on the face of the income statement to assist in the understanding of financial performance achieved by the Group.

(b) The 'Changes in inventories' amount of € 10.4 million (expense) for the twelve months ended 31 December 2008 which previously formed part of 'Raw material used' has been reclassified to 'Other expenses' to better reflect the nature of this item in the income statement. The corresponding impact for the twelve months ended 31 December 2009 amounts to €19.4 million (income).

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the period ended Twelve months to 31 December 2009 €m	Twelve months to 31 December 2008 €m
Foreign currency translation differences	22	**68.5**	(66.5)
Defined benefit plans—actuarial losses	25	**(3.3)**	(4.9)
Effective portion of changes in fair value of cash flow hedges	16	**(32.7)**	37.5
Change in fair value of investments in equity securities	14	**1.4**	—
Income tax on income and expenses recognised directly in equity	10	**10.8**	(8.7)
Other comprehensive income for the period, net of tax		**44.7**	(42.6)
Profit / (loss) for the period after income tax		**10.4**	(594.7)
Total comprehensive income for the period		**55.1**	(637.3)
Attributable to:			
Equity holders of the parent		**54.7**	(628.1)
Minority interest		**0.4**	(9.2)
Total comprehensive income for the period		**55.1**	(637.3)

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2009 €m	As at 31 December 2008 €m
ASSETS			
Non-current assets			
Property, plant and equipment	11	**612.5**	435.9
Intangible assets	12	**7.3**	3.0
Investments in equity accounted investees	13	**26.8**	25.0
Investments in equity securities	14	**5.5**	—
Deferred tax assets	15	**39.1**	14.4
Other financial assets	16	**53.9**	52.7
		745.1	531.0
Current assets			
Inventories	17	**480.5**	266.8
Trade and other receivables	19	**162.7**	194.1
Prepayments		**3.7**	5.6
Current tax assets		**5.8**	8.4
Other financial assets	16	**35.6**	25.7
Cash and cash equivalents	20	**84.0**	297.0
Assets classified as held for sale	21	**—**	11.2
		772.3	808.8
Total assets		**1,517.4**	1,339.8
EQUITY			
Equity attributable to equity holders of the parent			
Share capital and share premium	22	**1,255.4**	1,255.4
Reserves	22	**(230.0)**	(285.9)
Retained earnings		**(252.0)**	(262.9)
		773.4	706.6
Minority interest		**6.2**	4.5
Total equity		**779.6**	711.1
LIABILITIES			
Non-current liabilities			
Loans and borrowings	23	**110.0**	149.8
Deferred tax liabilities	15	**49.6**	40.4
Provisions	24	**122.9**	111.2
Employee benefits	25	**50.2**	37.8
Other financial liabilities	16	**0.2**	0.3
Other liabilities	18	**23.9**	—
		356.8	339.5
Current liabilities			
Trade and other payables	26	**248.6**	157.0
Current tax liabilities		**4.0**	6.7
Loans and borrowings	23	**12.0**	0.5
Provisions	24	**33.4**	39.1
Employee benefits	25	**38.2**	32.2
Other financial liabilities	16	**17.3**	42.5
Liabilities classified as held for sale	21	**—**	11.2
Other liabilities	18	**27.5**	—
		381.0	289.2
Total liabilities		**737.8**	628.7
Total equity and liabilities		**1,517.4**	1,339.8

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ millions	Note	Share capital	Share premium	Reserves	Retained earnings	Total amount attributable to owners	Minority interest	Total equity
Balance at 1 January 2009		**1,176.9**	**78.5**	**(285.9)**	**(262.9)**	**706.6**	**4.5**	**711.1**
Profit or loss		—	—	—	10.0	**10.0**	0.4	**10.4**
Other comprehensive income	22	—	—	47.1	(2.4)	**44.7**	—	**44.7**
Reverse acquisition reserve	22	—	—	—	—	**—**	—	**—**
Treasury shares	22	—	—	—	—	**—**	—	**—**
Convertible bond	23	—	—	8.8	—	**8.8**	—	**8.8**
Net Movement in minorities as result of acquisition/disposal of subsidiaries		—	—	—	—	**—**	1.3	**1.3**
Dividends	22	—	—	—	—	**—**	—	**—**
Share-based payments		—	—	—	3.3	**3.3**	—	**3.3**
Balance at 31 December 2009		**1,176.9**	**78.5**	**(230.0)**	**(252.0)**	**773.4**	**6.2**	**779.6**

€ millions	Note	Share capital	Share premium	Reserves	Retained earnings	Total amount attributable to owners	Minority interest	Total equity
Balance at 1 January 2008		**1,176.9**	**78.5**	**(208.9)**	**360.4**	**1,406.9**	**13.7**	**1,420.6**
Profit or loss		—	—	—	(584.9)	**(584.9)**	(9.8)	**(594.7)**
						(43.2)		**(42.6)**
Other comprehensive income	22	—	—	(39.3)	(3.9)		0.6	
Reverse acquisition reserve	22	—	—	(31.5)	—	**(31.5)**	—	**(31.5)**
Treasury shares	22	—	—	(6.2)	4.5	**(1.7)**	—	**(1.7)**
Convertible bond	23	—	—	—	—	**—**	—	**—**
Net movement in minorities as result of acquisition/disposal of subsidiaries		—	—	—	—	**—**	—	**—**
Dividends	22	—	—	—	(40.0)	**(40.0)**	—	**(40.0)**
Share-based payments		—	—	—	1.0	**1.0**	—	**1.0**
Balance at 31 December 2008		**1,176.9**	**78.5**	**(285.9)**	**(262.9)**	**706.6**	**4.5**	**711.1**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended	Note	Twelve months to 31 December 2009 €m	Twelve months to 31 December 2008 €m
Cash flows from operating activities			
Profit for the period		**10.4**	(594.7)
Adjustment to:			
Depreciation and amortisation	11,12	**50.2**	79.7
Income tax (benefit) / expense	10	**3.3**	(11.6)
Net finance (benefit) / expense	9	**6.8**	13.8
Share of profit in equity accounted investees	13	**(4.0)**	(6.9)
Impairment/(reversal of impairment)	11	**(2.4)**	615.0
Equity settled share based payment transactions		**3.2**	1.0
(Gain)/Loss on sale of investments	21	**(6.0)**	17.7
(Gain)/Loss on sale of property, plant and equipment	11	**0.1**	0.3
		61.6	114.3
Changes in inventories		**(185.4)**	179.1
Changes in trade and other receivables		**50.7**	46.0
Changes in prepayments		**2.8**	(0.4)
Changes in other financial assets and liabilities		**(57.7)**	30.4
Changes in trade and other payables		**85.3**	37.9
Changes in other liabilities		**51.4**	—
Change in provisions and employee benefits		**(20.2)**	26.0
Interest paid		**(2.7)**	(13.8)
Income tax paid		**(4.8)**	(1.7)
Net cash (outflows) from operating activities		**(19.0)**	417.8
Cash flows from investing activities			
Acquisition of property, plant and equipment	11	**(67.9)**	(116.4)
Proceeds from sale of property, plant and equipment		**0.3**	0.3
Acquisition of subsidiary net of cash acquired	7	**(104.0)**	—
Acquisition of subsidiary net of cash acquired—Zinifex Carve-out Group	22	**—**	(30.1)
Acquisition of investments in equity securities	14	**(4.1)**	—
Acquisition of investments in equity accounted investees	13	**(0.2)**	
Repayment of borrowings from associates	23	**—**	(19.6)
Distribution from associates	13	**12.7**	26.8
Proceeds from sale of subsidiary	21	**5.1**	—
Proceeds from sale of equity accounted investee	13	**—**	33.6
Interest received		**2.8**	8.1
Net cash (outflows) from investing activities		**(155.3)**	(97.3)
Cash flows from financing activities			
Repurchase of own shares		**—**	(1.7)
Proceeds from borrowings		**121.4**	—
Repayments of borrowings		**(158.4)**	(178.7)
Distributions to shareholders		**—**	(40.0)
Distributions to minority interests		**—**	(0.2)
Net cash (outflows) from financing activities		**(37.0)**	(220.6)
Net increase (decrease) in cash held		**(211.3)**	99.9
Cash at the beginning of the reporting period	20	**297.0**	198.8
Exchange fluctuations		**(1.7)**	(1.7)
Cash and cash equivalents at the end of the reporting period	20	**84.0**	297.0

The accompanying notes are an integral part of these consolidated financial statements.

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1 Reporting entity

Nyrstar NV (''Nyrstar'' or the ''Company'') is a company domiciled in Belgium. The address of the Company's registered office is Zinkstraat 1, 2490 Balen, Belgium. The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise 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 Group is primarily a global multi-metals business, producing significant quantities of zinc and lead as well as other products (including silver, gold and copper) through mining, smelting and alloying operations.

The Company listed its shares on the Eurolist of Euronext, Brussels on 29 October 2007. The listed entity represents a business combination of the zinc and lead smelting and alloying business of Zinifex Limited (the ''Zinifex Carve-out Group'') and the zinc smelting and alloying business of Umicore SA/NV (the ''Umicore Carve-out Group'').

The consolidated financial statements were authorised for issue by the Board of Directors of Nyrstar NV on 24 February 2010.

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), the Standard Interpretations Committee (SIC) and the International Financial Reporting 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 comparative information presented has been restated to comply with the Nyrstar accounting policies set out below.

b. Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for the following items measured at fair value:

- Derivative financial instruments;
- Financial instruments at fair value through profit or loss;
- Available-for-sale financial assets; and
- Assets and liabilities acquired in business combinations.

c. Reporting period

Consistently with the previous accounting year 2008, the Group's consolidated financial statements have been prepared for the 2009 calendar year with a balance sheet date of the 31 December 2009.

d. 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 euro which is the Company's functional and presentation currency. All financial information has been rounded to the nearest hundred thousand euros.

e. 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

2 Basis of preparation (Continued)

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.

f. Standards, amendments and interpretations

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2009:

- IAS 23 (revised), *Borrowing costs*;
- IFRS 2 (amendment), *Share-based payment*;
- IAS 1 (revised), *Presentation of financial statements*;
- IAS 32 (amendment), *Financial instruments: presentation*, and consequential amendments to IAS 1, *Presentation of financial statements*;
- Improvements to IFRS (effective for annual periods beginning on or after 1 January 2009);
- Amendment to IAS 39, *Financial statements: Recognition and measurement*, and IFRS 7 *Financial statements: Disclosures,* on the reclassification of financial assets (the November version of the amendment was endorsed on 10 September 2009); and
- IFRS 7 (amendment), *Financial instruments disclosures*, and consequential amendment to IAS 1, *Presentation of financial statements.*

The following new standards, amendments of standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are currently not relevant to the Group:

- IFRIC 9 and IAS 39 (amendment), regarding embedded derivatives (effective 1 July 2008);
- IFRIC 13, *Customer loyalty programmes* (effective for annual periods beginning on or after 1 July 2008); and
- IFRIC 14, IAS 19 (amended)—the limit on a defined benefit asset, minimum funding requirements and their interaction.

The following new standards, amendments of standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- Revised IFRS 3 (revised), *Business Combinations* and consequential to IAS 27, *Consolidated and separate financial statements*, IAS 28, *Investments in associates* and IAS 31, *Interests in joint ventures*, effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting beginning on or after July 1, 2009;
- Amendments to IFRS 1, *First-time Adoption of International Financial Reporting Standards* and IAS 27, *Consolidated and Separate Financial Statements*—Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate, effective for annual periods beginning on or after 1 January 2009;
- IFRS 1 (revised), *First-time Adoption* (effective 1 July 2009);
- IAS 39 (amendment), *Financial instruments: Recognition and measurement on eligible hedged items* (effective 1 July 2009);
- IFRIC 12, *Service concession arrangements* (effective 1 January 2008, but EU endorsed for 30 March 2009);
- IFRIC 15, *Agreements for the construction of real estate* (effective 1 January 2009, but EU endorsed for 1 January 2010);

2 Basis of preparation (Continued)

- IFRIC 16, *Hedges of a net investment in a foreign operation* (effective 1 October 2008, but EU endorsed for 1 July 2009);
- IFRIC 17, *Distribution of non-cash assets to owners*, effective for annual periods beginning on or after July 1, 2009; and
- IFRIC 18, *Transfer of assets from customers*, effective for transfers of assets received on or after July 1, 2009.

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.

The purchase method of accounting is used to account for 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 given up, shares issued or liabilities undertaken at the date of acquisition, plus costs directly attributable to the acquisition.

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. Where necessary, the acquired entities' accounting policies have been changed to ensure consistency with the policies adopted by Nyrstar.

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.

The consolidated financial statements include the Group's share of the income and expenses 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 or has made payments on behalf of the investee.

3 Significant accounting policies (Continued)

Minority interests

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority's share of changes in equity since the date of the combination.

Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

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 arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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.

Subsequently, 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 mone tary assets and liabilities denominated in foreign currencies, are recognised in the income statement.

Foreign operations

The income statement and balance sheet of each Nyrstar operation that has a functional currency different to euros 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 expenses 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 sales contracts. Nyrstar has adopted a policy that it will not enter into any speculative commodity hedging.

Derivatives are initially recognised at their fair value on the date the derivative contract is entered into. The method of recognising the changes in fair value subsequent to initial recognition is dependent

3 Significant accounting policies (Continued)

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 result 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 fair value of 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 equity 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 balance sheet and changes in the fair value of the embedded derivative are recognised in the consolidated income statement.

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.

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 amount transferred from'Exploration and evaluation (see note 3 (e)).

3 Significant accounting policies (Continued)

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.

Depreciation

Straight line basis

The expected useful lives are the lesser of the life of the operation or as follows:

- Buildings 40 years
- Plant and equipment 5-25 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 units of production basis. 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 units 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 limited circumstances and 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.

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.

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.

e. Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition of a controlled entity, associate or jointly controlled entity over Nyrstar's share in the fair value of the identifiable assets and liabilities, including contingent liabilities, of the acquired entity at the date of acquisition. Goodwill is carried at cost less any accumulated impairment losses.

3 Significant accounting policies (Continued)

Goodwill in respect of associates and joint ventures is presented in the balance sheet on the line ''Investments in equity accounted investees'', together with the investment itself and tested for impairment as part of the overall balance.

The excess of Nyrstar's interest in the fair value of the net identifiable assets acquired over the cost of acquisition is recognised in the income statement immediately.

Research and development costs

Research costs related to the prospect of gaining new scientific or technological knowledge and understanding are recognised in the income statement as an incurred expense. Development costs are defined as costs incurred for the design of new or substantially improved products and for the processes prior to commercial production or use. They are capitalised if, among others, the following conditions are met:

- The intangible asset will give rise to future economic benefits, or in other words, the market potential has been clearly demonstrated;
- The expenditures related to the process or product can be clearly identified and reliably measured; and
- The Group intends to and has sufficient resources to complete development and to use or sell the asset.

In circumstances where it is difficult to clearly distinguish between research or development costs, the costs are considered as being research costs. If development costs are capitalised they are amortised using a straight-line method over their useful life.

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 carried forward 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 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 when commercial production commences on a unit of production basis over the estimated economic reserve of the mine.

An impairment review is performed, either individually or at the cash generating unit level, when there are indicators that the carrying amount of the assets may exceed their recoverable amounts. To the extent that this occurs, the excess is fully provided against, in the financial year in which this is determined. Exploration and evaluation assets are reassessed annually by management and the results of these reviews are reported to the Audit committee. on a regular basis and are carried forward provided that at least one of the conditions outlined above is met.

Expenditure is transferred to mine development assets once the work completed to date supports the future development of the property and such development receives appropriate approvals.

3 Significant accounting policies (Continued)

Other intangible assets

All of the following types of intangible assets are carried at historical cost, less accumulated amortisation and impairment losses, except for government granted CO2 emission rights which are valued at the prevailing market price at the day of the grant:

- Concessions, patents, licenses: are amortised over the period of their legal protection;
- Software and related internal development costs: are typically amortised over a period of five years;
- CO2 emission rights: are not amortised but can be impaired; and
- Land use rights: are typically amortised over the contractual period.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the income statement as incurred.

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. Investments in equity securities

The classification depends on the purpose for which the investments have been acquired. Management determines the classification of investments at initial recognition. Investments 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 equity. When investments are sold, the accumulated fair value adjustments recognised in equity are included in the income statement within'other operating expenses'.

h. 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 expenses. By-products inventory on hand 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 portion of fixed and variable overhead expenses, including depreciation and amortisation. Stores of consumables and spares are valued at cost with due allowance for obsolescence. Cost of purchase of all types of 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.

3 Significant accounting policies (Continued)

As the Company applies hedging accounting as referred in note 3 (c), the hedged items of stock are valued at fair value. 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.

i. Impairment

Financial assets

A financial asset 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.

Individually 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.

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 at each reporting date.

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 that are expected to benefit from the synergies of the combination.

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 is not 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.

3 Significant accounting policies (Continued)

j. Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are re-measured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

k. 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 balance sheet. 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 charged or credited to equity in the statement of recognised income and expense in the period in which they arise.

Employee bonuses

Nyrstar recognises a liability and expense for employee bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

3 Significant accounting policies (Continued)

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer to encourage voluntary redundancy.

Share-based payment compensation

The Group operates an employee share acquisition plan and an executive long-term incentive plan, both of which are equity-settled share-based compensation plans. The fair value of equity instruments granted under the 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 unconditionally entitled to the shares. The amount recognised as an employee benefit expense is the independently calculated 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 share price not achieving the required target.

l. Provisions

A provision is recognised if, as a result of a past event, Nyrstar has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of benefits will be required to settle the obligation.

Workers' compensation

Provision is made for outstanding claims, including any incurred but not reported claims, where any controlled entity self-insures for risks associated with workers' compensation.

Outstanding claims are recognised when an incident occurs and are measured at the cost that the entity expects to incur in settling the claims, discounted using a rate that reflects current market assessments of the time value of money and risks specific to the liability.

An independent actuary provides the calculation of the value of outstanding claims. Each period the impact of the unwind of discounting is recognised in the income statement as a financing cost.

Restoration obligations

In accordance with past practices and applicable legal requirements, provision is made for the anticipated costs of future restoration and rehabilitation of smelting and refining sites to the extent that a legal or constructive obligation exists. The provision includes costs associated with dismantling of assets, reclamation, monitoring, water purification and coverage and permanent storage of historical residues. The provision is based upon current costs and has been determined on a discounted basis with reference to the current legal framework and current technology. Each period the impact of the unwind of discounting is recognised in the income statement as a financing cost. Any change in the restoration provision is recorded against the carrying value of the provision and the related asset, only to the extent that it is probable that future economic benefits associated with the restoration expenditure will flow to the entity, with the effect being recognised in the income statement on a prospective basis over the remaining life of the relevant operation. The restoration provision is separated into current and non-current components based on the expected timing of these cash flows.

Closure and restoration costs relating to mining activities, include the dismantling and demolition of infrastructure and the removal of residual materials and remediation of disturbed areas. Estimated closure and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, whether this occurs during the mine development or during the production phase, based on the net present value of estimated future costs. Provisions for closure and restoration costs do not include any additional obligations which are expected to arise from future

3 Significant accounting policies (Continued)

disturbance. The costs are estimated on the basis of a closure plan where available. If there is no formal closure plan, costs are estimated by a third party review. The cost estimates are updated annually during the life of the operation to reflect known developments, e.g. revisions to cost estimates and to the estimated lives of operations, and are subject to formal review at regular intervals. The initial closure provision together with other movements in the provisions for closure and restoration costs, including those resulting from new disturbance, updated cost estimates, changes to the estimated lives of operations and revisions to discount rates are capitalised within property, plant and equipment. These costs are then depreciated over the lives of the assets to which they relate. Where rehabilitation is conducted systematically over the life of the operation, rather than at the time of closure, provision is made for the estimated outstanding continuous rehabilitation work at each balance sheet date and the cost is charged to the income statement.

Restructuring

A constructive obligation for a restructuring arises only when two conditions are fulfilled. Firstly, 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. Secondly, 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.

m. 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 does not vary with changes in their fair value.

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 transactions costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

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.

n. Revenue

Sales revenue is stated on a gross basis, with freight and realisation expenses included in the cost of sales. Sales of metals and by-products are only recognised when all of the following conditions have been satisfied:

a. the entity has transferred to the buyer the significant risks and rewards of ownership of the goods;

b. the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c. the amount of revenue can be measured reliably;

d. it is probable that the economic benefits associated with the transaction will flow to the entity; and

e. the costs incurred or to be incurred in respect of the transaction can be measured reliably

3 Significant accounting policies (Continued)

o. Finance income and expense

Financing income includes:

- Interest income of funds invested; and
- Dividend income.

Interest income is recognised as it accrues in the income statement using the effective interest method. Dividend income is recognised in the income statement on the date that the Group's right to receive payment is established.

Financing 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 and workers' compensation.

Financing costs are calculated using the effective interest method. Financing 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 financing costs are expensed as incurred.

Net financing costs represent financing 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.

p. Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current 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 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 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 deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured 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 tax assets and liabilities are offset if there is a legally enforceable right to offset current 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 tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred 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.

3 Significant accounting policies (Continued)

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

q. 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 balance sheet. 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.

r. 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 usually paid within 30 days of recognition. These amounts are initially recognized at fair value and are subsequently carried at amortised cost.

s. 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.

Where settlement of any part of cash consideration receivable is deferred, the amounts receivable in the future are discounted to their present value.

t. 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).

u. Earnings per share

Nyrstar presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit for the period attributable to ordinary shareholders of the Comp any 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.

v. Segment reporting

Operating segments are components of the Group for which discrete financial information is available and evaluated regularly by the Group's Management Committee (MC) in deciding how to allocate resources and in assessing performance. The MC has been identified as the chief operating decision maker.

The segment information reported to the MC (including the measurements of segment profit or loss, segment assets and liabilities) is prepared in conformity with the same accounting policies as those described in the summary of significant accounting policies.

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

3 Significant accounting policies (Continued)

segments. The interrelated segment costs have been allocated on a reasonable pro rata basis to the operating segments. Management believes inter-segment pricing is on an arm's-length market basis.

w. Treasury shares

When Nyrstar reacquires its own equity instruments, the par value of treasury shares purchased is deducted from a separate category of equity. 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 retained earnings. 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 surplus or deficit on the transaction is recognised in retained earnings.

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.

a. Critical accounting estimates and assumptions

Impairment of assets

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 below). For further information refer to note 3(i) and note 11.

Determination of fair values in business combination

The consolidated entity has applied estimates and judgments in order to determine the fair value of assets acquired and liabilities and contingent liabilities assumed by way of a business combination.

The value of assets, liabilities and contingent liabilities recognized at the acquisition date are recognized at fair value. In determining fair value the consolidated entity has utilized valuation methodologies including discounted cash flow analysis. The assumptions made in performing these valuations include assumptions as to discount rates, foreign exchange rates, commodity prices, the timing of development, capital costs, and future operating costs. Any significant change in key assumptions may cause the acquisition accounting to be revised including the recognition of additional goodwill or a discount on acquisition.

Determination of ore reserves and resources estimates

Estimated recoverable reserves and resources are used to determine the depreciation of mine production assets, in accounting for deferred costs and in performing impairment testing. 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 will impact the carrying value of assets and depreciation and impairment charges recorded in the income statement.

4 Critical accounting estimates and judgements (Continued)

Restoration obligations

Provision is made for the anticipated costs of future restoration and rehabilitation of smelting and refining sites and mining areas from which natural resources have been extracted to the extent that a legal or constructive obligation exists. These provisions include future cost estimates associated with reclamation, plant closures, waste site closures, monitoring, demolition, decontamination, water purification and permanent storage of historical residues. These future cost estimates are discounted to their present value. 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 benefit obligations

An asset or liability in respect of defined benefit pension or medical plans is recognised on the consolidated balance sheet. The present value of a defined benefit obligation is dependent upon a number of factors that are determined on an actuarial basis. Nyrstar determines the appropriate discount rate to be used at the end of each year.

b. Critical judgements in applying the Group's accounting policies

Recovery of deferred tax assets

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 recoupment.

5 Financial risk management

Overview

Nyrstar has exposure to credit risk, liquidity risk and market risk from its use of financial instruments. This note presents 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 the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, 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 the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the Group. The Audit Committee is assisted in its oversight role by an internal audit function.

Credit risk

Credit risk is the risk of non-payment from any counterparty in relation to sales of goods or metal lease operations. 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. Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the standard terms and conditions are offered. Customers that

5 Financial risk management (Continued)

fail to meet the Group's benchmark creditworthiness may transact with the Group 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 to wholly-owned subsidiaries. At 31 December 2009, no guarantees were outstanding to external customers (31 December 2008: nil).

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 a sufficient degree of diversification of funding sources. These include committed and uncommitted short and medium term bank facilities.

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 and raw materials. 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. Transactional hedging arrangements are accounted for in the ''Other Financial Assets'' and the ''Other Financial Liabilities'' line items of the balance sheet. Any gains or losses realised from hedging arrangements are recorded within operating profit. Nyrstar currently does not undertake any structural or strategic hedging which means that its results are exposed to fluctuations in zinc, lead and other metal prices. Nyrstar may review its hedging policy from time to time.

Foreign Currency Exchange Risk

Nyrstar incurs foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the euro, Nyrstar's functional and reporting currency. The currencies giving rise to this risk are primarily the U.S. dollar and the Australian dollar. Foreign currency exchange risk arises when the actual or forecasted assets in a foreign currency are either greater or less than the liabilities in that currency. To mitigate currency risk Nyrstar uses short term hedging transactions to cover the timing risk between concentrate purchases and sales of metal and to cover our exposure on forward sales to customers.

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 being fixed The interest rate and terms of repayment of Nyrstar's loans are disclosed in note 29(f). Nyrstar's current borrowings are split between fixed rate and floating rate basis, but it may in the future borrow on a fixed rate basis. All variable interest rate loans and borrowings have EURIBOR or LIBOR based interest rates. Changes in interest rates may impact primary loans and borrowings by changing the levels of required interest payments.

Management does not have a formal policy of determining how much of Nyrstar's exposure should be to fixed or variable rates. However, at the time of additional debt financing, management will use its judgment to decide whether a fixed or variable rate would be more favourable over the expected term.

5 Financial risk management (Continued)

Nyrstar does not currently use derivative financial instruments to reduce exposure to fluctuations in interest rates.

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 the Group defines as net operating income divided by total shareholders' equity, excluding minority interests. The Board of Directors also monitors the level of dividends to ordinary shareholders. Whilst maintaining adequate cash flows for growth and the successful execution of the Company's strategy, the Company aims to maximize total shareholder return through a combination of share price appreciation and dividends.

No assurance can be given, however, that the Company will make dividend payments in the future. Such payments will depend upon a number of factors, including our prospects, strategies, results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors considered relevant by the Board. 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 Employee Share Acquisition Plan (''ESAP'') and an Executive Long Term Incentive Plan (''LTIP'') (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 set out below in note 27.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

6 Segment reporting

The Group has identified the following operating segments on the basis of the principal business activities and economic environments in which it operates.

- Hobart smelter—The Hobart smelter is a large-scale electrolytic zinc smelter located on the Derwent River in Tasmania's capital city, Hobart. A significant portion of Hobart's zinc output is converted into diecast alloy for sale into Asia, particularly China.
- Port Pirie smelter—The Port Pirie smelter is located on the eastern side of the Spencer Gulf in South Australia, approximately 200 kilometres north of Adelaide, South Australia. Port Pirie is one of the world's largest primary lead smelters and a leading global silver producer. The majority of Port Pirie's lead output is exported, primarily to Asia.
- Clarksville smelter—The Clarksville smelter is located on the Cumberland River close to Clarksville, Tennessee in the United States of America. Clarksville is a mid-scale electrolytic zinc smelter producing zinc and zinc alloys and supplying customers in the United States mid-west.
- Budel smelter—The Budel smelter is located at Budel Dorplein in the Netherlands, close to the Belgian border. It is a large-scale electrolytic zinc smelter producing zinc and zinc alloys for the European market.
- Auby smelter—The Auby smelter is located in the town of Auby in the north of France. Auby is a mid-scale electrolytic zinc smelter. Unlike, other zinc smelting sites, the Auby smelter produces cathodes as finished products (rather than casting into ingots) for sale to its customers.
- Balen smelter—The Balen smelter is a large-scale electrolytic zinc smelter that also incorporates the die-casting and alloying operations in Overpelt and a sales office in Germany. Approximately

6 Segment reporting (Continued)

one third of the zinc cathodes produced by the Balen smelter are melted and cast on-site to produce alloys and SHG zinc. The remaining cathodes are transported to Overpelt to produce other alloy products.

- Chinese Operations—Nyrstar's Chinese Operations include Nyrstar Yunnan, Föhl China and Genesis Alloys. These entities are involved in the production of SHG zinc, die-casting parts, and die-casting alloys respectively. Nyrstar has a 50% interest in both Föhl China and Genesis. On 3 August 2009 the Group divested its interest in Nyrstar Yunnan (refer to Note 21 for further details).
- Other Operations—Other Operations combines operations in Australia (Australia Refined Alloys/ ARA) and in France (Galva 45 and GM-Metal). These entities are involved in lead and lead alloys, galvanized products and die-casting alloys respectively. This segment also includes the mine complexes acquired in the course of the year 2009, namely Tennessee mines in the US and the Coricancha mine in Peru. Furthermore, this segment also includes unallocated items.

  On 1 May 2009 The Group acquired a 100% interest in the Mid-Tennessee Zinc mine complex (Refer to note 7 for further details) and on 7 December 2009 a 100% interest in the East-Tennessee Zinc mine complex (Refer to note 7 for further details). Both mine complexes have close association with Nyrstar's Clarksville smelter. On 13 November 2009, the Group completed the acquisition of an 85% interest in the Coricancha mine (Refer to note 7 for further details). The Coricancha mine is a poly-metallic mine with more than 60 years of operating history. These mines have been included in the 'Other Operations' segment since they have been on care and maintenance for most of the year, with only limited operations in 2009.

  In order to streamline the commodities purchasing and sales activities across the Group, as from 1 July 2009 all trading activities (zinc, lead, related alloys and by-products) of the six major operating sites of the Nyrstar Group are carried out by a single Group entity, Nyrstar Sales & Marketing. This entity is also included within the 'Other Operations' segment. For segment reporting purposes and in line with management's monitoring of the site performances, the operational revenue, raw materials cost and freight expense generated by Nyrstar Sales & Marketing have been allocated back to the sites.

The chief operating decision-maker assesses the performance of the operating segments based on a measure of 'Result from operating activities before exceptional items'. 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 and Umicore, which accounted for 48.66% and 12.45% respectively, of the total Group's zinc and lead sales.

6 Segment reporting (Continued)

Period to 31 December 2009	Auby Smelter €m	Balen Smelter €m	Budel Smelter €m	Clarksville Smelter €m	Hobart Smelter €m	Port Pirie Smelter €m	Chinese Operations €m	Other Operations €m	Eliminations €m	Total €m
Revenue from external customers	168.0	215.7	234.2	126.4	346.0	502.6	6.3	64.7	—	1,663.9
Inter-segment revenue	52.2	118.7	79.3	—	—	22.4	—	15.0	(287.6)	—
Total segment revenue	**220.2**	**334.4**	**313.5**	**126.4**	**346.0**	**525.0**	**6.3**	**79.7**	**(287.6)**	**1,663.9**
Raw materials used	(128.9)	(293.1)	(182.1)	(78.5)	(194.9)	(385.9)	0.7	(49.8)	287.6	(1,024.9)
Freight expense	(5.0)	(6.3)	(4.6)	(2.8)	(13.8)	(3.9)	—	(8.3)	—	(44.7)
Gross profit	**86.3**	**35.0**	**126.8**	**45.1**	**137.3**	**135.2**	**7.0**	**21.6**	**—**	**594.3**
Other income	—	0.5	—	0.1	0.2	0.2	0.7	4.5	—	6.2
Employee benefits expense	(19.8)	(33.8)	(28.0)	(16.0)	(27.1)	(36.7)	(1.5)	(46.0)	—	(208.9)
Energy expenses	(28.2)	(13.7)	(53.1)	(15.3)	(39.4)	(36.3)	(5.2)	(2.0)	—	(193.2)
Stores and consumables used	(8.3)	(6.5)	(10.1)	(7.5)	(12.5)	(12.5)	(3.3)	(4.7)	—	(65.4)
Contracting and consulting expense	(8.5)	(3.8)	(10.9)	(3.0)	(9.2)	(15.0)	(0.2)	(8.3)	—	(58.9)
Other expenses	(9.7)	(23.5)	12.8	(5.9)	(11.8)	5.3	(1.0)	42.0	—	8.2
Depreciation and amortisation expense	(17.5)	(1.3)	(7.6)	(3.5)	(15.4)	(0.6)	—	(4.3)	—	(50.2)
Result from operating activities before exceptional items	**(5.7)**	**(47.1)**	**29.9**	**(6.0)**	**22.1**	**39.6**	**(3.5)**	**2.8**	**—**	**32.1**
Restructuring expenses										(24.0)
Impairment (losses)/reversal										2.4
Profit on the disposal of subsidiaries										6.0
Result from operating activities										**16.5**
Finance income										1.8
Finance expenses										(11.6)
Net foreign exchange gain/(loss)										3.0
Net financing income/(expense)										**(6.8)**
Share of profit/(loss) of equity accounted investees[(a)]										4.0
Profit/(loss) before income tax										**13.7**
Income tax benefit/(expense)										(3.3)
Profit/(loss) for the period										**10.4**
Segment assets	219.8	724.0	225.4	82.1	284.0	266.7	12.5	1,017.0	(1,314.1)	1,517.4
Segment liabilities	(118.7)	(96.6)	(96.9)	(42.4)	(56.5)	(51.2)	—	(1,589.6)	1,314.1	(737.8)
Net assets	101.1	627.4	128.5	39.7	227.5	215.5	12.5	(572.6)	—	779.6
Investment in equity accounted investees							10.0	16.8	—	26.8
Capital expenditure and major cyclical maintenance	(10.5)	(16.0)	(8.5)	(6.4)	(8.3)	(11.7)	(0.1)	(6.4)	—	(67.9)

(a) A split by investee is provided in note 13.

6 Segment reporting (Continued)

Period to 31 December 2008	Auby Smelter €m	Balen Smelter €m	Budel Smelter €m	Clarksville Smelter €m	Hobart Smelter €m	Port Pirie Smelter €m	Chinese Operat-ions €m	Other Operat-ions €m	Elimin-ations €m	Total €m
Revenue from external customers	210.7	585.6	389.1	206.3	371.2	541.9	60.2	44.7	—	2,409.7
Inter-segment revenue	44.2	154.6	36.3	—	1.2	1.1	—	5.3	(242.7)	—
Total segment revenue	**254.9**	**740.2**	**425.4**	**206.3**	**372.4**	**543.0**	**60.2**	**50.0**	**(242.7)**	**2,409.7**
Raw materials used	(166.0)	(496.4)	(239.1)	(134.1)	(209.3)	(377.7)	(48.2)	(26.2)	242.7	(1,454.3)
Freight expense	(5.8)	(22.5)	(7.7)	(5.7)	(22.8)	(5.2)	(0.2)	(4.7)	—	(74.6)
Gross profit	**83.1**	**221.3**	**178.6**	**66.5**	**140.3**	**160.1**	**11.8**	**19.1**	**—**	**880.8**
Other income	0.5	1.4	—	1.1	0.2	0.8	1.0	4.6	—	9.6
Employee benefits expense	(21.5)	(46.2)	(32.1)	(13.7)	(28.1)	(39.1)	(3.6)	(42.6)	—	(226.9)
Energy expenses	(19.6)	(66.6)	(71.1)	(19.6)	(41.5)	(32.4)	(9.3)	(1.6)	—	(261.7)
Stores and consumables used	(9.0)	(20.4)	(15.4)	(9.0)	(15.4)	(16.6)	(3.8)	(6.2)	—	(95.8)
Contracting and consulting expense	(9.8)	(20.0)	(15.2)	(4.6)	(16.7)	(17.9)	(1.3)	(24.6)	—	(110.1)
Other expenses	(17.1)	(24.9)	(12.9)	(9.1)	(13.3)	(25.9)	0.1	44.3	—	(58.8)
Depreciation and amortisation expense	(15.5)	(20.4)	(6.8)	(3.5)	(17.5)	(12.4)	(0.9)	(2.7)	—	(79.7)
Result from operating activities before exceptional items	**(8.9)**	**24.2**	**25.1**	**8.1**	**8.0**	**16.6**	**(6.0)**	**(9.7)**	**—**	**57.4**
Restructuring expenses										(24.1)
Impairment losses										(615.0)
Result from operating activities										**(581.7)**
Finance income										7.4
Finance expenses										(21.1)
Net foreign exchange gain/(loss)										(0.1)
Net financing income/(expense)										**(13.8)**
Share of profit/(loss) of equity accounted investees[(a)]										6.9
Loss on the disposal of equity accounted investees										(17.7)
Profit/(loss) before income tax										**(606.3)**
Income tax benefit/(expense)										11.6
Profit/(loss) for the period										**(594.7)**
Segment assets	253.4	730.5	334.1	94.6	228.1	188.6	20.8	551.0	(1,061.3)	1,339.8
Segment liabilities	(154.4)	(115.3)	(181.3)	(41.9)	(33.8)	(62.9)	(11.2)	(1,089.2)	1,061.3	(628.7)
Net assets	99.0	615.2	152.8	52.7	194.3	125.7	9.6	(538.2)	—	711.1
Investment in equity accounted investees							9.4	15.6	—	25.0
Capital expenditure and major cyclical maintenance	(24.6)	(21.8)	(12.1)	(5.7)	(21.4)	(21.5)	(1.1)	(8.2)	—	(116.4)

(a) A split by investee is provided in note 13.

7 Acquisition of business

Acquisition of subsidiary: Mid-Tennessee Zinc mine complex

On 1 May 2009, the Group acquired a 100% interest in the Mid-Tennessee Zinc mine complex in Tennessee, US for € 9.0 million in cash. The mine complex was acquired from Mid-Tennessee Zinc Corporation (MTZ) (in Chapter 11 Bankruptcy), following approval from the US Bankruptcy Court on 1 May 2009.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Recognised values on acquisition(*) €m
Property, plant and equipment	13.7
Cash and cash equivalents	—
Restoration provisions	(4.7)
Net identifiable assets and liabilities	9.0
Goodwill on acquisition	—
Consideration paid, satisfied in cash	9.0
Cash acquired	—
Net cash outflow	**9.0**

(*) The assets and associated liabilities have been purchased out of Chapter 11 at fair value.

If the acquisition had occurred on the 1 January 2009, management estimates that consolidated revenue for the period prior to the acquisition date would have been nil and consolidated losses for the period prior to the acquisition date would have been € 0.4 million, predominantly representing 'care and maintenance' costs. In determining these amounts, management has assured that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on the 1 January 2009.

Acquisition of subsidiary with minority interests: Coricancha mine

On 13 November 2009, the Group acquired an 85% interest in the Coricancha mine in Peru for € 10.2 million in cash from Gold Hawk Resources Inc (TSX-V:CGK) (Gold Hawk). Gold Hawk, a publicly listed Canadian based mining company, has retained a 15% interest.

As part of the transaction, the Group has also agreed to provide a three year commercial loan facility of (up to) US$20 million and has assumed a parent company guarantee previously provided by Gold Hawk in relation to a US$13 million debt facility related to the mine. The debt facility is currently fully drawn and expires in February 2010.

7 Acquisition of business (Continued)

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Pre-acquisition carrying amounts €m	Fair value adjustments €m	Recognised values on acquisition €m
Property, plant and equipment	20.5	12.8	33.3
Inventories	0.3	—	0.3
Trade receivables	2.9	—	2.9
Deferred tax asset	10.2	(6.8)	3.4
Cash and cash equivalents	0.5	—	0.5
Provisions	(17.7)	8.7	(9.0)
Loans and borrowings	(11.0)	—	(11.0)
Deferred tax liabilities	—	(7.0)	(7.0)
Trade and other payables	(1.4)	—	(1.4)
Net identifiable assets and liabilities	4.3	7.7	12.0
Minorities' interest (15 %)			(1.8)
Goodwill on acquisition			—
Consideration paid, satisfied in cash			10.2
Cash acquired			0.5
Net cash outflow			**9.7**

If the acquisition had occurred on the 1 January 2009, management estimates that consolidated revenue for the period prior to the acquisition date would have been nil and consolidated losses for the period for the period prior to the acquisition date would have been € 3.8 million, predominantly representing 'care and maintenance' costs. In determining these amounts, management has assured that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on the 1 January 2009.

Acquisition of subsidiary: East-Tennessee Zinc mine complex

On 7 December 2009, the Group acquired a 100% interest in the East-Tennessee Zinc mine complex in Tennessee, US from the Glencore Group for € 87.2 million in cash.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Pre-acquisition carrying amounts €m	Fair value adjustments €m	Recognised values on acquisition €m
Property, plant and equipment	18.0	65.9	83.9
Intangible assets	—	4.5	4.5
Inventories	3.5	—	3.5
Cash and cash equivalents	1.9	—	1.9
Provisions	(3.9)	—	(3.9)
Trade and other payables	(2.7)	—	(2.7)
Net identifiable assets and liabilities	16.8	70.4	87.2
Goodwill on acquisition			—
Consideration paid, satisfied in cash			87.2
Cash acquired			1.9
Net cash outflow			**85.3**

If the acquisition had occurred on the 1 January 2009, management estimates that consolidated revenue for the period prior to the acquisition date would have been nil and consolidated losses for the period for the period prior to the acquisition date would have been € 10.5 million, predominantly

7 Acquisition of business (Continued)

representing 'care and maintenance' costs. In determining these amounts, management has assured that the fair value adjustments that arose on the date of the acquisition would have been the same if the acquisition had occurred on the 1 January 2009.

8 Employee benefits expense

Recognised in the income statement	December 2009 €m	December 2008 €m
Wages and salaries	**(164.6)**	(184.2)
Compulsory social security contributions	**(24.2)**	(31.9)
Contributions to defined contribution plans	**(8.6)**	(3.2)
Increase in liability for long-service leave	**(1.3)**	(1.7)
Expenses related to defined benefit plans	**(3.7)**	(4.9)
Equity-settled share based payment transactions	**(6.5)**	(1.0)
	(208.9)	(226.9)

The workforce at Nyrstar group comprised of 3,346 employees (full time equivalents) with 48% of our total personnel employed in Europe, 17 % in America and 35 % in Australia.

9 Finance income and expense

Recognised in the income statement	December 2009 €m	December 2008 €m
Finance income		
Interest income on cash and cash equivalents	**1.8**	7.4
	1.8	7.4
Finance expense		
Interest expense on loans and borrowings	**(6.4)**	(13.7)
Unwind of discount in provisions	**(4.3)**	(6.1)
Other finance charges	**(0.9)**	(1.3)
	(11.6)	(21.1)
Net foreign exchange gain/(loss)	**3.0**	(0.1)
Net financing income / (expense)	**(6.8)**	(13.8)

10 Income tax expense

a. Income tax expense recognised in the income statement

	December 2009 €m	December 2008 €m
Current income tax (expense)	**(7.7)**	(15.4)
Deferred income tax benefit	**4.4**	27.0
Income tax benefit/(expense)	**(3.3)**	11.6
Reconciliation of deferred income tax benefit:		
Deferred income tax benefit included in income tax expense comprises:		
Increase in deferred tax assets	**23.7**	(32.8)
Decrease in deferred tax liabilities	**(19.3)**	59.8
	4.4	27.0

10 Income tax expense (Continued)

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:

	December 2009 €m	December 2008 €m
Profit before income tax	**13.7**	(606.3)
Tax at aggregated weighted average tax rate	**(5.6)**	192.4
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Notional interest deduction	**32.7**	32.0
Non-taxable amounts	**(27.7)**	1.6
Net loss on disposal of equity accounted investees	**5.0**	(4.4)
Impairment of assets	**1.0**	(89.8)
Other	**(1.8)**	1.8
	3.6	133.6
Recognition of previously unrecognised tax losses	**37.0**	1.3
Recognition of previously unrecognised temporary differences	**10.6**	3.9
Non recognition of other temporary differences	**(46.7)**	(81.9)
Non recognition of tax losses	**(26.1)**	(56.3)
Overprovision for previous years income taxes	**6.2**	4.9
Irrecoverable withholding tax	**(1.8)**	(6.2)
Share of income tax of equity accounted investees	**—**	(1.9)
Foreign exchange differences	**13.9**	14.2
Income tax benefit / (expense)	**(3.3)**	11.6

Nyrstar recognised an income tax expense for the year ended 31 December 2009 of € 3.3 million representing a weighted average effective tax rate of 24.0% (1.9 % for the year ended 31 December 2008). The main items impacting on taxable income are the non-recognition of Deferred Tax Assets attributable to tax losses in the US, Belgium, France and Australia, the notional interest deduction in Belgium and the non-deductibility of interest in The Netherlands.

c. Income tax recognised directly in equity

	Dec 2009 €m	Dec 2008 €m
Income tax benefit / (expense) recognised on cash flow hedges	**9.8**	(9.4)
Income tax benefit / (expense) recognised on defined benefits pension schemes	**1.0**	2.6
Income tax benefit / (expense) recognised on foreign currency translation reserve	**—**	0.6
Total income tax recognised directly in equity	**10.8**	(6.2)

11 Property, plant and equipment

31 December 2009	Note	Land and buildings €m	Plant and equipment €m	Leased plant and equipment €m	Cyclical maintenance €m	Mining properties and development €m	Under construction €m	Total €m
Cost or deemed cost		111.7	938.2	1.6	56.7	63.7	52.9	1,224.8
Accumulated depreciation and impairment		(41.4)	(516.1)	(0.4)	(46.8)	—	(7.6)	(612.3)
Carrying amounts		**70.3**	**422.1**	**1.2**	**9.9**	**63.7**	**45.3**	**612.5**
Reconciliation of carrying amounts:								
Opening 1 January 2009		47.5	312.3	0.4	8.2	—	67.5	435.9
Acquired in business combination	7	8.6	56.2	—	—	62.7	3.4	130.9
Additions		0.2	9.5	0.5	1.3	—	56.4	67.9
Transfers		13.5	63.3	1.0	7.4	—	(85.2)	—
Disposals		(0.1)	(0.3)	—	—	—	—	(0.4)
Depreciation expense		(1.5)	(40.3)	(0.6)	(7.8)	—	—	(50.2)
Transferred to assets held for sale		—	—	—	—	—	—	—
Impairment		(0.4)	(1.2)	—	—	—	—	(1.6)
Exchange difference		2.5	22.6	(0.1)	0.8	1.0	3.2	30.0
Closing		**70.3**	**422.1**	**1.2**	**9.9**	**63.7**	**45.3**	**612.5**

31 December 2008	Note	Land and buildings €m	Plant and equipment €m	Leased plant and equipment €m	Cyclical maintenance €m	Mining properties and development €m	Under construction €m	Total €m
Cost or deemed cost		86.3	747.6	2.0	44.4	—	67.5	947.8
Accumulated depreciation and impairment		(38.8)	(435.3)	(1.6)	(36.2)	—	—	(511.9)
Carrying amounts		**47.5**	**312.3**	**0.4**	**8.2**	**—**	**67.5**	**435.9**
Reconciliation of carrying amounts:								
Opening 1 January 2008		83.1	648.8	1.3	9.7	—	58.9	801.8
Acquired in business combination	7	—	—	—	—	—	—	—
Additions		0.1	2.6	—	2.8		110.9	116.4
Transfers		3.8	66.7	—	12.2		(82.7)	—
Disposals		(0.2)	(0.5)	—	—		—	(0.7)
Depreciation expense		(1.7)	(64.6)	(0.8)	(12.6)	—	—	(79.7)
Transferred to assets held for sale		(1.5)	(2.1)	—	—	—	(1.1)	(4.7)
Impairment		(33.8)	(309.9)	—	(2.7)	—	(12.6)	(359.0)
Exchange difference		(2.3)	(28.7)	(0.1)	(1.2)	—	(5.9)	(38.2)
Closing		**47.5**	**312.3**	**0.4**	**8.2**	**—**	**67.5**	**435.9**

Impairment

The impact of impairment recognized in the 2009 income statement for € 2.4 million (net reversal) comprises of two transactions:

- a reversal of €4 million of previously recognised impairment losses of Nyrstar Yunnan Zinc Alloys Co Ltd (refer to note 21 for more details);
- in November 2009, Nyrstar announced its intention to close the operations of its wholly-owned subsidiary GM Metal. As a result, an impairment of €1.6 million has been recognised in respect of the fixed assets.

12 Intangible assets

31 December 2009	Note	Exploration & evaluation[(a)] €m	Goodwill €m	Patents and Trademarks €m	Emission Rights €m	Total €m
Cost		4.5	—	—	3.5	8.0
Accumulated amortisation		—	—	—	(0.7)	(0.7)
Carrying amounts		**4.5**	**—**	**—**	**2.8**	**7.3**
Reconciliation of carrying amounts:						
Opening 1 January 2009		—	—	—	3.0	3.0
Additions		—	—	—	0.1	0.1
Acquired in business combinations	7	4.5	—	—	—	4.5
Depreciation expense		—	—	—	(0.3)	(0.3)
Closing		**4.5**	**—**	**—**	**2.8**	**7.3**

31 December 2008	Note	Exploration & evaluation[(a)] €m	Goodwill €m	Patents and Trademarks €m	Emission Rights €m	Total €m
Cost		—	—	—	3.4	3.4
Accumulated amortisation		—	—	—	(0.4)	(0.4)
Carrying amounts		**—**	**—**	**—**	**3.0**	**3.0**
Reconciliation of carrying amounts:						
Opening 1 January 2008		—	254.8	1.2	—	256.0
Additions		—	—	—	3.4	3.4
Acquired in business combinations	7	—	—	—	—	—
Impairment loss		—	(254.8)	(1.2)	—	(256.0)
Depreciation expense		—	—	—	(0.4)	(0.4)
Closing		**—**	**—**	**—**	**3.0**	**3.0**

(a) Exploration and evaluation: useful life not determined until transferred to property, plant & equipment

13 Investments in equity accounted investees

A summary of the Group's investment in equity accounted investees is set out in the following table:

	Dec 2009 €m	Dec 2008 €m
Carrying amount at the beginning of the period	**25.0**	103.0
Movements of the period:		
Share of profit (after tax) of equity accounted investees	**4.0**	6.9
Distribution from joint venture	**(12.7)**	(26.8)
Increase in investment in equity accounting investee	**0.2**	—
Sale of investee	**—**	(50.1)
Exchange difference	**10.3**	(8.0)
Carrying amount at the end of the period	**26.8**	25.0

13 Investments in equity accounted investees (Continued)

Summary financial information for equity accounted investees, adjusted for the percentage ownership held by the Group, is as follows:

In € millions	Ownership %	Current assets	Non current assets	Current liabilities	Non current liabilities	Revenues	Profit / (loss)
31 December 2009							
ARA (Joint venture)	**50.0**	**5.5**	**49.1**	**(2.9)**	**(0.1)**	**23.8**	**3.7**
Genesis (Joint venture)	**50.0**	**1.8**	**0.8**	**(2.6)**	**—**	**8.4**	**(0.1)**
Föhl China (Associate)	**50.0**	**1.2**	**0.5**	**(0.6)**	**(0.2)**	**2.2**	**0.4**
		8.5	**50.4**	**(6.1)**	**(0.3)**	**34.4**	**4.0**
31 December 2008							
ARA (Joint venture)	50.0	4.7	34.3	(1.5)	(0.1)	26.0	6.3
Genesis (Joint venture)	50.0	3.4	0.7	(3.9)	—	13.7	0.3
Föhl China (Associate)	50.0	—	0.1	(0.1)	—	1.9	0.3
		8.1	35.1	(5.5)	(0.1)	41.6	6.9

During the year ended 31 December 2009, the Australian Refined Alloys joint venture made distributions totaling € 12.7 million. In accordance with Nyrstar accounting policy, the distribution was set-off against the equity accounted investment, reducing the carrying value of the investment in the Australian Refined Alloys joint venture.

14 Investments in equity securities

On 28 September 2009, the Group announced an agreement to acquire a 19.9% interest in Ironbark Zinc Limited (ASX-IBG) (Ironbark), an Australian publicly listed company for € 4.1 million in cash.

The acquisition occurred by way of an issue of new shares in Ironbark to the Group in two tranches. The first tranche, giving the Group a 13% interest, was completed on 6 October 2009 and the second tranche, increasing the Group's interest to 19.9%, was completed on 3 December 2009.

As part of the acquisition, Ironbark has also agreed to grant the Group a life of mine off-take agreement in relation to 35% of the production of the Citronen zinc-lead deposit once commercial production commences.

A summary of the Group's investment in other equity securities is set out in the following table:

	Dec 2009 €m	Dec 2008 €m
Carrying amount at the beginning of the period	**—**	—
Movements of the period:		
Purchase of investment	**4.1**	—
Changes in fair value	**1.4**	—
Carrying amount at the end of the period	**5.5**	—

15 Deferred tax assets and liabilities

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

15 Deferred tax assets and liabilities (Continued)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities consist of temporary differences attributable to:

	Assets Dec 2009 €m	Assets Dec 2008 €m	Liabilities Dec 2009 €m	Liabilities Dec 2008 €m	Net Dec 2009 €m	Net Dec 2008 €m
Employee benefits	8.5	6.8	—	—	8.5	6.8
Environmental provisions	9.3	8.6	—	—	9.3	8.6
Receivables	—	0.4	—	(8.1)	—	(7.7)
Other provisions	1.1	1.8	—	—	1.1	1.8
Embedded derivatives	—	—	(9.6)	—	(9.6)	—
Property, plant and equipment	25.2	19.5	(56.1)	(48.9)	(30.9)	(29.4)
Inventories	2.0	2.2	—	—	2.0	2.2
Deferred expenditure	—	0.8	(3.5)	(1.7)	(3.5)	(0.9)
Tax credit notional interest deduction	6.2	—	—	—	6.2	—
Tax losses carried forward	3.6	—	—	—	3.6	—
Other	2.6	—	0.2	(1.2)	2.8	(1.2)
Items recognised directly in equity	—	3.2	—	(9.4)	—	(6.2)
Tax (assets)/liabilities	58.5	43.3	(69.0)	(69.3)	(10.5)	(26.0)
Set off of tax	(19.4)	(28.9)	19.4	28.9	—	—
Net assets/ (liabilities)	39.1	14.4	(49.6)	(40.4)	(10.5)	(26.0)

Unrecognised deferred tax assets

	Balance 31 Dec 2007 €m	Additions €m	Balance 31 Dec 2008 €m	Additions €m	Balance 31 Dec 2009 €m
Deductible temporary differences	—	81.9	81.9	(3.6)	**78.3**
Tax losses	19.4	56.3	75.7	4.5	**80.2**
	19.4	138.2	157.6	0.9	**158.5**

Expiration of tax effected unrecognised temporary differences and tax losses

	Net deductible temporary differences Dec 09 €m	Tax losses c/fwd Dec 09 €m	Total Dec 09 €m	Net deductible temporary differences Dec 08 €m	Tax losses c/fwd Dec 08 €m	Total Dec 08 €m
No expiration date	**79.5**	**60.6**	**140.1**	75.2	63.1	138.3
Expiration date 7 years	**18.4**	**—**	**18.4**	6.7	—	6.7
Expiration date 9 years	**—**	**—**	**—**	—	12.6	12.6
	97.9	**60.6**	**158.5**	81.9	75.7	157.6

16 Other financial assets and liabilities

	Dec 2009 €m	Dec 2008 €m
Non-current assets		
Commodity contracts—fair value hedges	**23.9**	0.2
Fair value of underlying hedged risk	**—**	0.1
Embedded derivatives	**30.0**	52.4
	53.9	52.7
Current assets		
Commodity contracts—fair value hedges	**32.6**	0.8
Fair value of underlying hedged risk	**—**	8.9
Commodity contracts—held for trading	**—**	6.5
Foreign exchange contracts—held for trading	**0.8**	4.5
Embedded derivatives	**2.2**	5.0
	35.6	25.7
Non-current liabilities		
Commodity contracts—fair value hedges	**0.2**	0.1
Fair value of underlying hedged risk	**—**	0.2
	0.2	0.3
Current liabilities		
Commodity contracts—fair value hedges	**11.5**	8.6
Fair value of underlying hedged risk	**—**	1.3
Commodity contracts—held for trading	**—**	23.2
Foreign exchange contracts—held for trading	**5.8**	9.4
Embedded derivatives	**—**	—
Total current other financial liabilities	**17.3**	42.5

a. Instruments used by Nyrstar to manage exposure to currency and commodity price risk exposures

The fair value of derivatives hedging the inventories and the fixed forward sales contracts resulted in a net asset of € 44.8 million (31 December 2008 net payable: € 7.7 million) being recognised on the balance sheet.

The fair value of commodity and 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 payable of € 5.0 million (31 December 2008 net payable: € 21.6 million).

The Group's exposure to currency and commodity risk related to other financial assets and liabilities is disclosed in note 29.

b. Embedded derivatives

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 Group's consolidated balance sheet. The effective portion of changes in the fair value of the Group's embedded derivative are recognised in the cashflow hedge reserve in equity, whilst changes in the fair value of the ineffective hedge portion are recognised in the consolidated income statement.

The change in fair value on the effective portion of the Group's embedded derivatives during the year ended 31 December 2009 with a negative impact of € 32.7 million (31 December 2008: positive impact of €37.5 million) was recognised in the Cashflow hedge reserve whilst changes in fair value on

16 Other financial assets and liabilities (Continued)

the ineffective portion of € 5.3 million (31 December 2008: €7.3 million) were recognised in the income statement within energy expenses.

17 Inventories

	Dec 2009 €m	Dec 2008 €m
Raw materials	**212.1**	147.3
Work in progress	**170.0**	58.1
Finished goods	**41.4**	34.6
Stores and consumables	**36.6**	26.8
Fair value adjustment	**20.4**	—
Total inventories	**480.5**	266.8

Inventories of finished metals, concentrates and work in progress are valued at the lower of cost or net realisable value. In the year ended 31 December 2009 the negative impact of € 7.9 million, reported in previous year as net realisable value adjustment of inventories, has been reversed.

As the Group applies hedge accounting as described in note 3(h) as from 2009, the hedged items of inventories are valued at fair value. The fair value adjustment as part of the carrying value of inventories at 31 December 2009 amounts to €20.4 million.

18 Other liabilities

Current	Dec 2009 €m	Dec 2008 €m
Fair value of underlying hedged risk	**27.5**	—
Total current	**27.5**	—

Non-Current	Dec 2009 €m	Dec 2008 €m
Fair value of underlying hedged risk	**23.9**	—
Total non-current	**23.9**	—

The other liabilities relate to the fair value of the underlying hedged items on the fixed forward sales contracts for a total of € 51.4 million, being offset by the fair value of hedging derivatives on these fixed forward sales contracts as reported in note 16 Other financial assets and liabilities, which amounts to € 54.8 million as at 31 December 2009.

19 Trade and other receivables

	Dec 2009 €m	Dec 2008 €m
Trade receivables	**160.3**	179.6
Less: Provision for receivables impairment	**(4.5)**	(5.0)
Net trade receivables	**155.8**	174.6
Other receivables	**6.9**	19.5
Total trade and other receivables	**162.7**	194.1

The Group's exposure to currency and liquidity risk related to trade and other receivables is disclosed in note 29.

20 Cash and cash equivalents

	Dec 2009 €m	Dec 2008 €m
Cash at bank and on hand	**34.9**	104.8
Short-term bank deposits	**49.1**	192.2
Total cash and cash equivalents	**84.0**	297.0

Cash at bank or on hand and short-term deposits earned a combined weighted average interest rate of 0.20% for calendar year 2009 (31 December 2008: 1.86% per annum).

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 29.

21 Assets held for sale and disposal of subsidiaries

The intention to dispose of the Group's 60% interest in Nyrstar Yunnan Zinc Alloys Co Ltd (NYZA) to our joint venture partner, Yunnan Yun Tong Zinc Co Limited (YTZ), was originally announced in October 2008, at which time NYZA's assets and liabilities were classified as held for sale and an impairment loss of €39.6 million was recognised, impairing the investment in full. As at the 30 June 2009 a review of NYZA assets and liabilities held for sale was conducted, leading to a reversal of €4 million of previously recognised impairment losses. On 3 August 2009, the Group completed the sale of its 60% interest in NYZA to YTZ. The 2009 final sale generated proceeds amounting to € 5.1 million, resulting in a profit on disposal attributable to the Group of € 6.0 million.

	Note	Dec 2009 €m	Dec 2008 €m
Assets classified as held for sale			
Trade and other receivables		—	0.2
Inventories		—	3.1
Property, plant and equipment	11	—	4.7
Prepayments		—	0.3
Cash and short term deposits		—	2.9
		—	11.2
Liabilities classified as held for sale			
Trade and other payables		—	6.0
Interest bearing loans and borrowings		—	5.2
		—	11.2

22 Capital and reserves

Share capital and share premium

Based on the provisions of IFRS 3 *Business Combinations,* the Group's share capital under a reverse acquisition equates to that of the accounting acquirer plus any capital issued to acquire the accounting acquiree. Therefore the share capital and premium disclosed in the consolidated financial statements as at 31 December 2009, represents the combined share capital of the Zinifex Carve-out Group, € 371.6 million, plus the issuance of share capital to acquire the Nyrstar and Umicore Carve-out Group, € 883.8 million.

As at the 31 December 2009 the authorised share capital of Nyrstar NV comprised of 100 million ordinary shares (31 December 2008: 100 million) with a par value of € 14.91, previously € 20 with an additional share premium of € 1.95. This reduction refers to a decision by the extraordinary Shareholders' meetings held on 29 April 2009 and 23 May 2009 to decrease the share capital to absorb the retained losses arising from the 2008 impairment charge and thereby to restore the Company's potential future dividend capacity. The holders of ordinary shares are entitled to receive dividends as

22 Capital and reserves (Continued)

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.

Dividends

In respect of the year ended 31 December 2009 a dividend of € 0.10 per share, amounting to a total dividend of € 10.0 million, is to be proposed at the annual general meeting on 28 April 2010. These financial statements do not reflect this dividend payable.

Reconciliation of movement in reserves

€ millions	Treasury shares	Translation reserve	Reverse acquisition reserve	Cashflow hedge reserve	Convertible bond	Investments reserve	Total
Balance at 1 January 2009	**(6.2)**	**(34.8)**	**(273.0)**	**28.1**	**—**	**—**	**(285.9)**
Reverse acquisition of Zinifex Carve-out Group	—	—	—	—	—	—	**—**
Other comprehensive income	—	68.5	—	(22.8)	—	1.4	**47.1**
Acquisition of treasury shares	—	—	—	—	—	—	**—**
Convertible bond — equity component	—	—	—	—	8.8	—	**8.8**
Balance at 31 December 2009	**(6.2)**	**33.7**	**(273.0)**	**5.3**	**8.8**	**1.4**	**(230.0)**

€ millions	Treasury shares	Translation reserve	Reverse acquisition reserve	Cashflow hedge reserve	Convertible bond	Investments reserve	Total
Balance at 1 January 2008	**—**	**32.6**	**(241.5)**	**—**	**—**	**—**	**(208.9)**
Reverse acquisition of Zinifex Carve-out Group	—	—	(31.5)	—	—	—	**(31.5)**
Other comprehensive income	—	(67.4)	—	28.1	—	—	**(39.3)**
Acquisition of treasury shares	(6.2)	—	—	—	—	—	**(6.2)**
Convertible bond — equity component	—	—	—	—	—	—	**—**
Balance at 31 December 2008	**(6.2)**	**(34.8)**	**(273.0)**	**28.1**	**—**	**—**	**(285.9)**

a. Treasury shares

The treasury shares reserve comprises the par value of the Company's share held by the Group. As at 31 December 2009, the Group held 310 thousand of the Company's shares (equal to 31 December 2008).

The difference between the par value of the treasury shares purchased (€ 6.2 million) and the consideration paid for the treasury shares which includes directly attributable costs (€ 1.7 million) of € 4.5 million is recognised directly in retained earnings.

b. Translation reserve

Foreign currency differences arising on the translation of the financial statements of foreign controlled entities are taken to the foreign currency translation reserve, as described in accounting policy note 3(b).

22 Capital and reserves (Continued)

c. Reverse acquisition reserve

The reverse acquisition reserve of € 273.0 million (equal to December 2008), presented as a separate component of equity is made-up as follows:

	€m
Parent's company carrying value of investment (Purchase price to acquire Zinifex Carve-out Group)	1,552.6
Carrying value of the shares of Nyrstar acquired	(1,311.1)
Reverse acquisition reserve 31 December 2007	**241.5**
Purchase price adjustment under the BCSA[(1)]	31.5
Reverse acquisition reserve 31 December 2008	**273.0**

(1) In the first half of 2008, Nyrstar was required to pay Zinifex Ltd € 30.1 million as a final purchase price adjustment under the Business Combination and Shareholders Agreement (''BCSA'') for the transfer of Zinifex zinc and lead smelting and alloying businesses.

In addition, receivables of € 1.4 million held by entities formerly known as the Zinifex Carve-out Group, were identified as purchase price adjustments under the BCSA.

Both payments increase the parent company's carrying value of investment in the Zinifex Carve-out Group and hence increases the value of the reverse acquisition reserve.

d. Cashflow hedge reserve

The cashflow hedge reserve comprises the effective portion of the cumulative net change in the fair value and associated tax effect of an embedded derivative contained in the Hobart smelter electricity contract with its electricity supplier.

e. Convertible bond

The amount represents the value of the conversion rights of compound financial instruments, recognised in equity as described in accounting policy note 3 (m) relating to the convertible bond issued in July 2009 (Note 23).

f. Investments in equity securities

The investment reserve comprises the changes in fair value of investments in equity securities determined by reference to their quoted closing bid prices, recognised in equity as described in accounting policy note 3 (g).

g. Disclosure of the shareholders' structure

The Group's major shareholders based on notifications of significant shareholdings received as at 31 December 2009 were:

Shareholder's name	Shareholder's address	Date of notification	Number of voting rights	% Shareholding
BlackRock Group	33 King William Street, London EC4R 9AS, UK	7/12/2009	10,308,767	10.31
Glencore Holdings AG	Baarmattstrasse 3, 6340 Baar, Switzerland	9/2/2009	7,791,622	7.79
Umicore N.V.	Broekstraat 31, 1000 Brussels, Belgium	1/9/2008	5,251,856	5.25
			23,352,245	**23.35**

23 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 29.

	Dec 2009 €m	Dec 2008 €m
Non-current		
Unsecured bank loans	**0.3**	149.8
Convertible bond	**109.2**	—
Finance lease liabilities	**0.5**	—
	110.0	149.8
Current		
Unsecured bank loans	**9.3**	0.2
Other loans	**1.9**	—
Finance lease liabilities	**0.8**	0.3
	12.0	0.5

Convertible bonds

On 2 July 2009, the Company issued € 105 million unsubordinated unsecured convertible bonds, with a five year term, due 2014. On 7 July 2009, the Company completed the exercise of the € 15 million over-allotment option, increasing the overall size of the offering to € 120 million. The extra-ordinary general meeting held by the Company on 25 August 2009, approved the issue of new ordinary shares upon conversion of the bonds.

The bonds have been issued at 100 per cent of their principal amount and have a coupon of 7 per cent per annum, payable semi-annually in arrears. The conversion price is € 7.6203 per share, corresponding to a premium of 27.5%.

The conversion right in respect of a bond may be exercised, 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 for redemption prior to the final maturity date, until the seventh day before the date fixed for redemption.

If all of the Bonds were to be converted into new ordinary shares at the aforementioned conversion price, 15,747,411 new ordinary shares would be issued, representing a dilution of 15.7 % of the Company's ordinary share capital.

The Bonds are listed on the Luxemburg Stock Exchange's Euro MTF Market.

The convertible bonds are presented in the statement of financial position as follows:

	Dec 2009 €m
Proceeds from issue of convertible bonds	**120.0**
Transaction costs	**(2.5)**
Net proceeds	**117.5**
Amount classified as equity	**(8.8)**
Accretion	**0.5**
Carrying amount of liability at 31 December 2009	**109.2**

The liability component of the convertible bond has been determined on initial recognition at fair value by discounting the principal and the interest cash flows of the bond using an interest rate for similar bonds without an equity component set at 9.09%.

23 Loans and borrowings (Continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest rate	Year of maturity	Dec 2009 €m Face value	Dec 2009 €m Carrying amount	Dec 2008 €m Face value	Dec 2008 €m Carrying amount
		EURIBOR					
Unsecured bank loan	EUR	+32.5bp	2010	**—**	**—**	150.0	150.0
Unsecured bank loan	USD	12.00%	2010	**9.1**	**9.1**	—	—
Convertible bonds	EUR	7.00%	(*)2014	**120.0**	**109.2**		
Finance lease liabilities	AUD	6.20%	2011	**1.3**	**1.3**	0.3	0.3
Other	USD	—	2010	**1.9**	**1.9**	—	—
Other	EUR	—	2010	**0.5**	**0.5**	—	—
Total interest bearing liabilities				**132.8**	**122.0**	150.3	150.3

(*) The Company may, at any time on or after 10 July 2012, redeem the 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.

Finance lease liabilities	Dec 2009 €m	Dec 2008 €m
Commitments in relation to finance leases are payable as follows		
Within one year	**0.8**	0.3
Later than one year but not later than five years	**0.5**	—
Recognised as a liability	**1.3**	0.3

The Group's exposure to liquidity and currency risk related to loans and borrowings is disclosed in note 29.

24 Provisions

31 December 2009	Current portion: Restoration	Current portion: Restructure	Current portion: Workers' compensation and other	Current portion: Total	Non-current portion: Restoration	Non-current portion: Restructure	Non-current portion: Workers' compensation	Non-current portion: Total
Carrying amount at start of period	12.9	24.1	2.1	**39.1**	108.0	—	3.2	**111.2**
Payments/other sacrifices of economic benefits	(1.4)	(19.4)	(1.9)	**(22.7)**	(5.5)	(0.3)	—	**(5.8)**
Acquired in business combination	—	—	—	**—**	17.6	—	—	**17.6**
Additional provisions/(reversal of provisions)	3.3	23.8	1.0	**28.1**	(15.1)	0.2	0.1	**(14.8)**
Transfers	(0.6)	(12.4)	—	**(13.0)**	—	4.7	—	**4.7**
Unwind of discount	—	—	—	**—**	1.2		0.2	**1.4**
Foreign exchange translation	0.4	1.3	0.2	**1.9**	8.0	0.1	0.5	**8.6**
Carrying amount at end of period	**14.6**	**17.4**	**1.4**	**33.4**	**114.2**	**4.7**	**4.0**	**122.9**

24 Provisions (Continued)

31 December 2008	Current portion				Non-current portion			
	Restoration	Restructure	Workers' compensation and other	Total	Restoration	Restructure	Workers' compensation	Total
Carrying amount at start of period	15.1	—	2.8	**17.9**	112.4	—	3.6	**116.0**
Payments/other sacrifices of economic benefits	(7.0)	—	(1.9)	**(8.9)**	(1.3)	—	—	**(1.3)**
Acquired in business combination						—		
Additional provisions	4.3	24.1	1.2	**29.6**	1.8	—	—	**1.8**
Unwind of discount	—	—	—	**—**	3.8	—	0.2	**4.0**
Foreign exchange translation	0.5	—	—	**0.5**	(8.7)	—	(0.6)	**(9.3)**
Carrying amount at end of period	**12.9**	**24.1**	**2.1**	**39.1**	**108.0**	**—**	**3.2**	**111.2**

Restoration provisions

Restoration work on the projects provided for is estimated to occur progressively over the next 15 years. The discount rates applied to the carrying values is 7.5% (31 December 2008: 7.5%) for all environmental provisions.

Restructuring provisions

In 2009 Nyrstar continued its global organisational restructuring program over a two year period concluding in 2010, with the objective of reducing costs and positioning the Company for a long-term sustainable future. As a result, a provision of €24.0 million has been made for 2009, in addition to the €24.1 million provision in 2008. This program Incorporates the previously announced Balen restructuring program and Global Marketing and Services restructuring program, and the recently announced closure of GM Metal. The total cost of the program, including termination, associated consulting fees and employee termination benefits is estimated to be €48.1 million, with a provision of €22.1 million remaining at 31 December 2009.

Workers' compensation and other provisions

Workers' compensation payments made by self insured operations (applicable for the following Group entities: Nyrstar Port Pirie Pty Ltd, Nyrstar Hobart Pty Ltd and Nyrstar Clarksville Inc) will continue over the life of the operations. The weighted average discount rate applied to the carrying values of workers' compensation is 3.6% (31 December 2008: 3.0%).

It is anticipated that all other provisions will be satisfied within the next twelve months.

25 Employee benefits

Non-current employee provisions	Dec 2009 €m	Dec 2008 €m
Long service leave[a]	**3.5**	1.7
Retirement plans[b]	**39.0**	31.8
Other	**7.7**	4.3
	50.2	37.8

Current employee provisions	Dec 2009 €m	Dec 2008 €m
Annual leave and long service leave[a]	**22.6**	24.0
Other	**15.6**	8.2
	38.2	32.2

25 Employee benefits (Continued)

(a) Annual leave and long service leave

Annual leave is 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.

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 government bonds with terms to maturity and currency that match the estimated future cash flows.

(b) 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 contribution plans

- Nyrstar Australia Pty Limited Superannuation Accumulation Plan
- Group Stakeholder Pension Plan

Defined benefit plans

- Nyrstar Australia Pty Limited Superannuation Defined Benefit Plan, reviewed at the settlement date of the plan as at 31 August 2009.
- 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 2009.
- 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 2009.
- 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 2009.
- Nyrstar Finance SA/NV: Staff Cash Balance Plan, Staff Complementary Savings Plan, reviewed as at 31 December 2009.
- Nyrstar NV : Staff Cash Balance Plan, Staff Complementary Savings Plan, reviewed as at 31 December 2009.
- Nyrstar Sales & Marketing NV : Staff Cash balance plan, Staff Complementary Savings Plan, reviewed as at 31 December 2009.
- Nyrstar France Régime d'Indemnités de Fin de Carrière and Régime du Mutuelle, reviewed as at 31 December 2009.
- Nyrstar Germany GmbH, closed Defined Benefit plan, reviewed as at 31 December 2009.
- Galva 45 SA Régime d'Indemnités de Fin de Carrière, reviewed as at 31 December 2009.
- GM Metal SAS Régime d'Indemnités de Fin de Carrière, reviewed as at 31 December 2009.

25 Employee benefits (Continued)

Medical benefit plans

- Nyrstar Clarksville Inc Post Retirement Medical Benefit and Life Insurance Plan (''PRMB&LI''), reviewed as at 31 December 2009. Defined benefit accounting is applied for the PRMB&LI.
- Nyrstar France Régime de Médailles du Travail, reviewed as at 31 December 2009.

The amounts recognised on the balance sheet have been determined as follows:

	Dec 2009 €m	Dec 2008 €m
Present value of funded obligations	**51.4**	62.8
Present value of unfunded obligations	**29.4**	15.1
Total present value of obligations	**80.8**	77.9
Fair value of plan assets	**(41.2)**	(45.4)
Unrecognised past service costs	**(0.6)**	(0.7)
Total recognised retirement benefit obligations	**39.0**	31.8

Plan assets comprise:

	Dec 2009 €m	Dec 2008 €m
Cash	**0.4**	1.5
Equity instruments	**13.1**	14.5
Debt instruments	**14.9**	14.1
Property	**—**	1.0
Other assets	**12.8**	14.3
	41.2	45.4

Plan assets split by major category are not available for the Nyrstar Budel BV Excedent Pension Plan, therefore all assets been classified within other assets.

The changes in the present value of the defined benefit obligations are as follows:

	Dec 2009 €m	Dec 2008 €m
Defined benefit obligations at start of period	**77.9**	82.0
Current service cost	**2.4**	3.3
Interest cost	**4.5**	6.5
Actuarial (gains)/losses recognised in equity	**6.1**	(6.8)
Contributions paid into the plans by participants	**0.2**	0.6
Benefits paid by the plans	**(8.4)**	(9.9)
Plan amendment	**5.9**	(0.4)
Plan settlement	**(8.1)**	—
Acquisitions/divestures	**—**	9.9
Foreign exchange translation	**0.3**	(7.3)
Defined benefit obligations at end of period	**80.8**	77.9

25 Employee benefits (Continued)

The changes in the present value of plan assets are as follows:

	Dec 2009 €m	Dec 2008 €m
Fair value of plan assets at start of period	**45.4**	59.0
Expected return on plan assets	**2.5**	4.9
Actuarial gains/ (losses) recognised in equity	**2.8**	(11.7)
Contributions paid into the plans by employer	**4.0**	9.3
Contributions paid into the plans by participants	**0.2**	0.6
Benefits paid by the plan	**(6.2)**	(9.9)
Plan settlement	**(8.1)**	—
Acquisitions/divestures	**—**	0.4
Exchange difference	**0.6**	(7.2)
Fair value of plan assets at end of period	**41.2**	45.4

The expense recognised in the income statement is as follows:

	Dec 2009 €m	Dec 2008 €m
Current service cost	**(2.4)**	(3.3)
Interest cost	**(4.5)**	(6.5)
Amortisation of actuarial gains/(losses)	**(0.1)**	—
Amortisation of curtailment	**0.8**	—
Expected return on plan assets	**2.5**	4.9
Total amounts included in employee benefits expense	**(3.7)**	(4.9)

The actuarial gains and losses recognised directly in equity are as follows:

	Dec 2009 €m	Dec 2008 €m
Cumulative at start of period	**1.6**	6.5
Recognised during the period	**(3.3)**	(4.9)
Cumulative at end of period	**(1.7)**	1.6

Principal actuarial assumptions

The principal actuarial assumptions used at the reporting date (expressed as weighted averages):

	Dec 2009 €m	Dec 2008 €m
Discount rate	**5.27%**	6.20%
Expected return on plan assets	**5.59%**	6.20%
Expected future salary increases	**2.00%**	3.75%
Annual increase in healthcare costs		
Initial trend rate	**5.74%**	5.90%
Ultimate trend rate	**4.10%**	4.10%
Years until ultimate is reached	**3**	3

The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The expected rate of return is based on historical returns.

26 Trade and other payables

	Dec 2009 €m	Dec 2008 €m
Current		
Trade payables	**239.7**	149.4
Other payables	**8.9**	7.6
Total trade and other payables	**248.6**	157.0

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 29.

27 Share-based payments

The Company has established an Employee Share Acquisition Plan (''ESAP'') and an Executive Long Term Incentive Plan (''LTIP'') (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

Under the ESAP Grant 1 eligible employees who were employed by the Group at the grant date or six months thereafter were awarded a conditional right to receive Nyrstar shares.

Under the ESAP Grant 2 eligible employees who were employed by the Group at the grant date or three months thereafter were awarded a conditional right to receive Nyrstar shares.

The terms of the grants are detailed in the table below:

	Grant 1	Grant 2
Effective Grant Date	1 November 2007	29 October 2008
Performance Period	3 years to 1 November 2010	3 years to 29 October 2011
Performance Criteria	Employee remains in service to the 1 November 2010	Employee remains in service to the 29 October 2011
Vesting Date	1 November 2010	29 October 2011
Settlement[a]	Shares	Shares
Shares awarded per employee	50	50
Fair Value of ESAP at grant date (euro per share)	17.34	1.43

(a) The Board has the discretion to settle the award in shares or cash equivalent. However, the Company does not have a present obligation to settle in cash and as such the award is currently valued as equity settled. If this position changes and the awards become 'cash settled' then the fair value will need to be re-measured.

If a participating employee leaves the Group prior to the vesting date, he or she will either forfeit his or her rights under the Employee Award. Notwithstanding the above performance criteria the award will vest in full immediately in case the participating employee dies before his award has vested or in case the participating employee leaves the company by reason of official retirement before his award has vested.

Employees will not be entitled to dividends, voting or other ownership rights in respect of the Employee Awards until they vest.

The fair value of services received in return for the shares issued under the ESAP is based on the fair value of the shares granted which for the period to 31 December 2009 was € 0.7 million before tax effects (31 December 2008: € 0.7 million).

27 Share-based payments (Continued)

Movement of ESAP shares awarded

The following table sets out the movement in the number of equity instruments granted during the period in relation to the ESAP:

Date	Movement	Grant 1	Grant 2	Total
1 January 2009	Opening Balance	**154,500**	**160,700**	**315,200**
31 December 2009	Forfeitures	(19.000)	(19,850)	(38,850)
31 December 2009	**Closing Balance**	**135,500**	**140,850**	**276,350**

Date	Movement	Grant 1	Grant 2	Total
1 January 2008	Opening Balance	193,250	—	193,250
29 October 2008	Initial allocation	—	160,700	160,700
31 December 2008	Forfeitures	(38,750)	—	(38,750)
31 December 2008	**Closing Balance**	**154,500**	**160,700**	**315,200**

Executive Long Term Incentive Plan

In April 2008 an initial grant (Grant 1) was made in accordance with the rules and conditions of the Executive Long Term Incentive Plan (LTIP). This 2008 Grant consists of 3 tranches of which the key terms are set out below.

During the first half of 2009 a second grant (Grant 2) was made in accordance with the rules and conditions of the LTIP. The effective accounting grant date of Grant 2 is 30 June 2009 and the performance period over which the performance conditions are assessed is three years, commencing 1 January 2009. Settlement of the awarded shares can be either in the way of an allocation of shares or a cash payment.

Towers Watson Limited was engaged to determine the fair value of awards issued under LTIP at grant date and 31 December 2009. Fair values have been calculated using the Monte Carlo simulation model.

	GRANT 1	GRANT 1	GRANT 1	GRANT 2
	Tranche 1	Tranche 2	Tranche 3	Tranche 1
Effective Grant Date	23 April 2008	23 April 2008	23 April 2008	30 June 2009
Performance Period	12 months to 31 December 2008	1 January 2008 to 31 December 2009	1 January 2008 to 31 December 2010	1 January 2009 to 31 December 2011
Performance Criteria[a]	Executive remains in service to the 31 December 2008	—zinc price 50% —MSCI 50% Executive remains in service to the 31 December 2009	—zinc price 50% —MSCI 50% Executive remains in service to the 31 December 2010	—zinc price 50% —MSCI 50% Executive remains in service to the 31 December 2011
Vesting Date	1 January 2011	1 January 2011	1 January 2011	31 December 2011
Settlement[b]	Cash	Cash	Share	Share/cash
Fair Value of LTIP at grant date (euro per share)				
— remains in service	€13.3	N/A	N/A	N/A
— ROCE	N/A	€12.80	€12.31	N/A
— TSR	N/A	€6.35	€6.76	N/A
— Price of zinc	N/A	N/A	N/A	€3.20
— MSCI	N/A	N/A	N/A	€3.45
Fair Value of LTIP at 31 December 2009 (euro per share)				
— remains in service	€8.34	N/A	N/A	N/A
— Price of zinc	N/A	€5.34	€12.31	€3.20
— MSCI	N/A	€8.34	€6.76	€3.45

27 Share-based payments (Continued)

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.

The fair value of services received in return for the shares issued under the LTIP is based on the fair value of the share options granted which for the period to 31 December 2009 amounts to :

Grant 1 : € 4.3 million before tax effects (31 December 2008: € 0.9 million)

Grant 2 : € 1.3 million before tax effects (31 December 2008: nil)

(a) Performance criteria

The performance conditions are set out below.

Executive remains in service to 31 December 2008.

The eligible employee under the LTIP is to remain an employee of Nyrstar NV or its subsidiaries until the 31 December 2008.

Price of zinc / MSCI

To ensure that the LTIP is aligned with maximising shareholder returns, the Board has set two performance conditions, which are weighted equally at fifty percent. The performance conditions of Grant 1 (tranches 2 and 3) were modified on 28 April 2009 to become the same as the performance conditions for Grant 2.

There are two separate performance conditions with an equal number of awards granted under each condition. 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 :

—Price of zinc

—MSCI World Metals and Mining Index

Shares are awarded pro rata to executives 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%) Annual 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%) Annual 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.

In accordance with IFRS 2, modifying an equity settled award is accounted for by continuing to spread the charge relating to the original award based on the original fair value and vesting period. In addition, the incremental charge calculated at the date of the replacement would be spread over the vesting period of the replacement award. No incremental charge has been recognized since the post modification performance conditions as set out above, result in lower fair values than under the former performance conditions applicable to Grant 1 (Return on Capital Employed and Total Shareholder Return).

27 Share-based payments (Continued)

(b) Settlement

Tranche 1 and 2 under LTIP Grant 1 are cash settled share based payment plans and accordingly the tranches are to be revalued at each reporting date.

The Board has the discretion to settle LTIP Grant 2 award in shares or cash equivalent. However, the Company does not have a present obligation to settle in cash and as such the award is currently valued as equity settled. If this position changes and the awards become 'cash settled' then the fair value will need to be re-measured.

Movement of LTIP shares awarded

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

		GRANT 1			GRANT 2	
Date	**Movement**	**Tranche 1**	**Tranche 2**	**Tranche 3**		**Total**
1 January 2009	Opening Balance	**296,337**	**296,337**	**296,337**	**—**	**889,011**
30 June 2009	Initial allocation	—	—	—	2,003,351	2,003,351
31 December 2009	Forfeitures	(3,600)	(74,382)	(61,805)	—	(139,787)
31 December 2009	**Closing Balance**	**292,737**	**221,955**	**234,532**	**2,003,351**	**2,752,575**

		GRANT 1			GRANT 2	
Date	**Movement**	**Tranche 1**	**Tranche 2**	**Tranche 3**		**Total**
1 January 2008	Opening Balance	—	—	—	—	—
30 June 2008	Initial allocation	301,058	301,058	301,058	—	903,174
31 December 2008	Forfeitures	(4,721)	(4,721)	(4,721)	—	(14,163)
31 December 2008	**Closing Balance**	**296,337**	**296,337**	**296,337**	**—**	**889,011**

28 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share (EPS) at 31 December 2009 was based on the profit attributable to ordinary shareholders of € 10.0 million and a weighted average number of ordinary shares outstanding of 99.7 million.

The basic EPS is calculated as follows:

	Dec 2009 €m	Dec 2008 €m
Profit/(loss) attributable to ordinary shareholders (basic)	10.0	(584.9)
Weighted average number of ordinary shares (in millions)		
Issued ordinary shares at start of period	100.0	100.0
Treasury shares	(0.3)	(0.1)
Weighted average number of ordinary shares (basic) at end of period	99.7	99.9
Earnings per share (basic)	0.10	(5.85)

28 Earnings per share (Continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share (EPS) at 31 December 2009 was based on the profit attributable to ordinary shareholders (diluted) of €14.9 million and a weighted average number of ordinary shares outstanding of 107.5 million.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of dilutive potential ordinary shares. The convertible bond is assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense, net of tax, resulting from the liability component of the convertible bond.

The diluted EPS is calculated as follows

	Dec 2009 €m	Dec 2008 €m
Profit/(loss) attributable to ordinary shareholders (basic)	10.0	(584.9)
Interest expense on convertible bond, net of tax	4.9	—
Profit/(loss) attributable to ordinary shareholders (diluted)	14.9	(584.9)
Weighted average number of ordinary shares (in millions)		
Issued ordinary shares at start of period	100.0	100.0
Effect of conversion of convertible bond	7.8	—
Treasury shares	(0.3)	(0.1)
Weighted average number of ordinary shares (diluted) at end of period	107.5	99.9
Earnings per share (diluted)	**0.14**	(5.85)

29 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:

	Dec 2009 €m	Dec 2008 €m
Trade and other receivables	**162.7**	194.1
Cash and cash equivalents	**84.0**	297.0
Forward exchange contracts used for hedging: Assets	**—**	10.0
Forward exchange contracts held for trading: Assets	**0.8**	11.0
	247.5	512.1

29 Financial Instruments (Continued)

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

	Dec 2009 €m	Dec 2008 €m
Domestic euro-zone countries	**85.8**	98.8
Asia	**23.3**	11.5
United States	**9.6**	27.5
Other European countries	**21.3**	30.8
Other regions	**22.7**	25.5
	162.7	194.1

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Dec 2009 €m	Dec 2008 €m
Wholesale customers	**144.6**	153.0
End-user customers	**18.1**	41.1
	162.7	194.1

(ii) Ageing analysis

The aging of trade and other receivables at the reporting date was:

	Dec 2009 €m	Dec 2008 €m
Not past due	**136.1**	173.0
Past due 0-30 days	**18.8**	13.5
Past due 31-120 days	**2.5**	5.4
Past due 121 days—one year	**1.0**	—
More than one year	**4.3**	2.2
	162.7	194.1

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 principal be irrevocable, confirmed with approved financial institutions.

29 Financial Instruments (Continued)

Credit risk arising from dealings in financial instruments is controlled by a strict policy of credit approvals, limits and monitoring procedures. We confirm that our credit quality is strong with no financial assets rated below investment grade.

(b) Liquidity risk management

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2009 €m	Carrying Amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years
Non-derivative financial liabilities						
Finance lease liabilities	(1.3)	(1.3)	(0.4)	(0.4)	(0.5)	—
Loans and borrowings	(120.7)	(120.7)	(11.2)	—	(0.1)	(109.4)
Trade and other payables	(248.6)	(248.6)	(248.6)	—	—	—
Derivative financial liabilities						
Commodity contracts—fair value hedges	(11.7)	(11.7)	(11.1)	(0.5)	(0.1)	—
Fair value of underlying hedged risk	—	—	—	—	—	—
Commodity contracts—held for trading	—	—	—	—	—	—
Foreign exchange contracts—held for trading	(5.8)	(5.8)	(5.8)	—	—	—

31 December 2008 €m	Carrying Amount	Contractual cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years
Non-derivative financial liabilities						
Finance lease liabilities	(0.3)	(0.3)	(0.2)	(0.1)	—	—
Loans and borrowings	(150.0)	(150.0)	—	—	(150.0)	—
Trade and other payables	(157.0)	(157.0)	(157.0)	—	—	—
Derivative financial liabilities						
Commodity contracts—fair value hedges	(8.7)	(8.7)	(5.7)	(3.0)	—	—
Fair value of underlying hedged risk	(1.5)	(1.5)	(1.0)	(0.5)	—	—
Commodity contracts—held for trading	(23.2)	(23.2)	(13.2)	(7.7)	(2.3)	—
Foreign exchange contracts—held for trading	(9.4)	(9.4)	(9.4)	—	—	—

29 Financial Instruments (Continued)

(c) Currency risk

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	31 December 2009				31 December 2008			
€m	EURO	USD	AUD	OTHER	EURO	USD	AUD	OTHER
Trade and other receivables	**79.6**	**69.2**	**9.9**	4.0	96.3	90.1	6.9	0.8
Loans and borrowings	**(109.8)**	**(10.9)**	**(1.3)**	—	(150.0)	—	—	
Trade and other payables	**(102.6)**	**(115.9)**	**(28.5)**	(1.6)	(115.8)	(27.1)	(13.4)	(0.4)
Gross balance sheet exposure	**(132.8)**	**(57.6)**	**(19.9)**	2.4	(169.5)	63.0	(6.5)	0.4
Foreign exchange contracts	**120.1**	**(261.8)**	**152.9**	(16.0)	151.1	(174.3)	27.5	(1.8)
Commodity contracts		**134.1**			—	(13.4)	—	—
Net exposure	**(12.7)**	**(185.3)**	**133.0**	(13.6)	(18.4)	(124.7)	21.0	(1.4)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	Dec 2009	Dec 2008	Dec 2009	Dec 2008
Euro: USD	**1.3948**	1.4707	**1.4406**	1.3917
Euro: AUD	**1.7727**	1.7416	**1.6008**	2.0274

Sensitivity analysis

A strengthening of the average USD and AUD against the Euro of € 0.01 for the period would have increased (decreased) equity and the income statement by the amounts shown below. This analysis assumes that all other variables, in particular, commodity prices, remain constant.

	Dec 2009 €m	Dec 2008 €m
USD	7.8	10.7
AUD	(3.1)	(4.0)

A weakening of the average USD and AUD against the Euro of € 0.01 for the period would have increased (decreased) equity and the income statement by the amounts shown below. This analysis assumes that all other variables, in particular, commodity prices, remain constant.

	Dec 2009 €m	Dec 2008 €m
USD	(7.8)	(10.7)
AUD	3.1	4.0

(d) Commodity price risk management

Nyrstar is exposed to commodity price volatility on commodity sales and raw materials purchased by refineries and smelters. 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 and lead 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.

29 Financial Instruments (Continued)

The following table sets out a summary of the face value of derivative contracts hedging commodity price risks at 31 December 2009.

31 December 2009	Average Price US$	6 mths or less €m	6-12 mths €m	12-18 mths €m	18 mths + €m	Total €m
	per tonne					
Zinc						
Contracts purchased	1,941	(40.4)	(14.6)	(0.8)	(0.2)	(56.0)
Contracts sold	2,332	130.8	3.8	0.5	0.1	135.2
Net position		90.4	(10.8)	(0.3)	(0.1)	79.2
Lead						
Contracts purchased	2,386	(3.4)	—	—	—	(3.4)
Contracts sold	2,314	16.4	—	—	—	16.4
Net position		13.0	—	—	—	13.0
	per ounce					
Silver						
Contracts purchased	17.71	(2.9)	—	—	—	(2.9)
Contracts sold	17.46	44.7	—	—	—	44.7
Net position		41.8	—	—	—	41.8

The following table sets out a summary of the face value of derivative contracts hedging commodity price risks at 31 December 2008.

31 December 2008	Average Price US$	6 mths or less €m	6-12 mths €m	12-18 mths €m	18 mths + €m	Total €m
	per tonne					
Zinc						
Contracts purchased	1,398	(74.0)	(28.0)	(3.9)	(2.5)	(108.4)
Contracts sold	1,120	116.9	1.4	—	—	118.3
Net position		42.9	(26.6)	(3.9)	(2.5)	9.9
Lead						
Contracts purchased	1,456	(27.1)	—	—	—	(27.1)
Contracts sold	1,152	19.6	—	—	—	19.6
Net position		(7.5)	—	—	—	(7.5)
	per ounce					
Silver						
Contracts purchased	10.30	(3.4)	—	—	—	(3.4)
Contracts sold	10.30	22.2	—	—	—	22.2
Net position		18.8	—	—	—	18.8

Sensitivity analysis

A US$100 per tonne strengthening of the USD zinc price and USD lead price for the period would have increased equity and the income statement before tax by € 19.0 million (31 December 2008: €17.0 million) and € 0.7 million respectively (31 December 2008: € 0.6 million). This analysis assumes that all other variables, in particular exchange rates, remain constant.

29 Financial Instruments (Continued)

(e) Financial Instruments by category

Assets per balance sheet	31 December 2009				31 December 2008			
	Loans and Receivables €m	Assets at fair value through profit and loss €m	Derivatives used for hedging €m	Total €m	Loans and Receivables €m	Assets at fair value through profit and loss €m	Derivatives used for hedging €m	Total €m
Derivative financial instruments	**—**	**21.5**	**68.0**	**89.5**	—	32.5	45.9	78.4
Trade and other receivables excluding prepayments	**162.7**	**—**	**—**	**162.7**	194.1	—	—	194.1
Cash and cash equivalents	**84.0**	**—**	**—**	**84.0**	297.0	—	—	297.0
Total	**246.7**	**21.5**	**68.0**	**336.2**	491.1	32.5	45.9	569.5

Liabilities per balance sheet	31 December 2009				31 December 2008			
	Liabilities at fair value through profit and loss €m	Derivatives used for hedging €m	Other financial liabilities at amortised cost €m	Total €m	Liabilities at fair value through profit and loss €m	Derivatives used for hedging €m	Other financial liabilities at amortised cost €m	Total €m
Borrowings (excluding finance lease liabilities)	**—**	**—**	**(120.7)**	**(120.7)**	—	—	(149.8)	(149.8)
Finance lease liabilities	**—**	**—**	**(1.3)**	**(1.3)**	—	—	(0.5)	(0.5)
Derivative financial instruments	**(5.8)**	**(11.7)**	**—**	**(17.5)**	(32.6)	(10.2)	—	(42.8)
Trade and other payables			**(248.6)**	**(248.6)**	—	—	(157.0)	(157.0)
Total	**(5.8)**	**(11.7)**	**(370.6)**	**(388.1)**	(32.6)	(10.2)	(307.3)	(350.1)

(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:

Interest rate risk exposures 31 December 2009	Notes	Floating interest rate €m	Fixed interest rate €m	Total €m	Sensitivity Analysis — Income statement 100 bp increase	Sensitivity Analysis — Income statement 100 bp decrease	Sensitivity Analysis — Equity 100 bp increase	Sensitivity Analysis — Equity 100 bp decrease
Financial assets								
Cash	20	84.0	—	84.0	0.9	(0.2)	0.9	(0.2)
Financial liabilities								
Loan facility	23	—	(11.5)	(11.5)	—	—	—	—
Borrowings— convertible bonds	23	—	(109.2)	(109.2)	—	—	—	—
Lease liability	23	—	(1.3)	(1.3)				
Net interest bearing financial assets/(liabilities)		84.0	(122.0)	(38.0)	—	—	—	—

29 Financial Instruments (Continued)

Interest rate risk exposures 31 December 2008	Notes	Floating interest rate €m	Fixed interest rate €m	Total €m	Sensitivity Analysis: Income statement 100 bp increase	Income statement 100 bp decrease	Equity 100 bp increase	Equity 100 bp decrease
Financial assets								
Cash	20	297.0	—	297.0	3.0	(3.0)	3.0	(3.0)
		297.0	—	297.0	3.0	(3.0)	3.0	(3.0)
Financial liabilities								
Loan facility	23	(150.0)	—	(150.0)	(1.5)	1.5	(1.5)	1.5
Lease liability	23	—	(0.3)	(0.3)	—	—	—	—
		(150.0)	(0.3)	(150.3)	(1.5)	1.5	(1.5)	1.5
Net interest bearing financial assets/(liabilities)		147.0	(0.3)	146.7	—	—	—	—

On 19 December 2007, the Company and a subsidiary, Nyrstar Finance International NV, entered into a € 350 million Multicurrency Revolving Credit Facility with a syndicate of banks.

The facility is available to both the Company and Nyrstar Finance International NV as co-borrowers and each company guarantees the other's liabilities. The facility is denominated in euros but available for drawing in optional currencies and is unsecured.

The facility has a termination date of 19 December 2010, however on 19 December 2009 the facility commitment suffered a mandatory reduction of € 200 million.

Interest charges under the facility are at a floating rate with a margin grid based on the covenant ratio Adjusted Net Financial Debt to EBITDA, with margins over EURIBOR varying from 32.5 basis points to 65 basis points.

The facility contains covenants limiting Adjusted Net Financial Debt to EBITDA, Total Debt to Consolidated Net Worth and EBITDA to Net Financial Charges and covenants are tested bi-annually.

On 7 July 2009, the company completed the issue of € 120 million of unsubordinated unsecured convertible bonds due 2014. The bonds have a coupon rate of 7% per annum, payable semi-annually in arrears and a conversion price of €7.6203 per share.

29 Financial Instruments (Continued)

(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 balance sheet approximates their fair value.

	31 December 2009		31 December 2008	
	Carrying Amount €m	Fair Value €m	Carrying Amount €m	Fair Value €m
Trade and other receivables	**162.7**	**162.7**	194.1	194.1
Investments in equity securities	**5.5**	**5.5**	—	—
Cash and cash equivalents	**84.0**	**84.0**	297.0	297.0
	252.2	**252.2**	491.1	491.1
Forward exchange contracts used for hedging: Assets				
Commodity contracts—fair value hedges	**56.5**	**56.5**	1.0	1.0
Fair value of underlying hedged risk	**—**	**—**	9.0	9.0
Commodity contracts—held for trading	**—**	**—**	6.5	6.5
Foreign exchange contracts—held for trading	**0.8**	**0.8**	4.5	4.5
Embedded derivative	**32.2**	**32.2**	57.4	57.4
	89.5	**89.5**	78.4	78.4
Forward exchange contracts used for hedging: Liabilities				
Commodity contracts—fair value hedges	**(11.7)**	**(11.7)**	(8.7)	(8.7)
Fair value of underlying hedged risk	**—**	**—**	(1.5)	(1.5)
Commodity contracts—held for trading	**—**	**—**	(23.2)	(23.2)
Foreign exchange contracts—held for trading	**(5.8)**	**(5.8)**	(9.4)	(9.4)
Embedded derivative	**—**	**—**	—	—
	(17.5)	**(17.5)**	(42.8)	(42.8)
Unsecured bank loans	**(10.5)**	**(10.5)**	(150.0)	(150.0)
Other loans	**(1.0)**	**(1.0)**	—	—
Borrowings—convertible bonds	**(109.2)**	**(109.2)**	—	—
Finance lease liabilities	**(1.3)**	**(1.3)**	(0.3)	(0.3)
Trade and other payables	**(248.6)**	**(248.6)**	(157.0)	(157.0)
	(370.6)	**(370.6)**	(307.3)	(307.3)

The following table presents the fair value measurements by level of the following fair value measurement hierarchy:

- 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).

29 Financial Instruments (Continued)

- Input for the asset or liability that are not based on observable market data (level 3)

31 December 2009	Level 1 €m	Level 2 €m	Level 3 €m	Total €m
Investments in equity securities	5.5	—	—	5.5
	5.5	—	—	5.5
Forward exchange contracts used for hedging: Assets				
Commodity contracts—fair value hedges	—	56.5	—	56.5
Foreign exchange contracts—held for trading	—	0.8	—	0.8
Embedded derivative	—	32.2	—	32.2
	—	89.5	—	89.5
Forward exchange contracts used for hedging: Liabilities				
Commodity contracts—fair value hedges	—	(11.7)	—	(11.7)
Commodity contracts—held for trading	—	—	—	—
Foreign exchange contracts—held for trading	—	(5.8)	—	(5.8)
Embedded derivative	—	—	—	—
		(17.5)		(17.5)

30 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.

	Dec 2009 €m	Dec 2008 €m
Within one year	**22.9**	25.1
Later than one year but not later than five years	**0.1**	—
	23.0	25.1

31 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.

	Dec 2009 €m	Dec 2008 €m
Within one year	**1.9**	4.2
Later than one year but not later than five years	**4.0**	7.7
	5.9	11.9

Lease rentals for the period ended 31 December 2009 amounting to € 3.3 million (31 December 2008: € 3.7 million) relating to the lease of property and machinery respectively, have been included in the income statement.

32 Contingencies

Guarantees

Guarantees provided by Nyrstar:	Dec 2009 €m	Dec 2008 €m
Workers' compensation	**7.2**	5.5
Environmental	**40.0**	22.3
Supplier	**—**	17.4
Other	**0.7**	0.2
	47.9	45.4
Guarantees received by Nyrstar		
Supplier	**0.9**	0.4
Other	**—**	0.1
	0.9	0.5

Legal actions

As reported in the 2008 Annual Report, there are a number of legal proceedings in Germany, Belgium and France related to Galveco that directly or indirectly involve Nyrstar. Galveco is patent-protected zinc alloy used for galvanising steel. Between June 2000 and March 2007, Umicore produced and supplied (approximately) 45Kt of Galveco to galvanisers in various countries (corresponding to approx 3.5Mt of steel that has been galvanised with Galveco). Umicore withdrew Galveco from the market in March 2007 as a precautionary measure following the discovery of cracking in steel that had been hot dip galvanised. It is alleged that a cause of this cracking is the use of Galveco. The production and supply of Galveco in certain countries was part of the zinc alloys activities of Umicore, which through contributions of business branches were transferred to Nyrstar. Under the Business Combination and Shareholders' Agreement, in the event that a claim against Nyrstar in relation to Galveco is successful, Umicore must remit to Nyrstar any insurance proceeds received and, for losses not covered by such proceeds, indemnify Nyrstar for 50% of all losses up to € 10 million and 100% thereafter. Accordingly, Nyrstar's maximum potential liability in relation to all Galveco claims is limited to € 5 million. In addition, Nyrstar is, within certain limitation as regards extent and duration, insured in relation to all Galveco claims.

In addition to the above, the Group 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.

33 Related parties

a) Transactions with related parties

No transactions with related parties occurred in the period to 31 December 2009.

b) Key management compensation

BOARD OF DIRECTORS	Dec 2009 €m	Dec 2008 €m
—Salaries and other compensation:		
Fixed portion	**0.4**	0.6
Variable portion	**—**	—
—Number of shares held	**—**	—

33 Related parties (Continued)

NYRSTAR MANAGEMENT COMMITTEE	Dec 2009 €m	Dec 2008 €m
—Salaries and other compensation:		
Fixed portion	**2.0**	2.7
Variable portion (paid during period)	**0.8**	0.9
—Other benefits	**0.9**	1.3
—Number of shares held	**405,150**	5,150

Other benefits comprised of relocation-related allowances, housing allowances and pension contributions.

34 Audit and non-audit services provided by the Company's statutory auditor

During the period, the auditors received fees for audit and non audit services provided to the Group as follows:

	Dec 2009 €'000	Dec 2008 €'000
Audit services		
PWC	**615.6**	571.3
KPMG	**—**	685.6
Non audit services		
PWC	**364.3**	223.3

35 Group entities

The holding and operating companies included in the Group's Consolidated Financial Statements are:

Entity	Belgium company number	Country of Incorporation	Ownership
Nyrstar Netherlands (Holdings) BV		Netherlands	100%
Nyrstar Budel BV		Netherlands	100%
Budelco BV		Netherlands	100%
Buzifac BV		Netherlands	100%
Buzipon BV		Netherlands	100%
Buzisur BV		Netherlands	100%
Nyrstar Australia Pty Ltd		Australia	100%
Nyrstar International BV		The Netherlands	100%
Nyrstar Hobart Pty Ltd		Australia	100%
Nyrstar Metals Pty Ltd		Australia	100%
Nyrstar Port Pirie Pty Ltd		Australia	100%
Australian Refined Alloys Pty Ltd		Australia	50%
Australian Refined Alloys (Sales) Pty Ltd		Australia	50%
Nyrstar US Inc		United States	100%
Nyrstar Holdings Inc.		United States	100%
Nyrstar Taylor Chemicals Inc		United States	100%
Nyrstar Clarksville Inc		United States	100%
Nyrstar Tennessee Mines—Gordonsville LLC		United States	100%
Nyrstar Tennessee Mines—Strawberry Plains LLC		United States	100%
Nyrstar IDB LLC		United States	100%
Compania Minera San Juan (Peru) SA		Peru	85%
Genesis Recycling Technology (BVI) Ltd		British Virgin Islands	50%
Genesis Alloys Ltd		Hong Kong	50%

35 Group entities (Continued)

Entity	Belgium company number	Country of Incorporation	Ownership
Genesis Alloys (Ningbo) Ltd		China	50%
Nyrstar Belgium NV	RPR 0865.131.221	Belgium	100%
Nyrstar France SAS		France	100%
Galva 45 SA.		France	66%
GM-Metal SAS		France	100%
Nyrstar Germany GmbH		Germany	100%
Föhl China Co., Ltd		China	50%
Nyrstar NV	RPR 0888.728.945	Belgium	100%
Nyrstar Sales & Marketing NV	RPR 0811.219.314	Belgium	100%
Nyrstar Finance International NV	RPR 0889.716.167	Belgium	100%
Nyrstar UK Pty Ltd		United Kingdom	100%
Nyrstar Europe SL.		Spain	100%
Nyrstar Trading GmbH		Austria	100%
Nyrstar Italy S. RL.		Italy	100%

36 Subsequent events

On 28 January 2010 the Company entered into a €250 million multi-currency revolving Structured Commodity Trade Finance Facility underwritten by Deutsche Bank. The facility has a maturity of 4 years with a run-off period during the fourth year.

On 10 Febuary 2010 the Company completed its agreement to acquire 1.25 million tonnes of zinc in concentrate from Talvivaara Sotkamo Limited (a member of the Talvivaara Mining Company Plc group) for a purchase price of US$335 million (approximately €240 million).

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FREE TRANSLATION

NYRSTAR N.V.

REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF SHAREHOLDERS OF NYRSTAR NV ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2009

24 February 2010

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REPORT OF THE STATUTORY AUDITOR TO THE GENERAL MEETING OF SHAREHOLDERS OF NYRSTAR NV ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2009

In accordance with legal and statutory requirements, we report to you on the performance of our audit mandate. This report includes our opinion on the consolidated financial statements together with the required additional comment.

Unqualified audit opinion on the consolidated financial statements

We have audited the 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, and with the legal and regulatory requirements applicable in Belgium. These consolidated accounts comprise the statement of financial position as of 31 December 2009 and the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the summary of significant accounting policies and the other explanatory notes. The total of the consolidated statement of financial position amounts to € 1,517.4 million and the consolidated statement of income shows a profit for the year of € 10.4 million.

The board of directors of the Company is responsible for the preparation of the consolidated financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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, legal requirements and auditing standards applicable in Belgium, as issued by the ''Institut des Réviseurs d'Entreprises/Instituut der Bedrijfsrevisoren''. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

In accordance with these standards, we have performed procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our 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, we have considered internal control relevant to the Company'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 Group's internal control. We have also evaluated the appropriateness of the accounting policies used, the reasonableness of accounting estimates made by the Company and the presentation of the consolidated financial statements, taken as a whole. Finally, we have obtained from management and responsible officers of the Company the explanations and information necessary for

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our audit. We believe that the audit evidence we have obtained provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the Group's net worth and financial position as of 31 December 2009 and of its results and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Additional comment

The preparation of the management report and its content are the responsibility of the board of directors.

Our responsibility is to supplement our report with the following additional comment, which does not modify our audit opinion on the financial statements:

- The management report on the consolidated financial statements includes the information required by law and is consistent with the consolidated financial statements. We are, however, unable to comment on the description of the principal risks and uncertainties which the Group is facing, and on its financial situation, its foreseeable evolution or the significant influence of certain facts on its future development. We can nevertheless confirm that the matters disclosed do not present any obvious inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 24 February 2010

PricewaterhouseCoopers Bedrijfsrevisoren/Réviseurs d'Entreprises
Represented by
"Peter Van den Eynde"
Bedrijfsrevisor

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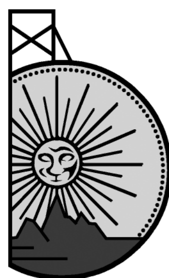
Consolidated Financial Statements
(Expressed in thousands of United States dollars)



FARALLON
MINING LTD.

Years ended December 31, 2010 and 2009

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Chartered Accountants
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Canada

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INDEPENDENT AUDITORS' REPORT TO THE DIRECTORS

We have audited the accompanying consolidated financial statements of Farallon Mining Ltd., which comprise the consolidated balance sheets as at December 31, 2010 and 2009, the consolidated statements of operations and comprehensive income (loss), shareholders' equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. 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 our 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, we consider 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 in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Farallon Mining Ltd. as at December 31, 2010 and December 31, 2009, and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"KPMG LLP"
Chartered Accountants

Vancouver, Canada
February 23, 2011

FARALLON MINING LTD.

Consolidated Balance Sheets

(Expressed in thousands of United States dollars)

	December 31, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 20,949	$ 21,574
Restricted cash (note 10)	1,257	244
Accounts receivable	9,188	3,441
Prepaids and deposits	1,941	2,899
Inventory (note 6)	12,783	11,160
	46,118	39,318
Property, plant and equipment (note 7)	126,111	127,530
Future income taxes (note 15)	265	—
	$ 172,494	$ 166,848
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 16,609	$ 15,428
Due to related parties (note 14)	—	18
Income taxes payable	712	74
Current portion of long-term debt (note 10)	9,000	5,000
Deferred revenue	—	3,915
	26,321	24,435
Long-term debt (note 10)	22,500	24,319
Silver Wheaton deferred revenue (note 11)	63,715	74,499
Capital lease obligation (note 9)	127	—
Site closure and reclamation obligation (note 12)	648	561
	113,311	123,814
Shareholders' equity:		
Share capital (note 13)	222,019	215,231
Warrants (note 13(d))	876	1,793
Contributed surplus	12,315	10,429
Deficit	(176,027)	(184,419)
	59,183	43,034
Nature of operations and liquidity risk (note 1)		
Contingency (note 15)		
Subsequent events (note17)		
	$ 172,494	$ 166,848

Approved on behalf of the Board:

"Roland Junck" Director **"Michael Morley"** Director

See accompanying notes to consolidated financial statements.

FARALLON MINING LTD.

Consolidated Statements of Operations and Comprehensive Income (Loss)

(Expressed in thousands of United States dollars, except shares and per share amounts)

Years ended December 31, 2010 and 2009

	2010	2009
Revenue:		
Gross sales	$134,991	$ 89,137
Treatment and refining costs	(30,606)	(29,478)
Transportation costs	(8,131)	(6,459)
	96,254	53,200
Operating expenses:		
Cost of sales	46,376	37,429
Royalty	3,034	1,844
Accretion of reclamation obligation (note 12)	87	81
Depreciation, depletion and amortization	13,030	11,032
	62,527	50,386
	33,727	2,814
Expenses (income):		
Exploration	6,031	907
Foreign exchange loss	519	3,066
Interest income	(20)	(150)
Interest expense	2,513	4,332
Loss on extinguishment of long-term debt (note 10)	1,132	—
Loss on extinguishment of notes payable (note 8)	—	1,265
General and administration expenses	10,367	6,829
Stock-based compensation (note 13(c))	3,517	2,168
	24,059	18,417
Income (loss) before income taxes	9,668	(15,603)
Income tax expense (recovery) (note 15):		
Current	1,541	74
Future	(265)	—
	1,276	74
Net income (loss) and comprehensive income (loss) for the year	$ 8,392	$ (15,677)
Net income (loss) per share:		
Basic	$ 0.02	$ (0.04)
Diluted	0.02	(0.04)
Weighted average number of common shares outstanding (thousands):		
Basic	474,293	424,412
Diluted	486,043	424,412

See accompanying notes to consolidated financial statements.

FARALLON MINING LTD.

Consolidated Statements of Cash Flows

(Expressed in thousands of United States dollars, except shares and per share amounts)

Years ended December 31, 2010 and 2009

	2010	2009
Cash provided by (used in):		
Operating activities:		
Net income (loss)	$ 8,392	$(15,677)
Items not involving cash:		
Depreciation, depletion and amortization	13,030	11,032
Reserve for slow moving inventory	80	—
Accretion of reclamation obligation (note 12)	87	81
Loss on extinguishment of long-term debt (note 10)	1,132	—
Interest accretion on bank loan	144	—
Interest accretion on notes payable (note 8)	—	353
Loss on extinguishment of notes payable (note 8)	—	1,265
Amortization of Silver Wheaton deferred revenue (note 11)	(10,784)	(5,501)
Stock-based compensation	3,517	2,168
Future income taxes (note 15)	(265)	—
Unrealized foreign exchange loss	519	2,811
	15,852	(3,468)
Changes in non-cash working capital:		
Accounts receivable	(5,747)	754
Inventory	(1,703)	113
Prepaids and deposits	958	(784)
Accounts payable and accrued liabilities	955	(2,300)
Income taxes	638	74
Due to related parties	(18)	(1,387)
Deferred revenue	(3,915)	756
Cash used in operating activities	7,020	(6,242)
Investing activities:		
Additions to property, plant and equipment	(11,155)	(11,596)
Cash used in investing activities	(11,155)	(11,596)
Financing activities:		
Long-term debt issued (note 10)	5,405	29,319
Principal repayments (note 10)	(4,500)	(28,640)
Restricted cash (note 10)	(1,013)	(244)
Capital lease repayments (note 9)	(103)	—
Common shares issued for cash, net of issue costs	4,240	25,965
	4,029	26,400
Foreign exchange loss on cash and cash equivalents held in foreign currency	(519)	(1,103)
Increase (decrease) in cash and cash equivalents	(625)	7,459
Cash and cash equivalents, beginning of year	21,574	14,115
Cash and cash equivalents, end of year	$ 20,949	$ 21,574
Supplemental cash flow information:		
Interest paid	$ 2,048	$ 2,689
Interest received	20	77
Taxes paid	900	—
Non-cash financing items:		
Warrants issued pursuant to equity financings	—	81
Fair value of options and warrants allocated to shares	2,548	103
Shares issued to note holders	—	793
Capital lease obligation	456	—

See accompanying notes to consolidated financial statements.

FARALLON MINING LTD.

Consolidated Statements of Shareholders' Equity

(Expressed in thousands of United States dollars, unless otherwise stated and shares amounts)

	Year ended December 31, 2010		Year ended December 31, 2009	
	Number of shares	Amount	Number of shares	Amount
Share capital:				
Balance, beginning of year	472,559,717	$ 215,231	352,842,354	$ 188,451
Share purchase options exercised (note 13(c))	9,429,400	3,744	827,500	169
Share purchase warrants exercised (note 13(d))	1,000,000	496	300,000	61
Private placements, net of issue costs (note 13(b))	—	—	112,665,383	25,654
Fair value of warrants allocated to shares issued on exercise	—	498	—	16
Fair value of stock options allocated to shares issued on exercise	—	2,050	—	87
Fair value of shares issued to note holders on extension (note 8(a))	—	—	5,304,480	619
Fair value of bonus shares issued to note holders (note 8(b))	—	—	620,000	174
Balance, end of year	482,989,117	222,019	472,559,717	215,231
Warrants:				
Balance, beginning of year		1,793		1,728
Fair value of warrants allocated to contributed surplus on expiration		(419)		—
Warrants issued to agents pursuant to private placement		—		81
Fair value of warrants allocated to shares issued on exercise		(498)		(16)
Balance, end of year		876		1,793
Contributed surplus:				
Balance, beginning of year		10,429		8,239
Stock-based compensation		3,517		2,168
Fair value of stock options allocated to shares issued on exercise		(2,050)		(87)
Warrants expired (note 13(d))		419		—
Conversion right (note 8(b))		—		283
Fair value of bonus shares (note 8(b))		—		(174)
Balance, end of year		12,315		10,429
Deficit:				
Balance, beginning of year		(184,419)		(168,742)
Net income (loss) for the year		8,392		(15,677)
Balance, end of year		(176,027)		(184,419)
Total shareholders' equity		$ 59,183		$ 43,034

See accompanying notes to consolidated financial statements.

1. Nature of operations and measurement uncertainties:

Farallon Mining Ltd. (the ''Company'' or ''Farallon'') is incorporated under the laws of the Province of British Columbia, Canada, and its principal business activities are related to the operations of the G9 mine and exploration on the surrounding mineral property interests on the Campo Morado Property, located in Guerrero State, Mexico.

The Company completed commissioning of the G9 mine and mill during March 2009 and declared commercial production as of April 1, 2009. Prior to completion of the mine and mill, the Company's activities consisted principally of mineral exploration and development. The Company's accounting policy is to expense exploration costs so the Company has accumulated a deficit since incorporation of $176 million which has been funded by the issuance of share capital. At December 31, 2010, the Company had net assets of $59.2 million (2009—$43.0 million).

The Company experienced higher costs of mining in 2009 due to lower production volumes as the Company ramped up production towards design capacity and also dealt with lower metal prices as a result of the economic downturn that started in the latter half of 2008 and continued into 2009. As a result, the Company reported a loss of $15.7 million in 2009. The results of operations increased each quarter in 2009 as the year went on and the Company ended the year with working capital of $14.9 million, an increase over the working capital deficit of $16.5 million at the end of 2008.

In 2010, the Company operated the G9 mine for the full year and net income increased to $8.4 million which included $6.0 million for exploration expenses. The Company increased its working capital to $19.9 million including $20.9 million of cash and cash equivalents. Management has assessed the ability of the Company to continue as a going concern and has concluded that there are no indicators that would cast doubt on the Company's ability to continue as a going concern in the forseeable future.

On a long-term basis, the ability of the Company to continue as a going concern and realize on its investment in its mineral properties and mining assets will be dependent upon the existence of mineral resources and on future profitable production or proceeds from the disposition of the mineral resources. An independent feasibility study was never conducted on the G9 deposit. As such there is no assurance that the mineral resources are economically recoverable. The Company believes that there is sufficient reason to believe that the existence of these mineral resources is more likely than not and has therefore estimated a mine life of 15 years. There are a number of factors that the Company believes support this estimate, including the ability of the Company to complete equity and debt financings during the period of construction and commissioning. The $80 million sale of the silver stream to Silver Wheaton Corp. (''Silver Wheaton'') provided additional evidence of third party support for this project and its estimated mine life.

2. Basis of presentation and principles of consolidation:

These consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (''Canadian GAAP''). These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, including Farallon Minera Mexicana, S.A. de C.V., its operating subsidiary in Mexico. All material intercompany balances and transactions have been eliminated.

3. Significant accounting policies:

(a) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, cash on deposit with banks and highly liquid short-term investments with terms of less than 90 days.

3. Significant accounting policies: (Continued)

(b) Inventories:

Concentrate inventory consists of metal in concentrate and ore-in-process. Concentrate inventory is valued based on the lower of average production cost and net realizable value. Production costs include the cost of raw materials, direct labour, mine-site overhead and depreciation, depletion and amortization.

Materials and supplies inventory is valued at the lower of average cost and net realizable value.

(c) Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated amortization. Amortization of mining and milling assets are provided by annual charges to earnings calculated using the units of production method based on tonnes mined and milled divided by the estimated tonnage to be recovered in the mine plan. During 2009, the Company extended the life of G9 mine. Consequently, the useful life over which the Company's mining and milling assets are depreciated has been extended to reflect their additional use from an extended mine life. Amortization for all other assets is calculated using the straight-line method over the estimated useful lives at rates from 10% to 30% per annum.

Repairs and maintenance expenditures are charged to operations as incurred. Major improvements and replacements which extend the useful life of the asset are capitalized as incurred. Assets under construction are not amortized until they are completed and are ready to be put into service. The useful lives of fixed assets are periodically reviewed by the Company and revised where appropriate.

The costs of removing waste material to access mineral resources, referred to as ''development costs'' are accounted for as variable production costs to be included in the cost of inventory produced, unless the waste removal activity can be shown to be a betterment of the mineral property, in which case these costs are capitalized. Betterment occurs when the waste removal activity provides access to additional sources of mineral resources that will be produced in future periods which would not have otherwise been accessible in the absence of the development activity. These deferred costs are amortized using the units of production basis to depreciation, depletion and amortization over the life of the mineral deposit resources.

(d) Mineral property interest:

Exploration and development expenditures incurred prior to the determination of the feasibility of mining operations and administrative expenditures are expensed as incurred. Mineral property acquisition costs, and exploration and development expenditures incurred subsequent to such determination and to increase or to extend the life of existing production, are capitalized and amortized using the units of production method over the estimated life of the property following the commencement of commercial production, or are written off if the property is sold, allowed to lapse or abandoned, or when an impairment has been determined to have occurred.

Mineral property acquisition costs include the cash consideration and the fair value of common shares, based on the trading price of the shares, issued for mineral property interests pursuant to the terms of the agreement. Payments relating to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded in the accounts upon payment.

The amount shown for mineral property interests represents acquisition costs incurred to date, less accumulated amortization and does not necessarily reflect present or future values.

(e) Impairment of long-lived assets:

The Company assesses the possibility of impairment of its long-lived assets and test for recoverability whenever events or changes in circumstances indicate that their carrying value may not

3. Significant accounting policies: (Continued)

be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the net carrying value of the asset with estimated undiscounted future net cash flows to be generated by the asset. If the carrying value of an asset exceeds its estimated undiscounted estimated future cash flows related to the asset, an impairment loss is recognized to the extent that the carrying amount exceeds the fair value of the asset.

(f) Asset retirement obligations:

The Company recognizes any statutory, contractual or other legal obligation related to the retirement of tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for the accretion of the discount and any changes in the amount or timing of the underlying future cash flows. The asset retirement cost is amortized to operations over the life of the asset. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability, and the related asset retirement cost is capitalized as part of the carrying amount of the related long-lived asset. In the event the required decrease in the asset retirement cost is in excess of the carrying value, the excess amount is recorded as a change in estimate in the statement of operations.

(g) Share capital:

The Company records proceeds from share issuances net of issue costs. Shares issued for consideration other than cash are valued at the quoted price on the stock exchange on the date the shares are issued.

(h) Stock-based compensation:

The Company's stock-based compensation plan is described in note 13(c). The Company accounts for all stock-based compensation using the fair value method. Under this method, compensation cost attributable to options granted is measured at fair value at the grant date and expensed over the vesting period, with a corresponding increase to contributed surplus. Any consideration paid on exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

(i) Income taxes:

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values, using the substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Future income tax assets also result from unused loss carry forwards and other deductions. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount.

(j) Foreign currency translation:

Assets and liabilities of self-sustaining foreign operations denominated in foreign currencies are translated into United States (''US'') dollars at the period-end exchange rate. Revenue and expenses denominated in foreign currencies are translated into US dollars at the average exchange rates for the

3. Significant accounting policies: (Continued)

period. The resulting exchange gains or losses on translation are included in the accumulated other comprehensive income (loss) component of shareholders' equity. When there is a reduction in the Company's net investment in its self-sustaining foreign operations, the proportionate amount of the cumulative foreign currency translation adjustment is recognized in earnings.

Monetary assets and liabilities of integrated foreign operations denominated in foreign currencies are translated into US dollars at the exchange rates in effect at each period-end date. Non-monetary assets and liabilities denominated in foreign currencies are translated at their historical exchange rates. Exchange gains or losses arising from the translation of the monetary balances denominated in foreign currencies are recognized in earnings in the period incurred. Revenues and expenses denominated in foreign currencies are translated into US dollars at the average exchange rates for the period, except for depreciation, which is translated at the same rate as those used in translation of the corresponding assets. The resulting gains or losses are recognized in earnings in the period incurred.

(k) Net income (loss) per share:

Net income (loss) per share is based on the weighted average number of common shares of the Company that were outstanding throughout each year. The diluted net income (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive. For this purpose, the ''treasury stock method'' is used for the assumed proceeds upon the exercise of outstanding stock options and warrants that are used to purchase common shares at the average market price during the year.

(l) Segment disclosures:

The Company operates in a single reportable operating segment, development, exploration and operation of mineral property interests, within the geographic area of Mexico.

(m) Use of estimates:

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include, but not limited to the collectability of, accounts receivables, the valuation of inventory, carrying values of mineral properties and property, plant and equipment, assessment of impairment, asset retirement obligations, valuation of future income taxes and allowances, the assumptions used in determining the fair value of non-cash stock-based compensation, and the determination of mineral reserves and mine life, the criteria used to determine when commercial production begins. Actual results could differ from these estimates.

(n) Financial instruments:

The Company recognizes financial assets and liabilities on its balance sheet when it becomes a party to the contract creating the asset or liability. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities.

Financial assets and financial liabilities ''held-for-trading'' are measured at fair value with changes in those fair values recognized in net income. Financial assets ''available-for-sale'' are measured at fair value, with changes in those fair values recognized in other comprehensive income (''OCI'') except for

3. Significant accounting policies: (Continued)

other-than temporary impairment which is recorded as a charge to other expenses. Financial assets ''held-to-maturity'', ''loans and receivables'' and ''other financial liabilities'' are measured at amortized cost.

The Company classifies cash and cash equivalents and restricted cash as held-for-trading. Held for trading financial assets and liabilities are recorded at fair value. Changes in fair value are recorded in net income.

The Company classifies accounts receivable and long term deposits as loans and receivables. Loans and receivables are initially recorded at fair value and subsequently at amortized cost using the effective interest rate method.

The Company classifies accounts payable and accrued liabilities, due to related parties, income taxes payable, capital lease obligations and long-term debt as other financial liabilities. Other financial liabilities are initially recorded at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest rate method.

Notes payable are classified as held-to-maturity and are measured at amortized cost with gains and losses recognized in net income.

(o) Capital lease obligations:

Leases are classified as either capital or operating. Leases that substantively transfer all of the benefits and risks of ownership of the property to the Company are accounted for as capital leases. At the inception of the capital lease, an asset and obligation is recorded based on the present value of the minimum lease payments without exceeding its fair value.

(p) Revenue recognition

Revenue from the sales of metal in concentrate is recognized when persuasive evidence of a sales agreement exists, title and risk is transferred to the customer, collection is reasonably assured and the price is reasonably determinable. Revenue from the sales of metal may be subject to adjustment upon final settlement of shipment weights, assays and estimated metal prices. Adjustments to revenue for metal prices are recorded monthly and other adjustments are recorded on final settlement. Cash received in advance of meeting these revenue recognition criteria is recorded as deferred revenue.

Under the Company's concentrate sales contracts, final zinc, copper, lead, silver and gold prices are set based on a specified future quotational period and the market metal price in that period. Typically, the quotational period for zinc, copper, lead, silver and gold is one to five months after the month of scheduled shipment. Revenues are recorded under these contracts at the time title and risk passes to the buyer and are based on the forward price for the expected settlement period. The contracts, in general, provide for a provisional payment based upon provisional assays and quoted metal prices. Final settlement is based on the average applicable price for the quotational period. The price adjustment features in the Company's receivables are treated as embedded derivatives for accounting purposes and as such, are marked-to-market through earnings from the date of sale through the date of final pricing.

Revenue from the sale of silver to Silver Wheaton is recognized on a dollar per unit basis using the total number of silver ounces expected to be delivered to Silver Wheaton over the life of the Campo Morado mine (note 11).

(q) Comparative figures:

Certain of the prior years' comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

3. Significant accounting policies: (Continued)

(r) Adoption of new accounting policies:

(i) Business combinations, consolidated financial statements and non-controlling interests:

Effective January 1, 2010, the Company adopted the Canadian Institute of Chartered Accountants (''CICA'') Handbook Section 1582, *Business Combinations,* Section 1601, *Consolidated Financial Statements,* and Section *1602, Non-Controlling Interests*, which require business acquisitions (including non-controlling interests and contingent consideration) to be measured at fair value on the acquisition date, acquisition-related costs to be expensed, gains from bargain purchases to be recorded in net earnings, and expand the definition of a business. Section 1601 establishes standards for the preparation of consolidated financial statements and Section 1602 requires that non-controlling interest be presented as part of equity and that transactions between the Company and the non-controlling interests be reported as equity transactions. The adoption of these new standards had no effect on the Company's financial statements.

(ii) International Financial Reporting Standards (''IFRS''):

In February 2008, the Canadian Institute of Chartered Accountants announced that Canadian GAAP for publicly accountable enterprises will be replaced by IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The standard also requires that comparative figures for 2010 be based on IFRS. Subsequent to December 31, 2010, the Company was acquired by Nyrstar NV (''Nyrstar'') (note 17). The Company has included certain information in respect of the differences between Canadian GAAP and IFRS on the Company's 2010 financial statements in note 18, ''Supplemental financial information—significant differences between Canadian GAAP and International Financial Reporting Standards (IFRS)'' at the request of Nyrstar.

4. Financial instruments:

(a) Fair value of financial instruments:

The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of the financial instrument from an independent third party. Given the varying influencing factors, the reported fair values are only indicators of the prices that may actually be realized for these financial instruments. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

The three levels of the fair value hierarchy are:

(i) Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;

(ii) Level 2—Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

(iii) Level 3—Inputs that are not based on observable market data

The Company recorded at fair value the following financial instruments under Level 1 of the fair value hierarchy, as at December 31, 2010: Cash and cash equivalents, the carrying amounts of restricted cash, accounts receivable, accounts payable and accrued liabilities and income tax payable due to the short term to maturity of such instruments. The fair values of amounts due from (to) related parties are not determinable due to the related party nature and the lack of a market for such balances. The fair value of the long-term debt and capital lease obligation have been determined based on Level 2 and approximates their carrying values as the cost of the long-term debt and capital lease obligation are consistent with market rates.

(b) Financial instrument risk exposure and risk management:

The Company is exposed in varying degrees to a variety of financial instrument related risks.

4. Financial instruments: (Continued)

(i) Capital management:

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to operate, develop and explore its projects for the benefits of shareholders and other stakeholders. The Company considers the components of shareholders' equity, as well as its cash and cash equivalents and debt financing, as capital. The Company manages the capital structure and makes adjustments to it in the event of changes in economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares or debt through private placements in order to maintain or adjust the capital structure.

To effectively manage its capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its capital development, operating and growth objectives.

The Company has long-term debt (note 10) that contains covenants related to tangible net worth, debt to equity ratio and production costs that the Company shall work diligently toward obtaining and shall maintain in good standing. At December 31, 2010, the Company was in compliance with all financial covenants.

(ii) Credit risk:

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents in high quality investments and with major financial institutions. Substantially all the Company's cash and cash equivalents in Canada are held with one major financial institution and its subsidiaries.

The Company also has credit risk in relation to trade receivables. The Company has mitigated the credit risk through the sale of its products to a large international institution with high credit ratings. Historical levels of receivable defaults and overdue balances over normal credit terms are both negligible, thus the credit risk associated with accounts receivables is also considered to be negligible.

(iii) Commodity price risk:

The Company is exposed to commodity price risk given that its revenues are derived from the sale of metals, the prices for which have been historically volatile. From time to time and when management believes it is a prudent decision, the Company reduces this risk by hedging against the price of metals for a portion of its inventory and future production. The main tools used to protect against price risk used by management are swaps and put and call option contracts. As at December 31, 2010, there were no outstanding hedging contracts.

(iv) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short and long term cash requirements. The Company's cash and equivalents are invested in business accounts and are available on demand for the Company's

4. Financial instruments: (Continued)

programs. As at December 31, 2010, substantially all of the Company's financial liabilities and non-financial derivative liabilities mature within one year, except for:

(A) Long-term debt (note 10) which has contractual principal repayments of $9.0 million during 2011, $9.0 million during 2012, $9.0 million during 2013 and $4.5 million during 2014.

(B) Capital lease obligation (note 9) which has contractual capital repayments of $226 during 2011 and $127 during 2012.

(v) Foreign exchange risk:

The Company is exposed to risks resulting from changes in foreign currency exchange rates as some of the Company's operating costs are in Canadian dollars (''CAD'') and Mexican Pesos (''MXP''), while revenues are received in US dollars, hence any fluctuation of the US dollar in relation to these currencies may impact the profitability of the Company and may also affect the value of the Company's assets and liabilities. The Company currently does not enter into financial instruments to manage this risk, consequently no currency hedges are in place and no hedge accounting is used.

The exposure of the Company's financial assets and financial liabilities to foreign exchange risk is as follows:

	December 31, 2010	December 31, 2009
Financial assets denominated in:		
Canadian dollars	$ 2,052	$ 263
US dollars	20,464	21,419
Mexican pesos	8,878	3,577
Total financial assets	$31,394	$25,259
Financial liabilities denominated in:		
Canadian dollars	$ 910	$ 1,141
US dollars	39,143	40,389
Mexican pesos	8,895	7,224
Total financial liabilities	$48,948	$48,754

The following significant exchange rates applied during the period:

	Year ended December 31, 2010	Year ended December 31, 2009
US dollar to CAD:		
Canadian dollars—closing rate	0.9946	1.0510
Canadian dollars—average rate	1.0301	1.1415
US dollar to MXP:		
Mexican pesos—closing rate	12.3817	13.0437
Mexican pesos—average rate	12.6332	13.5318

4. Financial instruments: (Continued)

(vi) Interest rate risk:

The Company is exposed to interest rate risk arising from fluctuations in floating interest rate applicable on its cash and cash equivalents, capital lease obligations and credit facility. At December 31, 2010, the Company's long-term debt and capital lease obligations were at fixed rates, hence there is no market risk arising from fluctuations in floating interest rate.

5. Derivative financial instruments:

During the year, the Company entered into commodity swap contracts (''the Contracts'') with Credit Suisse and recorded a mark-to-market loss on these Contracts of $1.6 million which is included in gross sales. At December 31, 2010 the Company did not have any Contracts outstanding.

6. Inventory:

	December 31, 2010	December 31, 2009
Zinc concentrate	$ 1,932	$ 1,250
Copper concentrate	1,555	2,928
Ore in-process	294	432
Product inventory	3,781	4,610
Materials and supplies	9,002	6,550
	$12,783	$11,160

As at December 31, 2010, the Company recorded inventory write-downs for slow moving and obsolete supplies inventory of $0.1 million.

7. Property, plant and equipment:

December 31, 2010	Cost	Accumulated amortization	Net book value
Land and improvements	$ 14,237	$ 989	$ 13,248
Buildings	1,337	617	720
Furniture and office equipment	652	424	228
Plant and equipment	119,545	26,878	92,667
Mobile equipment	1,861	1,421	440
Computer equipment under capital lease (note 9)	456	106	350
Site closure costs	300	40	260
Construction-in-process	2,410	—	2,410
Deferred development	8,040	1,095	6,945
Mineral property interests (a)	8,963	120	8,843
	$157,801	$31,690	$126,111

7. Property, plant and equipment: (Continued)

December 31, 2009	Cost	Accumulated amortization	Net book value
Land and improvements	$ 11,838	$ —	$ 11,838
Buildings	1,320	526	794
Furniture and office equipment	756	323	433
Plant and equipment	112,234	16,582	95,652
Mobile equipment	1,866	1,101	765
Site closure costs	300	16	284
Construction-in-process	5,229	—	5,229
Deferred development	3,684	60	3,624
Mineral property interests (a)	8,963	52	8,911
	$146,190	$18,660	$127,530

(a) Mineral property interests:

On October 15, 1995, the Company entered into an option agreement to earn a 100% interest in the Campo Morado and La Alina concessions, owned by Minera Summit de Mexico, S.A. de C.V. (''Minera Summit''), a private Mexican company. The two concessions, now covering approximately 5,742 hectares, are located in Guerrero State, Mexico, approximately 160 kilometres southwest of Mexico City and 155 kilometres north of Acapulco. To earn its interest (which was earned during fiscal 1997), the Company issued a total of 750,000 common shares to Minera Summit, made payments totalling $1.2 million to Minera Summit, and completed a staged exploration program on the property of a minimum of $1.8 million ($14.7 million Mexican pesos). Upon the completion of a positive feasibility study, the Company will be required to issue up to an additional 750,000 shares to Minera Summit based on a sliding scale of net recoverable gold-equivalent ounces, as identified by the feasibility study, between 1 and 6 million ounces.

On January 10, 1997, title to the Campo Morado and La Alina concessions was conveyed to the Company and registered in the Mexican Public Registry of Mining. The Consejo de Recursos Minerales (Council for Mineral Resources), a decentralized entity with independent legal capacity under the Mexican Federal Ministry of Energy, Mines and Government Industry, has released in full all bonding it had required to guarantee property work obligations, but a performance deposit on the Campo Morado Property of $0.3 million held by Minera Summit has not yet been returned to the Company.

The Company also acquired an additional 5,821 hectares of concessions contiguous to the above two concessions, including $0.1 million spent during fiscal 2000 to acquire the La Trinidad concession, bringing the Company's land holdings at Campo Morado to approximately 11,563 hectares.

Title to mineral concessions held by the Company has been granted by the regulatory authorities in Mexico. In order to maintain these mineral concessions in good standing, the Company is required to pay taxes and mining duties, which are up to date, and to carry out annual assessment work, which costs are included within cost of sales.

8. Notes payable:

(a) September 2008 promissory notes:

On September 9, 2008, the Company completed a $20.5 million (CAD$25.0 million) private placement of 250 units (the ''Units'') arranged by Paradigm Capital Inc. (the ''Agent''). Each Unit consisted of a CAD$100,000 promissory note (the ''September 2008 Notes'') plus 8,000 Farallon common shares (aggregate 2,000,000 shares). Fees paid to the Agent totaled $1.5 million and

8. Notes payable: (Continued)

1,000,000 warrants convertible into common shares of the Company with an exercise price of CAD$0.60 per warrant expiring September 9, 2013.

The September 2008 Notes were six month promissory notes bearing interest at 15% per annum and were secured by specific mining equipment. On March 10, 2009, the maturity date was extended for an additional six months. On extension, an additional 5,304,480 common shares of the Company were issued to the note holders at the prevailing market price of CAD$0.15. The fair value of the shares issued totaling $0.6 million was netted against the carrying value of the September 2008 Notes as an additional cost of financing and was amortized over the revised term to maturity.

On June 5, 2009, in advance of the maturity date, the Company repaid the September 2008 Notes.

The continuity of the September 2008 Notes was as follows:

	December 31, 2009
Balance, beginning of the year	$ 19,674
Shares issued to extend terms of notes	(619)
Accretion for the period	267
Loss on extinguishment of the note	1,265
Foreign exchange loss	1,754
Notes repaid on June 5, 2009	(22,341)
Balance, end of the year	$ —

(b) October 2008 convertible promissory notes:

In October 2008, the Company raised $6.4 million (CAD$7.8 million) through a private placement of unsecured convertible promissory notes (the ''October 2008 Notes''). Each $0.4 million (CAD$0.5 million) principal amount of the October 2008 Notes entitled the holder to receive a bonus of 40,000 common shares of the Company (aggregate of 620,000 shares) and a cash payment of CAD$0.04 million for each six months that the October 2008 Notes were outstanding. The $6.4 million (CAD$7.8 million) principal amount of the October 2008 Notes was convertible at maturity at the holder's option into common shares of the Company at a fixed price of CAD$0.33 per share.

For accounting purposes, the October 2008 Notes contained both a liability component and an equity component, being the lenders conversion rights, which were separately presented on the consolidated balance sheet. The Company allocated the face value of the October 2008 Notes to the liability and equity components. At issuance, the Company estimated the fair value of the conversion option totaling $0.3 million by deducting the present value of the future cash outflows of the October 2008 Notes, if no conversion rights were attached, from the face value of the principal of the October 2008 Notes. The fair value of the liability component was determined by discounting the stream of future payments of loan bonus fees and principal at the estimated prevailing market rate of 30% for a comparable debt instrument that excluded any conversion privilege by the holder. The residual carrying value of the October 2008 Notes was accreted to the redemption value on the first redemption date of the October 2008 Notes.

On April 3, 2009, the October 2008 Notes matured and the Company repaid the October 2008 Notes.

8. Notes payable: (Continued)

The continuity of the October 2008 Notes was as follows:

	December 31, 2009
Balance, beginning of the year	$ 6,259
Accretion for the period	86
Foreign exchange gain	(46)
Notes repaid on April 3, 2009	(6,299)
Balance, end of the year	$ —

9. Capital lease obligation:

	December 31, 2010	December 31, 2009
Obligation under capital lease entered into during the year	$456	$—
Less:		
Current portion (included with accounts payable and accrued liabilities)	226	—
Capital lease repayments	103	—
	329	—
Balance, end of the year	$127	$—

During the period, the Company entered into a two-year capital lease contract for computer equipment. Interest on the capital lease is at fixed rates ranging from 11.1% to 11.3% per annum. Interest paid for the period was $0.01 million (2009—nil). The underlying assets secure the lease and the aggregate remaining repayments under the capital lease contract are as follows:

2011	$254
2012	132
Total lease payments	386
Less: interest	(33)
Capital lease obligations	$353

10. Long-term debt:

On June 5, 2009, the Company drew down on a $30.0 million term loan facility agreement with Credit Suisse—Zurich of Switzerland (''Credit Suisse''). On June 10, 2010, the Company and Credit Suisse amended the term loan facility agreement to increase it by an additional $6.0 million which the Company subsequently drew. Under the amended agreement, the $36.0 million is repayable in 48 equal monthly installments starting in July 2010 and bears interest at a fixed rate of 6.62%. The loan is guaranteed by the Company's subsidiaries, Farallon Minera Mexicana, S.A. de C.V., and Farallon Resources (Barbados) Ltd. The loan is secured by the Company's mineral off-take agreements and mining equipment. The loan includes financial covenants related to tangible net worth, debt to equity ratio and production cost. At December 31, 2010, the Company was in compliance with all financial covenants.

10. Long-term debt: (Continued)

Amendments to the term loan facility agreements resulted in a settlement of the original loan for accounting purposes; consequently the Company recorded a loss of $1.1 million which included unamortized costs of the original term loan agreement and financing fees paid as part of the modifications of the current debt instrument.

As part of the term loan agreement, the Company is obligated to maintain a restricted cash account with Credit Suisse, equal to 135% of the aggregate value of the next month's principal and interest payment.

The continuity of the long-term debt is as follows:

Carrying value of the long-term debt as at December 31, 2009	$29,319
Interest accretion for the period	144
Carrying value of the long-term debt as at June 10, 2010	29,463
Loss on extinguishment of the long-term debt	1,132
Proceeds from the amended long-term loan agreement	5,405
Principal repayments	(4,500)
Carrying value of the long-term debt as at December 31, 2010	$31,500

Long-term debt outstanding is as follows:

	December 31, 2010	December 31, 2009
Term loan	$36,000	$30,000
Less:		
Principal repayments	4,500	—
Deferred financing costs	—	681
	4,500	681
Total long-term debt	31,500	29,319
Less: current portion of long-term debt	9,000	5,000
Balance, December 31, 2010	$22,500	$24,319

Contractual principal repayments as of December 31, 2010 are as follows:

Year of repayment	Amount of repayment
2011	$ 9,000
2012	9,000
2013	9,000
2014	4,500
Total principal repayments	$31,500

Subsequent to year-end, the long-term debt was repaid (note 17(b)).

11. Silver Wheaton deferred revenue:

During May 2008, the Company entered into an arrangement (the ''Arrangement'') with a subsidiary company of Silver Wheaton to sell 75% of its silver production from the Campo Morado Project over the life of mine for an upfront payment of $80.0 million. Upon delivery of the silver, Silver Wheaton will also

11. Silver Wheaton deferred revenue: (Continued)

pay Farallon a fixed price payment per ounce of silver produced equal to the lesser of $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).

Under terms of the Arrangement, the unpaid amount of the $80.0 million will remain refundable until it is reduced to nil. The Deposit will be reduced by an amount equal to the difference between the spot price of silver and the $3.90 per ounce fixed price and multiplied by the total ounces of silver delivered to Silver Wheaton. If at the end of the initial 40—year term of the Arrangement, the $80 million deposit has not been reduced to nil, the Company will refund the outstanding portion of the Deposit to Silver Wheaton. As at December 31, 2010, the refundable portion of the deposit was $58,889 (2009—$73,879). During the year the Company delivered 999,005 ounces of silver, representing 75% of the payable ounces sold during the year.

The $80.0 million deposit is recognized as revenue on a dollar per unit basis using the total number of silver ounces expected to be delivered to Silver Wheaton over the life of the Campo Morado mine.

As security for the performance in full of all of the obligations of the Company in favor of Silver Wheaton, the Deposit has been secured by a first-ranking security in the mining properties and the Campo Morado mining lots. In addition Silver Wheaton has first-ranking interests in all share capital of the Company's Mexican subsidiaries, internal silver purchase and deposit agreements and mortgages.

The following table summarizes the changes in the Silver Wheaton deferred revenue:

	December 31, 2010	December 31, 2009
Balance, beginning of the year	$ 74,499	$80,000
Amortization on delivery of silver	(10,784)	(5,501)
Balance, end of the year	$ 63,715	$74,499

12. Site closure and reclamation obligation:

The provision for site closure and reclamation costs related to the Campo Morado Property is as follows:

	December 31, 2010	December 31, 2009
Balance, beginning of the year	$561	$1,374
Accretion expense	87	81
Revisions to estimated cash flows	—	(894)
Balance, end of the year	$648	$ 561

The estimated amount of undiscounted cash flow required to satisfy the asset retirement obligations after reflecting an inflation factor of 4.00% is estimated to be approximately $4,494 (2009—$4,494). The expected timing of payments ranges from years 2023 to 2024, and the credit-adjusted risk-free rate at which the estimated cash flow has been discounted to arrive at the obligation is 15.46%.

13. Share capital:

(a) Authorized share capital:

The Company's authorized share capital consists of an unlimited number of common shares, without par value, and an unlimited number of preferred shares without par value.

13. Share capital: (Continued)

(b) Issued and outstanding common shares:

(i) Private placement—$3.9 million (CAD$5.0 million):

In February 2009, the Company completed a brokered private placement of 25 million common shares at CAD$0.20 per share for gross proceeds of $3.9 million (CAD$5.0 million). A commission equal to 6.00% of the proceeds from the offering was paid to the agents. In addition, the agents received compensation options exercisable for that number of common shares equal to 6.00% of the number of shares issued under the offering for a period of 24 months at a price of $0.20 per share. The proceeds from the offering were used for general working capital purposes.

(ii) Private Placement—$6.7 million (CAD$8.3 million):

In April 2009, the Company completed a private placement financing for gross proceeds of $6.7 million (CAD$8.3 million) through the issuance of 41.7 million shares at a price of CAD$0.20 per share. The proceeds were used to reduce the Company's short-term liabilities by repaying the $6.4 million (CAD$7.75 million) October 2008 Notes.

(iii) Shares for debt—$0.3 million (CAD$0.4 million):

In May 2009, the Company issued 1.3 million shares at a price of CAD$0.30 per share as settlement of $0.3 million (CAD$0.4 million) of debt with one of the Company's suppliers.

(iv) Shares for debt—$2.3 million (CAD$2.5 million):

In June 2009, the Company issued 7.5 million shares at a price of CAD$0.33 per share as settlement of $2.3 million (CAD$2.5 million) of debt with one of the Company's suppliers.

(v) Shares for debt—$0.4 million (CAD$0.5 million):

In July 2009, the Company issued 1.6 million shares at a price of CAD$0.29 per share as settlement of $0.4 million (CAD$0.5 million) of debt with one of the Company's suppliers.

(vi) Shares for debt—$2.5 million (CAD$2.8 million):

In September 2009, the Company issued 7.9 million shares at a price ranging from CAD$0.30 to CAD$0.36 per share as settlement of $2.5 million (CAD$2.8 million) of debt with some of the Company's suppliers.

(vii) Private placement—$10.6 million (CAD$11.5 million):

In October 2009, the Company completed a private placement financing for gross proceeds of $10.6 million (CAD$11.5 million) through the issuance of 27.7 million shares at a price of CAD$0.415 per share. The proceeds were used to commence G9 Mine mill expansion, exploration drilling at Campo Morado and other corporate and working capital purposes.

(c) Share purchase option compensation plan:

The Company has a share purchase option compensation plan (the ''Plan'') approved by the shareholders that allows it to grant options, subject to regulatory terms and approval, to its directors, employees, officers, and consultants. The Plan is based on a maximum number of eligible shares equalling a rolling percentage of up to 10% of the Company's outstanding common shares, calculated from time to time. Pursuant to the Plan, if outstanding options are exercised, or expire, and/or the number of issued and outstanding common shares of the Company increases, the options available to grant under the Plan increase proportionately.

The exercise price of each option is set by the Board of Directors at the time of grant and cannot be less than the market price and is based on the volume weighted average price of the last five trading days on the Toronto Stock Exchange. Options may have a term of up to ten years and typically terminate

13. Share capital: (Continued)

30 days following the termination of the optionee's employment, except in the case of retirement or death. Vesting of options is at the discretion of the Board at the time the options are granted.

During the year, the Board approved a resolution to accelerate the vesting of the Company's remaining unvested outstanding share purchase options as a result of the announced offer by Nyrstar to acquire all of the outstanding common shares of Farallon (see note 17) which resulted in immediate recognition of the remaining unvested stock-based compensation.

The continuity of the number of share purchase options for the year ended December 31, 2010 is as follows:

Expiry date	Exercise price	December 31, 2009	Granted	Exercised	Expired or forfeited	December 31, 2010
March 31, 2011	CAD$1.00	2,450,000	—	—	—	2,450,000
April 25, 2011	CAD$0.76	1,033,500	—	(79,500)	(142,500)	811,500
May 09, 2011	CAD$0.74	7,500	—	—	(7,500)	—
October 24, 2011	CAD$0.21	1,232,500	—	(607,500)	(62,500)	562,500
January 12, 2012	CAD$0.22	75,000	—	—	—	75,000
March 09, 2012	CAD$0.16	187,500	—	(137,500)	(25,000)	25,000
March 31, 2012	CAD$0.63	3,770,000	—	(1,200,000)	—	2,570,000
April 15, 2012	CAD$0.20	2,640,000	—	(1,302,500)	(192,500)	1,145,000
June 02, 2012	CAD$0.33	2,970,000	—	(1,287,500)	(317,500)	1,365,000
June 05, 2012	CAD$0.33	1,150,000	—	(1,100,000)	—	50,000
July 28, 2012	CAD$0.31	50,000	—	(50,000)	—	—
August 27, 2012	CAD$0.30	75,000	—	—	—	75,000
October 5, 2012	CAD$0.42	75,000	—	—	(75,000)	—
October 16, 2012	CAD$0.43	994,400	—	(237,400)	(64,400)	692,600
November 13, 2012	CAD$0.48	75,000	—	75,000		
December 31, 2012	CAD$0.70	1,025,000	—	—	—	1,025,000
January 16, 2013	CAD$0.67	300,000	—	—	—	300,000
January 31, 2013	CAD$0.53	—	175,000	—	—	175,000
February 19, 2013	CAD$0.79	—	—	—	—	—
February 21, 2013	CAD$0.78	725,000	—	(225,000)	—	500,000
April 19, 2013	CAD$0.58	—	75,000	—	—	75,000
May 17, 2013	CAD$0.56	—	6,875,000	(1,487,500)	(417,500)	4,970,000
June 19, 2013	CAD$0.79	275,000	—	—	—	275,000
July 26, 2013	CAD$0.38	—	50,000	—	—	50,000
August 4, 2013	CAD$0.42	—	50,000	—	—	50,000
September 24, 2013	CAD$0.41	—	100,000	—	—	100,000
October 24, 2013	CAD$0.21	800,000	—	(50,000)	—	750,000
October 27, 2013	CAD$0.21	50,000	—	—	—	50,000
October 31, 2013	CAD$0.20	1,725,000	—	(225,000)	—	1,500,000
April 15, 2014	CAD$0.20	2,125,000	—	(265,000)	(10,000)	1,850,000
June 02, 2014	CAD$0.33	2,475,000	—	(325,000)	(100,000)	2,050,000
June 05, 2014	CAD$0.33	200,000	—	—	—	200,000
December 21, 2014	CAD$0.53	600,000	—	(300,000)	(300,000)	—
May 17, 2015	CAD$0.56	—	3,810,000	(350,000)	(100,000)	3,360,000
June 29, 2015	CAD$0.36	—	400,000	(200,000)	(200,000)	—
		27,085,400	11,535,000	(9,429,400)	(2,014,400)	27,176,600
Weighted average exercise price		CAD$0.45	CAD$0.55	CAD$0.40	CAD$0.44	CAD$0.51

13. Share capital: (Continued)

The exercise prices of all share purchase options granted during the years ended December 31, 2010 and 2009 were equal to the market price at the grant date.

As at December 31, 2010, 27,176,600 (2009—21,067,500) of these options with a weighted average exercise price of CAD$0.51 (2009—$0.50) had vested and were exercisable. The weighted average fair value of options granted as determined under the Black-Scholes option pricing model during the year was $0.28 (2009—$0.17).

The continuity of the number of share purchase options for the year ended December 31, 2009 is as follows:

Expiry date	Exercise price	December 31, 2008	Granted	Exercised	Expired or forfeited	December 31, 2009
March 31, 2009	CAD$0.63	426,500	—	—	(426,500)	—
March 31, 2009	CAD$0.80	754,000	—	—	(754,000)	—
March 31, 2009	CAD$0.89	40,000	—	—	(40,000)	—
May 31, 2009	CAD$0.63	50,000	—	—	(50,000)	—
August 24, 2009	CAD$0.63	992,500	—	—	(992,500)	—
March 31, 2011	CAD$1.00	2,450,000	—	—	—	2,450,000
April 25, 2011	CAD$0.76	1,133,000	—	—	(99,500)	1,033,500
May 09, 2011	CAD$0.74	72,500	—	—	(65,000)	7,500
October 24, 2011	CAD$0.21	2,430,000	—	(300,000)	(897,500)	1,232,500
January 12, 2012	CAD$0.22	—	75,000	—	—	75,000
March 09, 2012	CAD$0.16	—	200,000	—	(12,500)	187,500
March 31, 2012	CAD$0.63	3,770,000	—	—	—	3,770,000
April 15, 2012	CAD$0.20	—	3,350,000	(170,000)	(540,000)	2,640,000
June 02, 2012	CAD$0.33	—	3,525,000	(47,500)	(507,500)	2,970,000
June 05, 2012	CAD$0.33	—	1,150,000	—	—	1,150,000
July 28, 2012	CAD$0.31	—	50,000	—	—	50,000
August 27, 2012	CAD$0.30	—	75,000	—	—	75,000
October 5, 2012	CAD$0.42	—	75,000	—	—	75,000
October 16, 2012	CAD$0.43	—	1,000,800	—	(6,400)	994,400
November 13, 2012	CAD$0.48	—	75,000	—	—	75,000
December 31, 2012	CAD$0.70	1,025,000	—	—	—	1,025,000
January 16, 2013	CAD$0.67	300,000	—	—	—	300,000
February 19, 2013	CAD$0.79	25,000	—	—	(25,000)	—
February 21, 2013	CAD$0.78	725,000	—	—	—	725,000
June 19, 2013	CAD$0.79	325,000	—	—	(50,000)	275,000
October 24, 2013	CAD$0.21	1,000,000	—	(200,000)	—	800,000
October 27, 2013	CAD$0.21	50,000	—	—	—	50,000
October 31, 2013	CAD$0.20	1,725,000	—	—	—	1,725,000
April 15, 2014	CAD$0.20	—	2,175,000	(50,000)	—	2,125,000
June 02, 2014	CAD$0.33	—	2,475,000	—	—	2,475,000
June 05, 2014	CAD$0.33	—	200,000	—	—	200,000
December 21, 2014	CAD$0.53	—	600,000	—	—	600,000
		17,293,500	15,025,800	(767,500)	(4,466,400)	27,085,400
Weighted average exercise price		CAD$0.59	CAD$0.30	CAD$0.22	CAD$0.50	CAD$0.45

13. Share capital: (Continued)

The weighted average assumptions used to estimate the fair value of options granted during the respective periods were:

	Year ended December 31, 2010	Year ended December 31, 2009
Risk free interest rate	3.56%	4.00%
Expected life	3.34 years	3.50 years
Expected vesting terms	0-12 months	0-12 months
Expected volatility	79%	73%
Expected dividends	Nil	Nil

(d) Share purchase warrants:

The continuity of the number of share purchase warrants (each exercisable into one common share) for the year ended December 31, 2010 was as follows:

Expiry date	Exercise price	December 31, 2009	Issued	Exercised	Expired	December 31, 2010
January 15, 2010	CAD$0.70	1,839,120	—	—	(1,839,120)	—
February 26, 2011*	CAD$0.22	1,200,000	—	—	—	1,200,000
April 12, 2012	CAD$0.50	2,000,000	—	(1,000,000)	—	1,000,000
April 18, 2013	CAD$0.94	250,000	—	—	—	250,000
September 9, 2013	CAD$0.60	1,000,000	—	—	—	1,000,000
		6,289,120	—	(1,000,000)	(1,839,120)	3,450,000
Weighted average exercise price		CAD$0.54	—	CAD$0.50	CAD$0.70	CAD$0.46

The continuity of the number of share purchase warrants (each exercisable into one common share) for the year ended December 31, 2009 was as follows:

Expiry date	Exercise price	December 31, 2008	Issued	Exercised	Expired	December 31, 2009
January 15, 2010	CAD$0.70	1,839,120	—	—	—	1,839,120
February 26, 2011*	CAD$0.22	—	1,500,000	(300,000)	—	1,200,000
April 12, 2012	CAD$0.50	2,000,000	—	—	—	2,000,000
April 18, 2013	CAD$0.94	250,000	—	—	—	250,000
September 9, 2013	CAD$0.60	1,000,000	—	—	—	1,000,000
		5,089,120	1,500,000	(300,000)	—	6,289,120
Weighted average exercise price		CAD$0.69	CAD$0.22	CAD$0.22	—	CAD$0.54

* In February 2009, the Company completed a private placement of 25,000,000 shares at CAD$0.20. The Company issued 1,500,000 share purchase warrants to the agents, exercisable at CAD $0.22 per common share expiring on February 26, 2011.

14. Related party balances and transactions:

Hunter Dickinson Services Inc. (''HDSI'') is a private company that has one director in common with the Company. HDSI previously provided technical, geological and administrative services to, and incurred third party costs on behalf of, the Company on a full cost recovery basis, in accordance with an agreement between the Company and HDSI.

14. Related party balances and transactions: (Continued)

HDSI was previously owned equally by several public companies, one of which was Farallon. On March 18, 2010, the Company sold its share in HDSI for a nominal amount. Accordingly, the Company determined that HDSI is no longer a related party.

Balances payable to related parties:

	December 31, 2010	December 31, 2009
Hunter Dickinson Services Inc.	$—	$18

Related party transactions up until HDSI was no longer considered a related party were a follows:

	Year ended December 31, 2010	Year ended December 31, 2009
Reimbursement for third party expenses and services rendered:		
Hunter Dickinson Services Inc. and subsidiaries	$187	$457

15. Income taxes:

The significant components of the Company's future tax asset (liability) are approximately as follows:

	December 31, 2010	December 31, 2009
Future income tax assets:		
Loss carry forwards	$ 32,122	$ 21,032
Fixed assets	901	—
Mineral property interests	—	1,014
Accrued liabilities	1,493	—
Financing fees	663	671
Other	343	—
	35,522	22,717
Valuation allowance	(34,492)	(20,440)
Future income tax asset	1,030	2,277
Future income tax liabilities:		
Mineral property interests	(596)	—
Fixed assets	—	(1,314)
Insurance paid in advance	(169)	(141)
Accrued liabilities	—	(669)
Fees not paid	—	(153)
Future income tax liabilities	(765)	(2,277)
Net future income tax assets	$ 265	$ —

15. Income taxes: (Continued)

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial tax rates to earnings before income taxes. These differences result from the following items:

	December 31, 2010	December 31, 2009
Combined Canadian federal and provincial statutory rate	28.5%	30.0%
Income tax at statutory rates	$ 2,810	$ (4,683)
Valuation allowance	(4,527)	(5,640)
Permanent differences	4,584	10,557
Future tax rate change	(1,786)	711
Rate differences in other jurisdictions	195	(738)
Non-deductible and other items	—	(133)
Total income tax expense	$ 1,276	$ 74
Current income tax expense	$ 1,541	$ 74
Future income tax recovery	(265)	—
Total income tax expense	$ 1,276	$ 74

At December 31, 2010, the Company had non-capital losses carried forward for Canadian income tax purposes totaling approximately CAD$13.2 million (2009—CAD$30.5 million), expiring in various periods from 2011 to 2030. The Company also has net operating loss carry forwards and resource deductions totaling approximately $100.9 million (2009—$47.4 million) for Mexican income tax purposes which are currently being substantiated, and if not utilized to reduce Mexican taxable income in future periods, will expire in various periods from 2011 to 2020.

The Company has identified a potential contingent tax liability related to certain costs incurred by the Company. The Company has determined that the potential liability to the Company could range from a nominal amount up to $3.7 million plus penalties and interest. The Company has identified a number of factors that would be expected to reduce any potential liability. The Company has not accrued for this contingency as the outcome is not determinable and no amount within the range is a better estimate of the likely outcome.

16. Segment disclosures:

The Company considers itself to operate in a single reportable operating segment, being the operation and development of mineral properties. Geographic segment disclosures are as follows:

	Year ended December 31, 2010	Year ended December 31, 2009
Net income (loss) for the year:		
Canada	$11,749	$(14,481)
Mexico	(2,850)	(4,162)
Barbados	(507)	2,966
Total	$ 8,392	$(15,677)

16. Segment disclosures: (Continued)

	December 31, 2010	December 31, 2009
Assets		
Canada:		
Current assets	$ 9,106	$ 14,677
Property, plant and equipment	47	68
Mexico:		
Current assets	34,904	18,834
Property, plant and equipment	126,064	127,461
Future income tax	91	—
Barbados:		
Current assets	2,108	5,808
Future income tax	174	—
Total	$172,494	$166,848

17. Subsequent events:

(a) Take-up of shares by Nyrstar:

On January 5, 2011, the Company announced that 462,500,996 (or approximately 93.7%) of its common shares (the ''Shares'') on a fully-diluted basis, were validly deposited pursuant to the previously announced offer by Nyrstar to acquire all of the outstanding common shares of Farallon (the ''Offer'').

The Offer was conditional on a number of customary conditions, including a minimum acceptance condition of 66⅔%, receipt of all regulatory approvals and no material adverse change in Company's business. All of these conditions were satisfied and Nyrstar gave notice to the depository and took-up and paid for all of the Shares, share purchase options and warrants deposited under the Offer on January 10, 2011.

Nyrstar pursuant to its statutory rights under the Compulsory Acquisition provisions of the Business Corporations Act (British Columbia) has exercised its rights to acquire the remaining Shares that were not deposited under the Offer. Under the terms of the Compulsory Acquisition, the remaining Farallon shareholders are offered the same CAD$0.80 in cash for each Share as provided under the Offer. The Compulsory Acquisition is expected to close March 14, 2011.

In conjunction with take-up of shares of Farallon, Farallon's Board of Directors and Officers resigned in favour of Nyrstar's representatives.

(b) Long-term debt:

On January 14, 2011, the Company entered into a loan agreement (the ''Loan'') with Nyrstar in the amount of CAD$28 million. The Loan will bear interest at a rate of 5.5% per annum for a fixed term of six months. Proceeds of the Loan, restricted cash and working capital were used to repay and discharge the long-term debt with Credit Suisse (note 10).

18. Supplementary financial information—significant differences between Canadian GAAP and International Financial Reporting Standards (IFRS):

In February 2008, the Canadian Institute of Chartered Accountants confirmed that Canadian GAAP will be converged with International Financial Reporting Standards (''IFRS'') for fiscal years beginning on or after January 1, 2011. The transition from Canadian GAAP to IFRS is applicable for the Company for

18. Supplementary financial information—significant differences between Canadian GAAP and International Financial Reporting Standards (IFRS): (Continued)

fiscal periods ending in 2011 and requires comparative figures for 2010 also to be reflected under IFRS. Accordingly, the Company's IFRS transition date was January 1, 2010. Subsequent to December 31, 2010, the Company was acquired by Nyrstar (note 17(a)). The Company has included the following information in respect of the differences between Canadian GAAP and IFRS on the Company's 2010 financial statements at the request of Nyrstar.

In preparing the following reconciliations of equity and comprehensive income, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from Canadian GAAP to IFRS has affected the Company's financial position as at January 1, 2010 and December 31, 2010 and its results of operations and cash flows for the year ended December 31, 2010 is set out in the following tables and notes that accompany the tables.

In preparing this supplementary financial information, the Company has not considered all of the presentation and disclosure requirements of IFRS. Accordingly, this supplementary financial information does not include all of the information required for a full set of annual financial statements in compliance with IFRS.

18. Supplementary financial information—significant differences between Canadian GAAP and International Financial Reporting Standards (IFRS): (Continued)

Reconciliation of equity—January 1, 2010:

	Canadian GAAP as previously reported	Effect of transition to IFRS			IFRS
		(a)	(b)	(c)	
Assets					
Non-current assets:					
Property, plant and equipment	$ 127,530	$ —	$1,760	$ —	$ 129,290
Current assets:					
Inventories	11,160	—	—	—	11,160
Trade and other receivables	3,441	—	—	—	3,441
Prepayments	2,899	—	—	—	2,899
Restricted cash	244	—	—	—	244
Cash and cash equivalents	21,574	—	—	—	21,574
	39,318	—	—	—	39,318
Total assets	$ 166,848	$ —	$1,760	$ —	$ 168,608
Equity					
Share capital	$ 215,231	$ —	$ —	$ —	$ 215,231
Reserves	12,222	(24)	—	(1,793)	10,405
Deficit	(184,419)	24	(149)	578	(183,966)
	43,034	—	(149)	(1,215)	41,670
Liabilities					
Non-current liabilities:					
Long-term debt	24,319	—	—	—	24,319
Deferred revenue	74,499	—	—	—	74,499
Warrant liability	—	—	—	1,215	1,215
Site closure and environmental liabilities	561	—	1,909	—	2,470
	99,379	—	1,909	1,215	102,503
Current liabilities:					
Current tax liabilities	74	—	—	—	74
Accounts payable and accrued liabilities	15,446	—	—	—	15,446
Deferred revenue	3,915	—	—	—	3,915
Current portion of long-term debt	5,000	—	—	—	5,000
	24,435	—	—	—	24,435
Total equity and liabilities	$ 166,848	$ —	$1,760	$ —	$ 168,608

18. Supplementary financial information—significant differences between Canadian GAAP and International Financial Reporting Standards (IFRS): (Continued)

Reconciliation of equity—December 31, 2010:

	Canadian GAAP as previously reported	Effect of transition to IFRS			IFRS
		(a)	(b)	(c)	
Assets					
Non-current assets:					
Property, plant and equipment	$ 126,111	$—	$1,610	$ —	$ 127,721
Deferred tax assets	265	—	—	—	265
	126,376	—	1,610	—	127,986
Current assets:					
Inventories	12,783	—	—	—	12,783
Trade and other receivables	9,188	—	—	—	9,188
Prepayments	1,941	—	—	—	1,941
Restricted cash	1,257	—	—	—	1,257
Cash and cash equivalents	20,949	—	—	—	20,949
	46,118	—	—	—	46,118
Total assets	$ 172,494	$—	$1,610	$ —	$ 174,104
Equity					
Share capital	$ 222,019	$—	$ —	$ —	$ 222,019
Reserves	13,191	(9)	—	(876)	12,306
Deficit	(176,027)	9	(308)	(652)	(176,978)
	59,183	—	(308)	(1,528)	57,347
Liabilities					
Non-current liabilities:					
Long-term debt	22,500	—	—	—	22,500
Finance lease	127	—	—	—	127
Deferred revenue	63,715	—	—	—	63,715
Warrant liability	—	—	—	1,528	1,528
Site closure and environmental liabilities	648	—	1,918	—	2,566
	86,990	—	1,918	1,528	90,436
Current liabilities:					
Current tax liabilities	712	—	—	—	712
Accounts payable and accrued liabilities	16,609	—	—	—	16,609
Current portion of long-term debt	9,000	—	—	—	9,000
	26,321	—	—	—	26,321
Total equity and liabilities	$ 172,494	$—	$1,610	$ —	$ 174,104

18. Supplementary financial information—significant differences between Canadian GAAP and International Financial Reporting Standards (IFRS): (Continued)

Reconciliation of comprehensive income for the year ended December 31, 2010:

	Canadian GAAP as previously reported	Effect of transition to IFRS			IFRS
		(a)	(b)	(c)	
Revenue:					
Gross sales	$134,991	$ —	$ —	$ —	$134,991
Treatment and refining costs	(30,606)	—	—	—	(30,606)
Transportation costs	(8,131)	—	—	—	(8,131)
	96,254	—	—	—	96,254
Operating expenses:					
Cost of sales	46,376	—	—	—	46,376
Royalty	3,034	—	—	—	3,034
Depreciation, depletion and amortization	13,030	—	143	—	13,173
	62,440	—	143	—	62,583
Gross profit	33,814	—	(143)	—	33,671
Other expenses:					
Exploration	6,031	—	—	—	6,031
Foreign exchange loss	519	—	—	—	519
Loss on extinguishment of long-term debt	1,132	—	—	—	1,132
General and administration expenses	10,367	—	—	—	10,367
Loss on revaluation of warrant liability	—	—	—	1,230	1,230
Stock-based compensation	3,517	15	—	—	3,532
	21,566	15	—	1,230	22,811
Profit from operating activities	12,248	(15)	(143)	(1,230)	10,860
Interest income	20	—	—	—	20
Interest expense	(2,513)	—	—	—	(2,513)
Interest on provision for site closure and environmental liabilities	(87)	—	(16)	—	(103)
Profit before income taxes	9,668	(15)	(159)	(1,230)	8,264
Income tax expense	(1,276)	—	—	—	(1,276)
Profit for the year and total comprehensive income	$ 8,392	$(15)	$(159)	$(1,230)	$ 6,988
Net income (loss) per share:					
Basic	$ 0.02	$ —	$ —	$ (0.01)	$ 0.01
Diluted	0.02	—	—	(0.01)	0.01
Weighted average number of common shares outstanding (thousands):					
Basic	474,293	—	—	—	474,293
Diluted	486,043	—	—	—	486,043

Material adjustments to the statement of cash flows:

Consistent with the accounting policy choice under IAS-7, *Statement of Cash Flows*, interest paid and income taxes paid would be reflected in operating activities and interest received would be reflected

18. Supplementary financial information—significant differences between Canadian GAAP and International Financial Reporting Standards (IFRS): (Continued)

in investing activities, whereas they were previously disclosed as supplementary information. There are no other material differences between the statement of cash flows presented under IFRS and the statement of cash flows presented under previous Canadian GAAP. Consequently as there have been no changes to the net cash flows, no reconciliations have been presented.

Notes to explain the transition to IFRS:

(a) Share-based payments:

Under Canadian GAAP, the Company measures share-based compensation related to share purchase options at the fair value of the share purchase options granted using the Black-Scholes option pricing model and recognized this expense over the vesting period of the options. For the purpose of accounting for share-based payment transactions, an individual is classified as an employee when the individual is consistently represented to be an employee under law. The fair value of the share purchase options granted to employees is measured on the date of grant. The fair value of share purchase options granted to contractors and consultants is measured on the date the services are completed. Forfeitures are recognized as they occur.

Similar to Canadian GAAP, IFRS 2 requires the Company to measure share-based compensation related to share purchase options granted to employees at the fair value of the share purchase options on the date of grant and to recognize such expense over the vesting period of the options expected to vest. However, for share purchase options granted to non-employees, IFRS requires that share-based compensation be measured at the fair value of the services received unless the fair value cannot be reliably measured. For the purpose of accounting for share-based payment transactions, an individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. This definition of an employee is broader than that previously applied by the Company and has resulted in certain of the Company's contractors and consultants being classified as employees under IFRS. Unlike Canadian GAAP, IFRS requires an estimate of forfeitures to be incorporated into the initial measurement of the award.

The Company elected not to apply the requirements of IFRS 2 to equity instruments granted on or before November 7, 2002 and to those options that have fully vested on or before the January 1, 2010 transition date. Accordingly, the Company re-measured its unvested share purchase options as at January 1, 2010 reflecting the individuals reclassified from non-employees under Canadian GAAP to employees under IFRS and including an estimated forfeiture rate resulting in an increase to reserves of $24 offset by a corresponding adjustment to deficit.

(b) Site closure and environmental liabilities:

An obligation exists in respect of site closure and reclamation costs related to the Company's Campo Morado Property in Mexico. Similar to Canadian GAAP, IFRS requires site closure and environmental liabilities to be recognized when the obligation arises and a reasonable estimate can be made. The liability is measured based on the estimated cost of rehabilitation discounted to its net present value. Also similar to Canadian GAAP, the resulting costs are capitalized to the carrying value of the related asset and amortized over the asset's estimated useful life. However differences exist between IFRS and Canadian GAAP in respect of the discount rates used in determining the present value of the obligation. Under IFRS, the Company is required to discount the estimated future cost of rehabilitation using a pre-tax rate that reflects current market assessment of the time and value of money given that risks and uncertainties have been incorporated into the estimated cost of rehabilitation. Under Canadian GAAP, a credit-adjusted rate was used and the rate did not reflect current market conditions.

18. Supplementary financial information—significant differences between Canadian GAAP and International Financial Reporting Standards (IFRS): (Continued)

The Company elected to apply full retrospective application in respect of its site closure and reclamation obligations and accordingly has re-measured the associated liabilities under IAS 37 resulting in an increase in provisions of $1,909, an increase in property, plant and equipment of $1,760, and an adjustment to deficit of $149. The related tax effect of the transition adjustment has not been recognized as the Company has determined it is not probable the resulting net deferred tax asset will be realized.

The effect on profit or loss for the year ended December 31, 2010 is an increase to interest on provision for site closure and environmental liabilities by $16 and an increase to amortization expense of $143. This change did not have an effect on the consolidated statement of cash flows.

(c) Financial instruments:

The Company elected not to re-designate any of its financial instruments as of the January 1, 2010 transition date.

The Company previously issued compensation warrants denominated in Canadian dollars related to equity placements. These warrants entitle the holder to acquire a predetermined number of the Company's shares at a fixed price and within a specific period of time. As the Company's functional currency is US dollars and these warrants were not offered pro rata to all existing shareholders of the same class, the warrants should be classified as derivative financial liabilities under IAS 32. As such they are required to be measured at fair value on transition date and every reporting period thereafter.

The Company has re-measured these warrants at the transition date to their fair value using the Black-Scholes option pricing model resulting in an increase in liabilities of $1,215, a decrease in equity of $1,793 and an adjustment to deficit of $578. The related tax effect of the transition adjustment has not been recognized as the Company has determined it is not probable the resulting net deferred tax asset will be realized.

The effect on profit or loss for the year ended December 31, 2010 is to increase loss on revaluation of warrant liability by $1,230. Also, this change did not have an effect on the consolidated statement of cash flows.

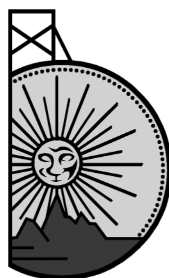
(d) Borrowing costs:

The Company elected not to retrospectively capitalize borrowing costs under IAS 23 in respect of qualifying assets for which the commencement date was prior to the January 1, 2010 transition date.

(e) Compound financial instruments:

The Company elected not to retrospectively apply the requirements of IAS 32 in respect of splitting the deficit and equity components of its compound financial instruments for which the liability component was no longer outstanding as of the January 1, 2010 transition date.

Consolidated Financial Statements
(Expressed in thousands of United States dollars)



FARALLON
MINING LTD.

Year ended December 31, 2009, six months ended December 31, 2008 and year ended June 30, 2008

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AUDITORS' REPORT TO THE DIRECTORS

We have audited the consolidated balance sheets of Farallon Mining Ltd. (the ''Company'') as at December 31, 2009 and 2008 and the consolidated statements of operations and comprehensive loss, shareholders' equity, and cash flows for the year ended December 31, 2009, the six month period ended December 31, 2008 and for the year ended June 30, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the year ended December 31, 2009, the six month period ended December 31, 2008 and for the year ended June 30, 2008 in accordance with Canadian generally accepted accounting principles.

''KPMG LLP''
Chartered Accountants

Vancouver, Canada
March 25, 2010

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KPMG Canada provides services to KPMG LLP.

FARALLON MINING LTD.

Consolidated Balance Sheets

(Expressed in thousands of United States dollars)

	December 31, 2009	December 31, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 21,574	$ 14,115
Restricted cash (note 9)	244	—
Accounts receivable	3,441	4,195
Construction advance payments, prepaids and deposits	2,899	2,115
Inventory (note 6)	11,160	11,273
	39,318	31,698
Property, plant and equipment (note 7)	127,530	127,860
	$166,848	$159,558
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 15,428	$ 17,728
Notes payable (note 8)	—	25,933
Due to related parties (note 13)	18	1,405
Income taxes payable	74	—
Current portion of long-term debt (note 9)	5,000	—
Deferred revenue	3,915	3,159
	24,435	48,225
Long-term debt (note 9)	24,319	—
Silver Wheaton deferred revenue (note 10)	74,499	80,000
Site closure and reclamation obligation (note 11)	561	1,374
	123,814	129,599
Shareholders' equity:		
Share capital (note 12)	215,231	188,451
Convertible promissory note—conversion right (note 8)	—	283
Warrants (note 12(d))	1,793	1,728
Contributed surplus	10,429	8,239
Deficit	(184,419)	(168,742)
	43,034	29,959
Nature of operations and going concern (note 1)		
Subsequent events (note 13(a))		
	$166,848	$159,558

Goedgekeurd in naam van de Raad:

"J. R. H. (Dick) Whittington" Director **"Ronald Thiessen"** Director

See accompanying notes to consolidated financial statements.

FARALLON MINING LTD.

Consolidated Statements of Operations and Comprehensive Loss

(Expressed in thousands of United States dollars, except shares and per share amounts)

	Year ended December 31, 2009	Six months ended December 31, 2008	Year ended June 30, 2008
Revenue:			
Gross sales	$ 89,137	$ —	$ —
Treatment and refining costs	(29,478)	—	—
Transportation costs	(6,459)	—	—
	53,200	—	—
Operating expenses:			
Cost of sales	37,429	—	—
Royalty	1,844	—	—
Depreciation, depletion and amortization	11,032	—	—
	2,895	—	—
Expenses (income):			
Accretion of reclamation obligation (note 11)	81	99	4
Amortization	—	4,064	—
Commissioning costs	—	19,130	—
Exploration	907	3,740	34,132
Foreign exchange loss (gain)	3,066	4,623	(2,494)
Interest income	(150)	(586)	(1,260)
Interest expense	4,332	3,787	235
Legal, audit and accounting	1,945	1,384	3,948
Loss on extinguishment of notes payable	1,265	—	—
Office and administration	4,453	3,292	5,914
Financing fees	—	—	3,961
Shareholders communication	77	95	485
Travel and conferences	354	196	990
Stock-based compensation—operations (note 12(c))	883	103	406
Stock-based compensation—office and administration (note 12(c))	1,285	169	1,635
	18,498	40,096	47,956
Loss before income taxes	(15,603)	(40,096)	(47,956)
Current income taxes	74	—	—
Net loss and comprehensive loss for the period	$ (15,677)	$ (40,096)	$ (47,956)
Basic and diluted loss per share	$ (0.04)	$ (0.11)	$ (0.15)
Weighted average number of common shares outstanding (thousands)	424,412	352,075	311,377

See accompanying notes to consolidated financial statements.

FARALLON MINING LTD.

Consolidated Statements of Cash Flows

(Expressed in thousands of United States dollars, except shares and per share amounts)

	Year ended December 31, 2009	Six months ended December 31, 2008	Year ended June 30, 2008
Cash provided by (used in):			
Operating activities:			
Net loss	$(15,677)	$(40,096)	$ (47,956)
Items not involving cash:			
Amortization including amortization in exploration expenses	11,032	4,064	2,259
Accretion of reclamation obligation (note 11)	81	99	4
Interest accretion on notes payable	353	2,047	13
Loss on extinguishment of notes payable	1,265	—	—
Amortization of deferred revenue	(5,501)	—	—
Stock-based compensation	2,168	272	2,041
Finance fees	—	—	2,012
Unrealized foreign exchange loss (gain)	2,811	1,430	(2,593)
	(3,468)	(32,184)	(44,220)
Changes in non-cash working capital:			
Accounts receivable	754	10,194	(12,960)
Inventory	113	(11,183)	(38)
Construction advance payments, prepaids and deposits	(784)	5,851	(5,303)
Accounts payable and accrued liabilities	(2,300)	(1,046)	14,287
Income taxes	74	—	—
Due to related parties	(1,387)	(49)	1,476
Deferred revenue	756	3,159	—
Cash used in operating activities	(6,242)	(25,258)	(46,758)
Investing activities:			
Additions to property, plant and equipment	(11,596)	(26,288)	(93,980)
Cash used in investing activities	(11,596)	(26,288)	(93,980)
Financing activities:			
Silver Wheaton deferred revenue (note 10)	—	15,000	65,000
Long-term debt issued	29,319	—	—
Principal repayment of promissory notes	(28,640)	24,742	3,827
Restricted cash	(244)	—	—
Common shares issued for cash, net of issue costs	25,965	103	41,744
	26,400	39,845	110,571
Foreign exchange gain (loss) on cash and cash equivalents held in foreign currency	(1,103)	(4,624)	2,494
Increase (decrease) in cash and cash equivalents	7,459	(16,325)	(27,673)
Cash and cash equivalents, beginning of period	14,115	30,440	58,113
Cash and cash equivalents, end of period	$ 21,574	$ 14,115	$ 30,440
Supplemental cash flow information:			
Interest paid	$ 2,689	$ 1,512	$ 162
Interest received	77	506	1,260
Non-cash financing items:			
Warrants issued pursuant to equity financings	81	197	419
Fair value of warrants transferred to share capital on warrants exercised	16	—	281
Fair value of warrants transferred to share capital on option exercised from contributed surplus	87	34	502
Shares issued to note holders	793	—	—

See accompanying notes to consolidated financial statements.

FARALLON MINING LTD.

Consolidated Statements of Shareholders' Equity

(Expressed in thousands of United States dollars, unless otherwise stated and shares amounts)

	Year ended December 31, 2009		Six months ended December 31, 2008	
	Number of shares	Amount	Number of shares	Amount
Share capital:				
Balance, beginning of period	352,842,354	$ 188,451	350,692,354	$ 187,623
Share purchase options exercised at CAD$0.70 per share	—	—	75,000	52
Share purchase warrants exercised at CAD$0.70 per share	—	—	75,000	52
Share purchase options exercised at CAD$0.20 per share	190,000	36	—	—
Share purchase options exercised at CAD$0.21 per share	557,500	108	—	—
Share purchase options exercised at CAD$0.33 per share	80,000	25	—	—
Share purchase warrants exercised at CAD$0.22 per share	300,000	61	—	—
Fair value of stock options allocated to shares issued on exercise	—	87	—	34
Fair value of warrants allocated to shares issued on exercise	—	16	—	—
Private placement, February 2009, net of issue costs	25,000,000	3,591	—	—
Fair value of shares issued to note holders on extension (note 8(a))	5,304,480	619	2,000,000	690
Private placement, April 2009, net of issue costs	41,656,250	6,735	—	—
Private placement, May 2009, net of issue costs	1,306,674	335	—	—
Private placement, June 2009, net of issue costs	7,499,922	2,250	—	—
Private placement, July 2009, net of issue costs	1,596,316	399	—	—
Private placement, September 2009, net of issue costs	7,895,246	2,543	—	—
Private placement, October 2009, net of issue costs	27,710,975	9,801	—	—
Fair value of shares issued to note holders (note 8(b))	620,000	174	—	—
Balance, end of period	472,559,717	215,231	352,842,354	188,451
Convertible promissory notes—conversion right:				
Balance, beginning of period		283		60
Conversion right		(283)		223
Balance, end of period		—		283
Warrants:				
Balance, beginning of period		1,728		3,706
Warrants issued to agents pursuant to September 2008 financing		—		197
Warrants issued to agents pursuant to February 2009 private placement		81		—
Fair value of warrants allocated to shares issued on exercise		(16)		—
Warrants expired—fair value transferred to contributed surplus		—		(2,175)
Balance, end of period		1,793		1,728
Contributed surplus:				
Balance, beginning of period		8,239		5,593
Stock-based compensation		2,168		271
Fair value of stock options allocated to shares issued on exercise		(87)		(34)
Conversion right		283		60
Fair value of bonus shares		(174)		174
Fair value of expired warrants		—		2,175
Balance, end of period		10,429		8,239
Deficit:				
Balance, beginning of period		(168,742)		(128,646)
Net loss		(15,677)		(40,096
Balance, end of period		(184,419)		(168,742)
Total shareholders' equity		$ 43,034		$ 29,959

See accompanying notes to consolidated financial statements.

FARALLON MINING LTD.

Notes to Consolidated Financial Statements

(Expressed in thousands of United States dollars, unless otherwise stated)

Year ended December 31, 2009, six months ended December 31, 2008 and year ended June 30, 2008

1. Nature of operations and going concern:

Farallon Mining Ltd. (the ''Company'' or ''Farallon'') is incorporated under the laws of the Province of British Columbia, Canada, and its principal business activities are related to the operations of the G9 mine and exploration on the surrounding mineral property interests on the Campo Morado Property, located in Guerrero State, Mexico.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern. As of December 31, 2009, the Company had net assets of $43.0 million (December 31, 2008—$30.0 million), approximately $21.6 million (December 31, 2008—$14.1 million) in cash and cash equivalents and net working capital of $14.9 million (December 31, 2008—$16.5 million deficit).

The Company completed commissioning of the G9 mine and mill during March 2009 and declared commercial production as of April 1, 2009. The Company expects it will have sufficient cash flow from operations and working capital to continue as a going concern. However, there can be no assurances that the Company will meet its production targets and that realized metal prices will be sufficient to cover the cost of operations. In addition, an independent feasibility study was never conducted on the G9 deposit. As such there is no assurance that the mineral resources are economically recoverable. The Company's continuing operations and the underlying value and recoverability of the amounts shown for property, plant and equipment are entirely dependent upon the existence of these mineral resources and on future profitable production or proceeds from the disposition of the mineral resources. The Company believes that there is sufficient reason to believe that the existence of these mineral resources is more likely than not and has therefore estimated a mine life of 15 years. There are a number of factors that the Company believes support this estimate, including the ability of the Company to complete equity and debt financings during the period of construction and commissioning. The $80 million sale of the silver stream to Silver Wheaton Corp. (''Silver Wheaton'') provides additional evidence of third party support for this project and its estimated mine life.

If the Company is unable to meet its production targets, realize metal prices sufficient to cover the cost of operation and economically recover its mineral resources, the Company may have to reduce or curtail operations and exploration activities. Furthermore, failure to continue as a going concern would require that the Company's assets and liabilities be restated on a liquidation basis which would differ significantly from the going concern basis.

2. Basis of presentation and principles of consolidation:

These consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (''GAAP''). These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, including Farallon Minera Mexicana, S.A. de C.V., its operating subsidiary in Mexico. All material intercompany balances and transactions have been eliminated.

3. Significant accounting policies:

(a) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand, cash on deposit with banks and highly liquid short-term investments with terms of less than 90 days.

(b) Inventories:

Concentrate inventory consists of metal in concentrate and ore-in-process. Concentrate inventory is valued based on the lower of average production cost and net realizable value. Production costs include the cost of raw materials, direct labour, mine-site overhead and depreciation, depletion and amortization.

3. Significant accounting policies: (Continued)

Materials and supplies inventory is valued at the lower of average cost and net realizable value.

(c) Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated amortization. Amortization of mining and milling assets are provided by annual charges to earnings calculated using the units of production method based on tonnes mined and milled divided by the estimated tonnage to be recovered in the mine plan. During the year, the Company extended the life of G9 mine. Consequently, the useful life over which the Company's mining and milling assets are depreciated has been extended to reflect their additional use from an extended mine life. Amortization for all other assets is calculated using the straight-line method over the estimated useful lives at rates from 10% to 30% per annum.

Repairs and maintenance expenditures are charged to operations as incurred. Major improvements and replacements which extend the useful life of the asset are capitalized as incurred. Assets under construction are not amortized until they are completed and are ready to be put into service. The useful lives of fixed assets are periodically reviewed by the Company and revised where appropriate.

The costs of removing waste material to access mineral resources, referred to as ''development costs'' are accounted for as variable production costs to be included in the cost of inventory produced, unless the waste removal activity can be shown to be a betterment of the mineral property, in which case these costs are capitalized. Betterment occurs when the waste removal activity provides access to additional sources of mineral resources that will be produced in future periods which would not have otherwise been accessible in the absence of the development activity. These deferred costs are amortized using the units of production basis to depreciation, depletion and amortization over the life of the mineral deposit resources.

(d) Mineral property interest:

Exploration and development expenditures incurred prior to the determination of the feasibility of mining operations and administrative expenditures are expensed as incurred. Mineral property acquisition costs, and exploration and development expenditures incurred subsequent to such determination and to increase or to extend the life of existing production, are capitalized and amortized using the units of production method over the estimated life of the property following the commencement of commercial production, or are written off if the property is sold, allowed to lapse or abandoned, or when an impairment has been determined to have occurred.

Mineral property acquisition costs include the cash consideration and the fair value of common shares, based on the trading price of the shares, issued for mineral property interests pursuant to the terms of the agreement. Payments relating to a property acquired under an option or joint venture agreement, where payments are made at the sole discretion of the Company, are recorded in the accounts upon payment.

The amount shown for mineral property interests represents acquisition costs incurred to date, less accumulated amortization and does not necessarily reflect present or future values.

(e) Impairment of long-lived assets:

The Company assesses the possibility of impairment of its long-lived assets and test for recoverability whenever events or changes in circumstances indicate that their carrying value may not be recoverable. Recoverability of an asset to be held and used is measured by a comparison of the net carrying value of the asset with estimated undiscounted future net cash flows to be generated by the asset. If the carrying value of an asset exceeds its estimated undiscounted estimated future cash flows

3. Significant accounting policies: (Continued)

related to the asset, an impairment loss is recognized to the extent that the carrying amount exceeds the fair value of the asset.

(f) Asset retirement obligations:

The Company recognizes any statutory, contractual or other legal obligation related to the retirement of tangible long-lived assets when such obligations are incurred, if a reasonable estimate of fair value can be made. These obligations are measured initially at fair value and the resulting costs are capitalized to the carrying value of the related asset. In subsequent periods, the liability is adjusted for the accretion of the discount and any changes in the amount or timing of the underlying future cash flows. The asset retirement cost is amortized to operations over the life of the asset. Changes resulting from revisions to the timing or the amount of the original estimate of undiscounted cash flows are recognized as an increase or a decrease in the carrying amount of the liability, and the related asset retirement cost is capitalized as part of the carrying amount of the related long-lived asset. In the event the required decrease in the asset retirement cost is in excess of the carrying value, the excess amount is recorded as a change in estimate in the statement of operations.

(g) Share capital:

The Company records proceeds from share issuances net of issue costs. Shares issued for consideration other than cash are valued at the quoted price on the stock exchange on the date the shares are issued.

(h) Stock-based compensation:

The Company's stock-based compensation plan is described in note 12(c). The Company accounts for all stock-based compensation using the fair value method. Under this method, compensation cost attributable to options granted is measured at fair value at the grant date and expensed over the vesting period, with a corresponding increase to contributed surplus. Any consideration paid on exercise of stock options is recorded as share capital and the related contributed surplus is transferred to share capital.

(i) Income taxes:

The Company uses the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values, using the substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Future income tax assets also result from unused loss carry forwards and other deductions. Future tax assets are recognized to the extent that they are considered more likely than not to be realized. The valuation of future income tax assets is adjusted, if necessary, by the use of a valuation allowance to reflect the estimated realizable amount.

(j) Foreign currency translation:

Assets and liabilities of self-sustaining foreign operations denominated in foreign currencies are translated into United States (''US'') dollars at the period-end exchange rate. Revenue and expenses denominated in foreign currencies are translated into US dollars at the average exchange rates for the period. The resulting exchange gains or losses on translation are included in the accumulated other comprehensive income (loss) component of shareholders' equity. When there is a reduction in the

3. Significant accounting policies: (Continued)

Company's net investment in its self-sustaining foreign operations, the proportionate amount of the cumulative foreign currency translation adjustment is recognized in earnings.

Monetary assets and liabilities of integrated foreign operations denominated in foreign currencies are translated into US dollars at the exchange rates in effect at each period-end date. Non-monetary assets and liabilities denominated in foreign currencies are translated at their historical exchange rates. Exchange gains or losses arising from the translation of the monetary balances denominated in foreign currencies are recognized in earnings in the period incurred. Revenues and expenses denominated in foreign currencies are translated into US dollars at the average exchange rates for the period, except for depreciation, which is translated at the same rate as those used in translation of the corresponding assets. The resulting gains or losses are recognized in earnings in the period incurred.

(k) Earnings (loss) per share:

Earnings (loss) per share are based on the weighted average number of common shares of the Company that were outstanding throughout each year. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and warrants, in the weighted average number of common shares outstanding during the year, if dilutive. For this purpose, the ''treasury stock method'' is used for the assumed proceeds upon the exercise of outstanding stock options and warrants that are used to purchase common shares at the average market price during the year.

(l) Segment disclosures:

The Company operates in a single reportable operating segment, development, exploration and operation of mineral property interests, within the geographic area of Mexico.

(m) Use of estimates:

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates include, but not limited to the collectibility of, accounts receivables, the valuation of inventory, carrying values of mineral properties and property, plant and equipment, assessment of impairment, asset retirement obligations, valuation of future income taxes and allowances, the assumptions used in determining the fair value of non-cash stock-based compensation, and the determination of mineral reserves and mine life, the criteria used to determine when commercial production begins. Actual results could differ from these estimates.

(n) Financial instruments:

The Company recognizes financial assets and liabilities on its balance sheet when it becomes a party to the contract creating the asset or liability. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities.

Financial assets and financial liabilities ''held-for-trading'' are measured at fair value with changes in those fair values recognized in net earnings. Financial assets ''available-for-sale'' are measured at fair value, with changes in those fair values recognized in other comprehensive income (''OCI'') except for other-than temporary impairment which is recorded as a charge to other expenses. Financial assets

3. Significant accounting policies: (Continued)

''held-to-maturity'', ''loans and receivables'' and ''other financial liabilities'' are measured at amortized cost.

The Company classifies cash and cash equivalents and restricted cash as held-for-trading. Held for trading financial assets and liabilities are recorded at fair value. Changes in fair value are recorded in net earnings.

The Company classifies accounts receivable and long term deposits as loans and receivables. Loans and receivables are initially recorded at fair value and subsequently at amortized cost using the effective interest rate method.

The Company classifies accounts payable and accrued liabilities, due to related parties, and long-term debt as other financial liabilities. Other financial liabilities are initially recorded at fair value, net of transaction costs incurred, and subsequently at amortized cost using the effective interest rate method.

Notes payable are classified as held-to-maturity and are measured at amortized cost with gains and losses recognize in net earnings.

(o) Revenue recognition

Revenue from the sales of metal in concentrate is recognized when persuasive evidence of a sales agreement exists, title and risk is transferred to the customer, collection is reasonably assured and the price is reasonably determinable. Revenue from the sales of metal may be subject to adjustment upon final settlement of shipment weights, assays and estimated metal prices. Adjustments to revenue for metal prices are recorded monthly and other adjustments are recorded on final settlement. Cash received in advance of meeting these revenue recognition criteria is recorded as deferred revenue.

Under the Company's concentrate sales contracts, final zinc, copper, lead, silver and gold prices are set based on a specified future quotational period and the market metal price in that period. Typically, the quotational period for zinc, copper, lead, silver and gold is one to five months after the month of scheduled shipment. Revenues are recorded under these contracts at the time title and risk passes to the buyer and are based on the forward price for the expected settlement period. The contracts, in general, provide for a provisional payment based upon provisional assays and quoted metal prices. Final settlement is based on the average applicable price for the quotational period. The price adjustment features in the Company's receivables are treated as embedded derivatives for accounting purposes and as such, are marked-to-market through earnings from the date of sale through the date of final pricing.

Revenue from the sale of silver to Silver Wheaton is recognized on a dollar per unit basis using the total number of silver ounces expected to be delivered to Silver Wheaton over the life of the Campo Morado mine (note 10).

(p) Comparative figures:

Certain of the prior years' comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

4. Adoption of new accounting policies:

(a) Goodwill and intangibles:

Effective January 1, 2009, the Company adopted the Canadian Institute of Chartered Accountants (''CICA'') Handbook Section 3064 which replaces both, Section 3062, *Goodwill and Other Intangible*

4. Adoption of new accounting policies: (Continued)

Assets, and Section 3450, *Research and Development Costs*. This new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets. Standards concerning goodwill remain unchanged from the standards included in the previous Section 3062. The adoption of this standard had no effect on the Company's financial statements.

(b) Credit risk and the fair value of financial assets and financial liabilities:

Effective January 1, 2009, the Company adopted Emerging Issues Committee (''EIC'') abstract 173 (''EIC-173''), *Credit Risk and the Fair Value of Financial Assets and Financial Liabilities*. The EIC provides guidance on how to take into account credit risk and counterparty risk when determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this EIC did not have an effect on the Company's financial statements.

(c) Mining exploration costs:

Effective January 1, 2009, the Company adopted EIC-174, *Mining Exploration Costs*. This EIC provides guidance on the initial accounting for mining exploration costs and the subsequent assessment for impairment. The adoption of this EIC did not have an effect on the Company's financial statements.

(d) Financial instruments disclosures:

The Company has adopted the amendments to CICA Handbook Section 3862, *Financial Instruments—Disclosures*. The amendments set out new standards for disclosures about the fair value measurements of financial instruments and the nature and extent of liquidity risk. The amendments require an entity to classify fair value measurements using a fair value hierarchy in levels ranging from 1 to 3 that reflect the significance of the inputs used in making these measurements. These amendments are consistent with recent amendments to financial instrument disclosure standards under International Financial Reporting Standards (''IFRS''). The Company has provided the disclosures in these financial statements.

(e) Future accounting changes:

(i) Business combinations, consolidated financial statements and non-controlling interests:

In January 2009, the CICA issued Handbook Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements*, and Section 1602, *Non-Controlling Interests* which requires business acquisitions (including non-controlling interests and contingent consideration) to be measured at fair value on the acquisition date, acquisition-related costs to be expensed, gains from bargain purchases to be recorded in net earnings, and expands the definition of a business. Section 1601 establishes standards for the preparation of consolidated financial statements and Section 1602 requires that non-controlling interest be presented as part of equity and that transactions between the Company and the non-controlling interests be reported as equity transactions. As Section 1582 will apply only to future business combinations, it will not have an effect on the Company's financial statements prior to any such acquisitions. The Company is assessing the effect of adoption of Section 1601 and Section 1602.

4. Adoption of new accounting policies: (Continued)

(ii) International Financial Reporting Standards (''IFRS''):

In February 2008, the Canadian Institute of Chartered Accountants announced that GAAP for publicly accountable enterprises will be replaced by IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. The standard also requires that comparative figures for 2010 be based on IFRS.

In preparation for the changeover from Canadian GAAP to IFRS, the Company commenced the development of a detailed project plan to evaluate the potential key impact areas and the options available under IFRS; however, the Company cannot at this time determine the final impact of the transition to IFRS. The initial key impact areas preliminarily identified by the Company which will impact financial statement presentation and disclosure are: property, plant and equipment, income taxes, impairment of assets and provisions, asset retirement obligations and share-based payments.

5. Financial instruments:

(a) Fair value of financial instruments:

The fair value of a financial instrument is the price at which a party would accept the rights and/or obligations of the financial instrument from an independent third party. Given the varying influencing factors, the reported fair values are only indicators of the prices that may actually be realized for these financial instruments. Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values.

The three levels of the fair value hierarchy are:

(i) Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;

(ii) Level 2—Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

(iii) Level 3—Inputs that are not based on observable market data

The Company recorded at fair value the following financial instruments under level 1 of the fair value hierarchy, as at December 31, 2009: Cash and cash equivalents, the carrying amounts of restricted cash, accounts receivable, accounts payable and accrued liabilities and notes payable due to the short term to maturity of such instruments. The fair values of amounts due from (to) related parties are not determinable due to the related party nature and the lack of a market for such balances. The fair value of the long-term debt has been determined based on level 1 and approximates its carrying value as the cost of the long-term debt is consistent with market rates.

(b) Financial instrument risk exposure and risk management:

The Company is exposed in varying degrees to a variety of financial instrument related risks as described in the Company's annual consolidated financial statements.

(i) Capital management:

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to operate, develop and explore its projects for the benefits of shareholders and other stakeholders. The Company considers the components of shareholders' equity, as well as its cash and cash equivalents and debt financing, as capital. The Company manages the capital structure and makes adjustments to it in the event of changes in

5. Financial instruments: (Continued)

economic conditions and the risk characteristics of the underlying assets. The Company may issue new shares or debt through private placements in order to maintain or adjust the capital structure.

To effectively manage its capital requirements, the Company has in place a planning and budgeting process to help determine the funds required to ensure the Company has the appropriate liquidity to meet its capital development, operating and growth objectives.

The Company has long-term debt (note 9) that contains covenants related to tangible net worth, debt to equity ratio and production costs that the Company shall work diligently toward obtaining and shall maintain in good standing. As at December 31, 2009, the Company obtained a waiver from Credit Suisse temporarily increasing the allowable production cost per pound until June 2010. At December 31, 2009, the Company was in compliance with all financial covenants.

(ii) Credit risk:

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets. The Company limits exposure to credit risk on liquid financial assets through maintaining its cash and cash equivalents in high quality investments and with major financial institutions. Substantially all the Company's cash and cash equivalents in Canada are held with one major financial institution and its subsidiaries.

The Company also has credit risk in relation to trade receivables. The Company has mitigated the credit risk through the sale of its products to a large international institution with high credit ratings. Historical levels of receivable defaults and overdue balances over normal credit terms are both negligible, thus the credit risk associated with accounts receivables is also considered to be negligible.

(iii) Commodity price risk:

The Company is exposed to commodity price risk given that its revenues are derived from the sale of metals, the prices for which have been historically volatile. From time to time and when management believes it is a prudent decision, the Company reduces this risk by hedging against the price of metals for a portion of its inventory and future production. The main tools used to protect against price risk used by management is put and call option contracts. As at December 31, 2009, there were no outstanding put and call option contracts.

(iv) Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet the obligations associated with its financial liabilities. The Company ensures that there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company's holdings of cash and cash equivalents. The Company believes that these sources will be sufficient to cover the likely short and long term cash requirements. The Company's cash and equivalents are invested in business accounts and are available on demand for the Company's programs. As at December 31, 2009, substantially all of the Company's financial liabilities and non-financial derivative liabilities mature within one year, except for the long-term debt (note 9) which has contractual principal repayments of $5.0 million during 2010, $10.0 million during 2011, $10.0 million during 2012 and $5.0 million during 2013.

(v) Foreign exchange risk:

The Company is exposed to risks resulting from changes in foreign currency exchange rates as some of the Company's operating costs are in Canadian dollars (''CAD'') and Mexican Pesos (''MXP''), while revenues will be received in US dollars, hence any fluctuation of the US dollar in

5. Financial instruments: (Continued)

relation to these currencies may impact the profitability of the Company and may also affect the value of the Company's assets and liabilities. The Company currently does not enter into financial instruments to manage this risk, consequently no currency hedges are in place and no hedge accounting is used.

The exposure of the Company's financial assets and financial liabilities to foreign exchange risk is as follows:

	December 31, 2009	December 31, 2008
Financial assets denominated in:		
Canadian dollars	$ 263	$ 7,156
US dollars	21,419	4,842
Mexican pesos	3,577	6,312
Total financial assets	$25,259	$18,310
Financial liabilities denominated in:		
Canadian dollars	$ 1,141	$28,120
US dollars	39,010	11,333
Mexican pesos	7,224	8,772
Total financial liabilities	$47,375	$48,225

The following significant exchange rates applied during the period:

	Year ended December 31, 2009	Six months ended December 31, 2008	Year ended June 30, 2008
US dollar to CAD:			
Canadian dollars—closing rate	1.0510	1.2180	1.0197
Canadian dollars—average rate	1.1415	1.1271	1.0101
US dollar to MXP:			
Mexican pesos—closing rate	13.0437	13.8962	10.3135
Mexican pesos—average rate	13.5318	11.6623	10.7675

(vi) Interest rate risk:

The Company is exposed to interest rate risk arising from fluctuations in floating interest rate applicable on its cash and cash equivalents, and credit facility. At December 31, 2009, the Company's long-term debt was at fixed rates, hence there is no market risk arising from fluctuations in floating interest rate.

6. Inventory:

	December 31, 2009	December 31, 2008
Zinc concentrate	$ 1,250	$ 4,233
Lead concentrate	—	239
Copper concentrate	2,928	1,243
Ore in-process	432	15
Product inventory	4,610	5,730
Materials and supplies	6,550	5,543
	$11,160	$11,273

As at December 31, 2009 the inventory was recorded at cost. As at December 31, 2008 the inventory was recorded at its net realizable value as the Company had not reached commercial production.

7. Property, plant and equipment:

December 31, 2009	Cost	Accumulated amortization	Net book value
Land and improvements	$ 11,838	$ —	$ 11,838
Buildings	1,320	526	794
Furniture and office equipment	756	323	433
Plant and equipment	112,234	16,582	95,652
Mobile equipment	1,866	1,101	765
Site closure costs	300	16	284
Construction-in-process	5,229	—	5,229
Deferred development	3,684	60	3,624
Mineral property interests[a]	8,963	52	8,911
	$146,190	$18,660	$127,530

Amortization recorded during the period reflected changes in accounting estimates during the period resulting from the increase in the life of the G9 mine.

December 31, 2008	Cost	Accumulated amortization	Net book value
Land and improvements	$ 11,004	$ —	$ 11,004
Buildings	1,232	445	787
Furniture and office equipment	721	144	577
Plant and equipment	110,667	6,470	104,197
Mobile equipment	1,756	644	1,112
Site closure costs	1,220	—	1,220
Mineral property interests[a]	8,963	—	8,963
	$135,563	$7,703	$127,860

(a) Mineral property interests:

On October 15, 1995, the Company entered into an option agreement to earn a 100% interest in the Campo Morado and La Alina concessions, owned by Minera Summit de Mexico, S.A. de C.V. (''Minera Summit''), a private Mexican company. The two concessions, now covering approximately 5,742

7. Property, plant and equipment: (Continued)

hectares, are located in Guerrero State, Mexico, approximately 160 kilometres southwest of Mexico City and 155 kilometres north of Acapulco. To earn its interest (which was earned during fiscal 1997), the Company issued a total of 750,000 common shares to Minera Summit, made payments totalling $1.2 million to Minera Summit, and completed a staged exploration program on the property of a minimum of $1.8 million ($14.7 million Mexican pesos). Upon the completion of a positive feasibility study, the Company will be required to issue up to an additional 750,000 shares to Minera Summit based on a sliding scale of net recoverable gold-equivalent ounces, as identified by the feasibility study, between 1 and 6 million ounces.

On January 10, 1997, title to the Campo Morado and La Alina concessions was conveyed to the Company and registered in the Mexican Public Registry of Mining. The Consejo de Recursos Minerales (Council for Mineral Resources), a decentralized entity with independent legal capacity under the Mexican Federal Ministry of Energy, Mines and Government Industry, has released in full all bonding it had required to guarantee property work obligations, but a performance deposit on the Campo Morado Property of $0.3 million held by Minera Summit has not yet been returned to the Company.

The Company also acquired an additional 5,821 hectares of concessions contiguous to the above two concessions, including $0.1 million spent during fiscal 2000 to acquire the La Trinidad concession, bringing the Company's land holdings at Campo Morado to approximately 11,563 hectares.

Title to mineral concessions held by the Company has been granted by the regulatory authorities in Mexico. In order to maintain these mineral concessions in good standing, the Company is required to pay taxes and mining duties, which are up to date, and to carry out annual assessment work, which costs are included within cost of sales.

8. Notes payable:

	December 31, 2009	December 31, 2008
Balance, beginning of the period	$ 26,216	$ —
September 2008 promissory notes[(a)]	—	19,674
October 2008 convertible promissory notes[(b)]	—	6,259
Total notes payable	—	25,933
Conversion right	—	283
Notes repaid on June 5, 2009	(26,216)	—
Balance, end of the period	$ —	$26,216

(a) September 2008 promissory notes:

On September 9, 2008, the Company completed a $20.5 million (CAD$25.0 million) private placement of 250 units (the ''Units'') arranged by Paradigm Capital Inc. (the ''Agent''). Each Unit consisted of a CAD$100,000 promissory note (the ''September 2008 Notes'') plus 8,000 Farallon common shares (aggregate 2,000,000 shares). Fees paid to the Agent totaled $1.5 million and 1,000,000 warrants convertible into common shares of the Company with an exercise price of CAD$0.60 per warrant expiring September 9, 2013. The warrants were recorded at an estimated fair value of $0.2 million (using expected volatility of 70.7%, risk free interest rate of 4%, dividends of nil, an exercise price of CAD$0.60 and expected remaining life of approximately five years).

The September 2008 Notes were six month promissory notes bearing interest at 15% per annum and were secured by specific mining equipment. On March 10, 2009, the maturity date was extended for an additional six months. On extension, an additional 5,304,480 common shares of the Company were

8. Notes payable: (Continued)

issued to the note holders at the prevailing market price of CAD$0.15. The fair value of the shares issued totalling $0.6 million was netted against the carrying value of the September 2008 Notes as an additional cost of financing and was amortized over the revised term to maturity.

On June 5, 2009, in advance of the maturity date, the Company repaid the September 2008 Notes.

The continuity of the September 2008 Notes was as follows:

	December 31, 2009	December 31, 2008
Balance, beginning of the period	$ 19,674	$20,822
Shares issued to extend terms of notes	(619)	—
Accretion for the period	267	1,404
Loss on extinguishment of the note	1,265	—
Foreign exchange loss (gain)	1,754	(2,552)
Notes repaid on June 5, 2009	(22,341)	—
Balance, end of the period	$ —	$19,674

(b) October 2008 convertible promissory notes:

In October 2008, the Company raised $6.4 million (CAD$7.8 million) through a private placement of unsecured convertible promissory notes (the ''October 2008 Notes''). Each $0.4 million (CAD$0.5 million) principal amount of the October 2008 Notes entitled the holder to receive a bonus of 40,000 common shares of the Company (aggregate of 620,000 shares) and a cash payment of CAD$0.04 million for each six months that the October 2008 Notes were outstanding. Fees paid to the Agent totalled $0.4 million.

On April 3, 2009, the October 2008 Notes matured and the Company extinguished the loan. The $6.4 million (CAD$7.8 million) principal amount of the October 2008 Notes was convertible at maturity into common shares of the Company at a fixed price of CAD$0.33 per share.

For accounting purposes, the October 2008 Notes contained both a liability component and an equity component, being the lenders conversion rights, which were separately presented on the consolidated balance sheets. The Company allocated the face value of the October 2008 Notes to the liability and equity components. At issuance, the Company estimated the fair value of the conversion option totaling $0.3 million by deducting the present value of the future cash outflows of the October 2008 Notes, if no conversion rights were attached, from the face value of the principal of the October 2008 Notes. The fair value of the liability component was determined by discounting the stream of future payments of loan bonus fees and principal at the estimated prevailing market rate of 30% for a comparable debt instrument that excluded any conversion privilege by the holder. The residual carrying value of the October 2008 Notes be accreted to the redemption value on the first redemption date of the October 2008 Notes.

The 620,000 bonus shares were recorded at an estimated fair value of $0.2 million, based on the Company's share price on October 3, 2008 (CAD$0.32), the date that the October 2008 Notes were issued and less a portion of the agents fees.

8. Notes payable: (Continued)

The continuity of the October 2008 Notes was as follows:

	December 31, 2009	December 31, 2008
Balance, beginning of the period	$ 6,259	$6,281
Accretion for the period	86	618
Foreign exchange gain	(46)	(640)
Notes repaid on April 3, 2009	(6,299)	—
Balance, end of the period	$ —	$6,259

9. Long-term debt:

On June 5, 2009 the Company drew down on a US$30 million term loan with Credit Suisse—Zurich of Switzerland (''Credit Suisse''). The loan is guaranteed by the Company's subsidiaries, Farallon Minera Mexicana, S.A. de C.V., and Farallon Resources (Barbados) Ltd. The term of the loan is four years and the interest rate is fixed at 6.97%. The loan is secured by the Company's mineral off-take agreements and mining equipment. The loan includes financial covenants related to tangible net worth, debt to equity ratio and production cost. The Company obtained a waiver from Credit Suisse temporarily increasing the allowable production cost per pound for the period from December 2009 until June 2010. At December 31, 2009, the Company was in compliance with all financial covenants.

As part of the term loan the Company is obliged to maintain in a restricted cash account with Credit Suisse, 135% of one month interest payable for the first year and for each subsequent year an amount equal to 135% of the aggregate value of the next principle and interest payable.

Long-term debt outstanding at December 31, 2009 is as follows:

Term loan	$30,000
Less:	
Current portion	(5,000)
Deferred financing costs	(681)
Balance, December 31, 2009	$24,319

Contractual principal repayments are as follows:

Year of repayment	Amount of repayment
2010	$ 5,000
2011	10,000
2012	10,000
2013	5,000
Total principal repayments	$30,000

10. Silver wheaton deferred revenue:

During May 2008, the Company entered into an arrangement (the ''Arrangement'') with a subsidiary company of Silver Wheaton to sell 75% of its silver production from the Campo Morado Project over the life of mine for an upfront payment of $80.0 million. Upon delivery of the silver, Silver Wheaton will also

10. Silver wheaton deferred revenue: (Continued)

pay Farallon a fixed price payment per ounce of silver produced equal to the lesser of $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).

Under terms of the Arrangement, the unpaid amount of the $80.0 million will remain refundable until it is reduced to nil. The Deposit will be reduced by an amount equal to the difference between the spot price of silver and the $3.90 per ounce fixed price and multiplied by the total ounces of silver delivered to Silver Wheaton. If at the end of the initial 40—year term of the Arrangement, the $80 million deposit has not been reduced to nil, the Company will refund the outstanding portion of the Deposit to Silver Wheaton. As at December 31, 2009, the refundable portion of the deposit was $73,879 (2008—$80,000). During the year the Company produced 519,812 ounces (2008—nil) of silver of which 430,880 ounces have been delivered to Silver Wheaton and 88,932 ounces will be delivered in January 2010.

The $80.0 million deposit is recognized as revenue on a dollar per unit basis using the total number of silver ounces expected to be delivered to Silver Wheaton over the life of the Campo Morado mine.

As security for the performance in full of all of the obligations of the Company in favor of Silver Wheaton, the Deposit has been secured by a first-ranking security in the mining properties and the Campo Morado mining lots. In addition Silver Wheaton has first-ranking interests in all share capital of the Company's Mexican subsidiaries, internal silver purchase and deposit agreements and mortgages.

The following table summarizes the changes in the Silver Wheaton deferred revenue:

	December 31, 2009	December 31, 2008	June 30, 2008
Balance, beginning of the period	$80,000	$80,000	$80,000
Amortization on delivery of silver	(5,501)	—	—
Balance, end of the period	$74,499	$80,000	$80,000

11. Site closure and reclamation obligation:

The provision for site closure and reclamation costs related to the Campo Morado Property is as follows:

	December 31, 2009	December 31, 2008	June 30, 2008
Balance, beginning of the period	$1,374	$1,275	$ 51
Accretion expense	81	99	4
Revisions to estimated cash flows	(894)	—	1,220
Balance, end of the period	$ 561	$1,374	$1,275

The estimated amount of undiscounted cash flow required to satisfy the asset retirement obligations after reflecting an inflation factor of 4% is estimated to be approximately $4,494 (2008—$3,253). The expected timing of payments ranges from years 2023 to 2024, and the credit-adjusted risk-free rate at which the estimated cash flow has been discounted to arrive at the obligation is 15.46% (2008—ranged from 8.90% to 15.74%).

12. Share capital:

(a) Authorized share capital:

The Company's authorized share capital consists of an unlimited number of common shares, without par value, and an unlimited number of preferred shares without par value.

(b) Issued and outstanding common shares:

(i) Private placement—$3.9 million (CAD$5.0 million):

In February 2009, the Company completed a brokered private placement of 25 million common shares at CAD$0.20 per share for gross proceeds of $3.9 million (CAD$5.0 million). A commission equal to 6% of the proceeds from the offering was paid to the agents. In addition, the agents received compensation options exercisable for that number of common shares equal to 6% of the number of shares issued under the offering for a period of 24 months at a price of $0.20 per share. The proceeds from the offering were used for general working capital purposes.

(ii) Private Placement—$6.7 million (CAD$8.3 million):

In April 2009, the Company completed a private placement financing for gross proceeds of $6.7 million (CAD$8.3 million) through the issuance of 41.7 million shares at a price of CAD$0.20 per share. The proceeds were used to reduce the Company's short-term liabilities by repaying the $6.4 million (CAD$7.75 million) October 2008 Convertible Promissory Notes.

(iii) Shares for debt—$0.3 million (CAD$0.4 million):

In May 2009, the Company issued 1.3 million shares at a price of CAD$0.30 per share as settlement of $0.3 million (CAD$0.4 million) of debt with one of the Company's suppliers.

(iv) Shares for debt—$2.3 million (CAD$2.5 million):

In June 2009, the Company issued 7.5 million shares at a price of CAD$0.33 per share as settlement of $2.3 million (CAD$2.5 million) of debt with one of the Company's suppliers.

(v) Shares for debt—$0.4 million (CAD$0.5 million):

In July 2009, the Company issued 1.6 million shares at a price of CAD$0.29 per share as settlement of $0.4 million (CAD$0.5 million) of debt with one of the Company's suppliers.

(vi) Shares for debt—$2.5 million (CAD$2.8 million):

In September 2009, the Company issued 7.9 million shares at a price ranging from CAD$0.30 to CAD$0.36 per share as settlement of $2.5 million (CAD$2.8 million) of debt with some of the Company's suppliers.

(vii) Private placement—$10.6 million (CAD$11.5 million):

In October 2009, the Company completed a private placement financing for gross proceeds of $10.6 million (CAD$11.5 million) through the issuance of 27.7 million shares at a price of CAD$0.415 per share. The proceeds were used to commence G9 Mine mill expansion, exploration drilling at Campo Morado and other corporate and working capital purposes.

(c) Share purchase option compensation plan:

The Company has a share purchase option compensation plan (the ''Plan'') approved by the shareholders that allows it to grant options, subject to regulatory terms and approval, to its directors, employees, officers, and consultants. The Plan is based on a maximum number of eligible shares equalling a rolling percentage of up to 10% of the Company's outstanding common shares, calculated

12. Share capital: (Continued)

from time to time. Pursuant to the Plan, if outstanding options are exercised, or expire, and/or the number of issued and outstanding common shares of the Company increases, the options available to grant under the Plan increase proportionately. The exercise price of each option is set by the Board of Directors at the time of grant and cannot be less than the market price and is based on the volume weighted average price of the last five trading days on the Toronto Stock Exchange. Options may have a term of up to ten years and typically terminate 30 days following the termination of the optionee's employment, except in the case of retirement or death. Vesting of options is at the discretion of the Board at the time the options are granted. The continuity of the number of share purchase options for the year ended December 31, 2009 is as follows:

Expiry date	Exercise price	December 31, 2008	Granted	Exercised	Expired or forfeited	December 31, 2009
March 31, 2009	CAD$0.63	426,500	—	—	(426,500)	—
March 31, 2009	CAD$0.80	754,000	—	—	(754,000)	—
March 31, 2009	CAD$0.89	40,000	—	—	(40,000)	—
May 31, 2009	CAD$0.63	50,000	—	—	(50,000)	—
August 24, 2009	CAD$0.63	992,500	—	—	(992,500)	—
March 31, 2011	CAD$1.00	2,450,000	—	—	—	2,450,000
April 25, 2011	CAD$0.76	1,133,000	—	—	(99,500)	1,033,500
May 09, 2011	CAD$0.74	72,500	—	—	(65,000)	7,500
July 28, 2011	CAD$0.31	—	50,000	—	—	50,000
October 24, 2011	CAD$0.21	2,430,000	—	(300,000)	(897,500)	1,232,500
January 12, 2012	CAD$0.22	—	75,000	—	—	75,000
March 09, 2012	CAD$0.16	—	200,000	—	(12,500)	187,500
March 31, 2012	CAD$0.63	3,770,000	—	—	—	3,770,000
April 15, 2012	CAD$0.20	—	3,350,000	(170,000)	(540,000)	2,640,000
June 02, 2012	CAD$0.33	—	3,525,000	(47,500)	(507,500)	2,970,000
June 05, 2012	CAD$0.33	—	1,150,000	—	—	1,150,000
August 27, 2012	CAD$0.30	—	75,000	—	—	75,000
October 5, 2012	CAD$0.42	—	75,000	—	—	75,000
October 16, 2012	CAD$0.43	—	1,000,800	—	(6,400)	994,400
November 13, 2012	CAD$0.48	—	75,000	—	—	75,000
December 31, 2012	CAD$0.70	1,025,000	—	—	—	1,025,000
January 16, 2013	CAD$0.67	300,000	—	—	—	300,000
February 19, 2013	CAD$0.79	25,000	—	—	(25,000)	—
February 21, 2013	CAD$0.78	725,000	—	—	—	725,000
June 19, 2013	CAD$0.79	325,000	—	—	(50,000)	275,000
October 24, 2013	CAD$0.21	1,000,000	—	(200,000)	—	800,000
October 27, 2013	CAD$0.21	50,000	—	—	—	50,000
October 31, 2013	CAD$0.20	1,725,000	—	—	—	1,725,000
April 15, 2014	CAD$0.20	—	2,175,000	(50,000)	—	2,125,000
June 02, 2014	CAD$0.33	—	2,475,000	—	—	2,475,000
June 05, 2014	CAD$0.33	—	200,000	—	—	200,000
December 21, 2014	CAD$0.53	—	600,000	—	—	600,000
		17,293,500	15,025,800	(767,500)	(4,466,400)	27,085,400
Weighted average exercise price		CAD$0.59	CAD$0.30	CAD$0.22	CAD$0.50	CAD$0.45

12. Share capital: (Continued)

The exercise prices of all share purchase options granted during the year ended December 31, 2009 were equal to the market price at the grant date.

As at December 31, 2009, 21,607,500 of these options with a weighted average exercise price of CAD$0.50 had vested and were exercisable. The weighted average fair value of options granted as determined under the Black-Scholes option pricing model during the year was $0.17 (2008—six months ended December 31, 2008—$0.08).

The continuity of the number of share purchase options for the six months ended December 31, 2008 is as follows:

Expiry date	Exercise price	June 30, 2008	Granted	Exercised	Expired or forfeited	December 31, 2008
March 31, 2009	CAD$0.63	551,500	—	—	(125,000)	426,500
March 31, 2009	CAD$0.80	899,000	—	—	(145,000)	754,000
March 31, 2009	CAD$0.89	40,000	—	—	—	40,000
May 31, 2009	CAD$0.63	50,000	—	—	—	50,000
August 24, 2009	CAD$0.63	1,182,500	—	—	(190,000)	992,500
March 31, 2011	CAD$1.00	2,450,000	—	—	—	2,450,000
April 25, 2011	CAD$0.76	1,153,000	—	—	(20,000)	1,133,000
May 09, 2011	CAD$0.74	115,000	—	—	(42,500)	72,500
March 31, 2012	CAD$0.63	3,770,000	—	—	—	3,770,000
December 31, 2012	CAD$0.70	1,200,000	—	(75,000)	(100,000)	1,025,000
January 16, 2013	CAD$0.67	300,000	—	—	—	300,000
February 19, 2013	CAD$0.79	150,000	—	—	(125,000)	25,000
February 21, 2013	CAD$0.78	725,000	—	—	—	725,000
June 19, 2013	CAD$0.79	325,000	—	—	—	325,000
October 24, 2011	CAD$0.21	—	2,490,000	—	(60,000)	2,430,000
October 24, 2013	CAD$0.21	—	1,000,000	—	—	1,000,000
October 27, 2013	CAD$0.21	—	50,000	—	—	50,000
October 31, 2013	CAD$0.20	—	1,725,000	—	—	1,725,000
		12,911,000	5,265,000	(75,000)	(807,500)	17,293,500
Weighted average exercise price		CAD$0.75	CAD$0.21	CAD$0.70	CAD$0.67	CAD$0.59

The exercise prices of all share purchase options granted during the six months ended December 31, 2008 were equal to the market price at the grant date.

As at December 31, 2008, 14,535,750 of these options, with a weighted average exercise price of CAD$0.62 had vested and were exercisable. The weighted average fair value of options granted as determined under the Black-Scholes option pricing model during the six months ended December 31, 2008 was $0.08 (year ended June 30, 2008—$0.43).

12. Share capital: (Continued)

The continuity of the number of share purchase options for the year ended June 30, 2008 is as follows:

Expiry date	Exercise price	June 30, 2007	Granted	Exercised	Expired or cancelled	June 30, 2008
September 28, 2007	CAD$0.58	2,125,000	—	(2,125,000)	—	—
February 29, 2008	CAD$0.74	180,000	—	(140,000)	(40,000)	—
March 31, 2009	CAD$0.63	597,000	—	(5,000)	(40,500)	551,500
March 31, 2009	CAD$0.80	1,006,500	—	—	(107,500)	899,000
March 31, 2009	CAD$0.89	40,000	—	—	—	40,000
May 31, 2009	CAD$0.63	50,000	—	—	—	50,000
August 24, 2009	CAD$0.63	—	1,232,500	(25,000)	(25,000)	1,182,500
March 31, 2011	CAD$1.00	2,450,000	—	—	—	2,450,000
April 25, 2011	CAD$0.76	—	1,153,000	—	—	1,153,000
May 09, 2011	CAD$0.74	—	115,000	—	—	115,000
March 31, 2012	CAD$0.63	3,770,000	—	—	—	3,770,000
December 31, 2012	CAD$0.70	—	1,275,000	—	(75,000)	1,200,000
January 16, 2013	CAD$0.67	—	300,000	—	—	300,000
February 19, 2013	CAD$0.79	—	150,000	—	—	150,000
February 21, 2013	CAD$0.78	—	725,000	—	—	725,000
June 19, 2013	CAD$0.79	—	325,000	—	—	325,000
		10,218,500	5,275,500	(2,295,000)	(288,000)	12,911,000
Weighted average exercise price		CAD$0.73	CAD$0.72	CAD$0.59	CAD$0.73	CAD$0.75

The exercise prices of all share purchase options granted during the year ended June 30, 2008 were equal to the market price at the grant date.

At June 30, 2008, 8,233,973 of these options with a weighted average exercise price of CAD$0.75 had vested and were exercisable. The weighted average fair value of options granted as determined under the Black-Scholes option pricing model during the year ended December 31, 2008 was $0.43 (2007—$0.37)

The assumptions used to estimate the fair value of options granted during the respective periods were:

	Year ended December 31, 2009	Six months December 31, 208	Year ended June 30, 2008
Risk free interest rate	4%	4%	4.00%
Expected life	3.50 years	3.99 years	3.59 years
Expected vesting terms	0-12 months	0-12 months	0-12 months
Expected volatility	73%	67%	73%
Expected dividends	Nil	Nil	Nil

12. Share capital: (Continued)

(d) Share purchase warrants:

The continuity of the number of share purchase warrants (each exercisable into one common share) for the year ended December 31, 2009 was as follows:

Expiry date	Exercise price	December 31, 2008	Issued	Exercised	Expired	December 31, 2009
January 15, 2010	CAD$0.70	1,839,120	—	—	—	1,839,120
February 26, 2011*	CAD$0.22	—	1,500,000	(300,000)	—	1,200,000
April 12, 2012	CAD$0.50	2,000,000	—	—	—	2,000,000
April 18, 2013	CAD$0.94	250,000	—	—	—	250,000
September 9, 2013	CAD$0.60	1,000,000	—	—	—	1,000,000
		5,089,120	1,500,000	(300,000)	—	6,289,120
Weighted average exercise price		CAD$0.69	CAD$0.22	CAD$0.22	—	CAD$0.54

* In February 2009, the Company completed a private placement of 25,000,000 shares at CAD$0.20. The Company issued 1,500,000 share purchase warrants to the agents, exercisable at CAD $0.22 per common share expiring on February 26, 2011.

The continuity of the number of share purchase warrants (each exercisable into one common share) for the six months ended December 31, 2008 was as follows:

Expiry date	Exercise price	June 30, 2008	Issued	Exercised	Expired	December 31, 2008
November 17, 2008(**)	CAD$0.60	7,062,500	—	—	(7,062,500)	—
December 21, 2008(***)	CAD$0.50	8,502,000	—	—	(8,502,000)	—
December 21, 2008(***)	CAD$0.70	67,978,100	—	(75,000)	(67,903,100)	—
January 15, 2010 (note 13(b)(*ii*))	CAD$0.70	1,839,120	—	—	—	1,839,120
April 12, 2012(****)	CAD$0.50	2,000,000	—	—	—	2,000,000
April 18, 2013(****)	CAD$0.94	250,000	—	—	—	250,000
September 9, 2013 (note 9(b))	CAD$0.60	—	1,000,000	—	—	1,000,000
		87,631,720	1,000,000	(75,000)	(83,467,600)	5,089,120
Weighted average exercise price		CAD$0.67	CAD$0.60	CAD$0.70	CAD$0.67	CAD$0.69

** In November 2006, the Company completed a private placement of 18,750,000 units at CAD$0.40. Each unit comprised one common share and one common share purchase warrant, exercisable into one additional common share at an exercise price of CAD$0.60; these warrants expired on November 17, 2008.

*** In December 2006, the Company completed an equity offering of 160 million subscription receipts at CAD$0.50. Each subscription receipt entitled the holder to acquire one common share and one-half of one common share purchase warrant, exercisable into one additional common share at an exercise price of CAD$0.70; these warrants expired December 21, 2008. The Company paid the agents a commission and 9.6 million compensation warrants, with each warrant exercisable into one common share in at an exercise price of CAD$0.50; these warrants also expired on December 21, 2008.

**** In connection with a bridge loan facility agreement entered into by the Company in prior years (repaid during the year ended June 30, 2008), the Company issued 2,000,000 share purchase warrants to the agents, exercisable at CAD $0.50 per common share expiring on April 12, 2012. The Company also issued 250,000 warrants to one of the bridge loan facility consortium members, exercisable at $0.94 per common share, expiring on April 18, 2013.

12. Share capital: (Continued)

The continuity of the number of share purchase warrants (each exercisable into one common share) for the year ended June 30, 2008 was as follows:

Expiry date	Exercise price	June 30, 2007	Issued	Exercised	Expired	June 30, 2008
November 17, 2008	CAD$0.60	18,750,000	—	(11,687,500)	—	7,062,500
December 21, 2008	CAD$0.50	9,600,000	—	(1,098,000)	—	8,502,000
December 21, 2008	CAD$0.70	80,000,000	—	(12,021,900)	—	67,978,100
January 15, 2010	CAD$0.70	—	1,839,120	—	—	1,839,120
April 12, 2012	CAD$0.50	—	2,000,000	—	—	2,000,000
April 18, 2013	CAD$0.94	—	250,000	—	—	250,000
		108,350,000	4,089,120	(24,807,400)	—	87,631,720
Weighted average exercise price		CAD$0.66	CAD$0.62	CAD$0.64	—	CAD$0.67

13. Related party balances and transactions:

Balances payable to a related parties:

	December 31, 2009	December 31, 2008
Hunter Dickinson Services Inc. and subsidiaries[a]	$18	$1,370
Amarc Exploraciones Mineras, S.A. de C.V.[b]	—	35
Total	$18	$1,405

Related party transactions:

	Year ended December 31, 2009	Six months ended December 31, 2008	Year ended June 30, 2008
Reimbursement for third party expenses and services rendered:			
Hunter Dickinson Services Inc. and subsidiaries[a]	$457	$9,029	$12,235
Purchase of equipment:			
Amarc Exploraciones Mineras, S.A. de C.V.[b]	—	31	—

(a) Hunter Dickinson Services Inc. (''HDSI'') is private company owned equally by several public companies, one of which is Farallon, and has certain directors in common with the Company. HDSI and its subsidiaries, Prestadora de Servicios Campo Morado, S.A. de C.V., Tecnicos HD de Mexico, S.A. de C.V., and Servicios HD de Mexico, S.A. de C.V., are private companies with certain directors in common with the Company, that provide technical, geological and administrative services to, and incur third party costs on behalf of, the Company on a full cost recovery basis pursuant to an agreement dated January 21, 2009.

Subsequent to year end the Company sold its interest on HDSI in exchange to waive any contractual obligation on rescission of the service agreement.

(b) Amarc Exploraciones Mineras, S.A. de C.V., is a subsidiary of Amarc Resources Ltd., a publicly traded company which has certain directors in common with the Company.

14. Income taxes:

The significant components of the Company's future tax asset (liability) are approximately as follows:

	December 31, 2009	December 31, 2008
Future income tax assets:		
Loss carry forwards	$ 21,032	$ 4,241
Mineral property interests	1,014	26,249
Accrued liabilities	—	533
Financing fees	671	1,440
	22,717	32,463
Valuation allowance	(20,440)	(26,080)
Future income tax asset	2,277	6,383
Fixed assets	(1,314)	(6,383)
Insurance paid in advance	(141)	—
Accrued liabilities	(669)	—
Fees not paid in 2009	(153)	—
Future income tax asset (liability)	$ —	$ —

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial tax rates to earnings before income taxes. These differences result from the following items:

	December 31, 2009	December 31, 2008
Combined Canadian federal and provincial statutory rate	30.0%	30.5%
Income tax at statutory rates	$ (4,683)	$(12,229)
Valuation allowance	(5,640)	8,089
Permanent differences	10,557	3,749
Future tax rate change	711	745
Rate differences in other jurisdictions	(738)	—
Non-deductible and other items	(133)	(354)
Total income tax expense	$ 74	$ —

	December 31, 2009	December 31, 2008
Current income tax expense	$74	$—
Future income tax expense	—	—
Total income tax expense	$74	$—

At December 31, 2009, the Company had non-capital losses carried forward for Canadian income tax purposes totalling approximately CAD$30.5 million (2008—CAD$16 million), expiring in various periods from 2010 to 2029. The Company also has net operating loss carry-forwards and resource deductions totalling approximately $47.4 million (2008—$102.9 million) for Mexican income tax purposes which are currently being substantiated, and if not utilized to reduce Mexican taxable income in future periods, will expire in various periods from 2010 to 2019.

15. Segment disclosures:

The Company considers itself to operate in a single reportable operating segment, being the operation and development of mineral properties. Geographic segment disclosures are as follows:

	Year ended December 31, 2009	Six months ended December 31, 2008	Year ended June 30, 2008
Loss (earnings) for the year:			
Canada	$14,481	$ 5,516	$12,277
Mexico	4,162	34,543	35,323
Barbados	(2,966)	37	356
Total	$15,677	$40,096	$47,956

	December 31, 2009	December 31, 2008
Assets		
Canada:		
Current assets	$ 14,677	$ 7,491
Property, plant and equipment	68	97
Mexico:		
Current assets	18,834	24,198
Property, plant and equipment	127,461	127,764
Barbados:		
Current assets	5,808	8
Total	$166,848	$159,558

16. Contingencies:

(a) Mineral Property Interests—Campo Morado:

The Company's 100%-owned Campo Morado ownership rights were challenged and successfully defended by the Company in the legal courts of British Columbia, Nevada and Mexico. In 1996 and 1997, the Company was the defendant in various lawsuits, primarily initiated by David Hermiston, relating to ownership of the Campo Morado property. Legal actions, heard in British Columbia and Nevada in 1998 and 1999 and 2001, were decided in the Company's favour. In the Mexican action, Mr Hermiston failed to prove his unfounded allegations.

In the Nevada action, the Company was awarded a money judgment of $0.6 million against the plaintiffs. The Company continues to seek the recovery of the default monetary judgment, the claim value of which is now in excess of $1.0 million. The Company is actively seeking recovery of the money owed, however due to uncertainty as to the ultimate collection, no amounts receivable have been recorded in the Company's consolidated financial statements.

On September 7, 2004, the Company was notified of a new lawsuit initiated by David Hermiston, making essentially the same allegations and seeking essentially the same remedies, as his previous lawsuits. In June 2007, the civil court in Mexico City dismissed the case and awarded costs to Farallon. In early August 2007, Mr. Hermiston appealed this judgment, but the appeal court in Mexico City dismissed the appeal. In March 2008, Hermiston filed an appeal in Mexico to have this ruling reviewed and on September 11, 2008 the Fifth Collegiate Court in Mexico City granted the appeal for the effects of

16. Contingencies: (Continued)

reviewing once again the file by the First Unitary Court. On October 9, 2008 the said Court ruled in favor of Farallon and on November 4, 2008 Hermiston filled a new appeal against the said judgment. On February 6, 2009, the Fifth Collegiate Court in Mexico City dismissed the appeal as being without merit. The ruling is final and has, once again, vindicated the Company's position in all respects with regard to its ownership rights to the Campo Morado property. The case is now closed.

(b) Wiltz Investment S.A. vs. Farallon Minera Mexicana S.A. de C.V.:

In a writ filed in the Second District Court for the Fifth Circuit in Sonora on January 22, 2004, a Panamanian company, Wiltz Investment S.A. (''Wiltz''), alleged that it was owed 750,000 common shares of Farallon related to its alleged purchase of the Campo Morado rights from Minera Summit de Mexico S.A. de C.V. in 1998 and was consequently demanding the rescission of the option agreement between Minera Summit and Farallon dated October 15, 1995. On November 6, 2007 the Second District Court of the Fifth Circuit in Hermosillo issued a ruling declaring that Wiltz had not proven its allegations and that there was no justification to rescind the option agreement between Minera Summit and Farallon referenced above. Wiltz appealed the ruling, but the appeal was denied. Wiltz then filed an appeal in Mexico to have this ruling reviewed, and on August 26, 2008 the Second Collegiate Court from Sonora granted the appeal for the effects of reviewing, once again, the file by the First Unitary Court. The said court rendered a new judgment on September 9, 2008 confirming the ruling issued by the Second District Court. In October 2008, Wiltz appealed this judgment. On March 3, 2009 the Fifth Collegiate Court on Civil and Labor matters for the Fifth Circuit sitting in Hermosillo, Sonora dismissed the appeal as being without merit and awarded cost to Farallon. The Company intends to pursue recovery of these costs in due course. The ruling is final and has, once again, vindicated the Company's position in all respects with regards to its ownership rights to the Campo Morado property. The case is now closed.

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AUDITORS' CONSENT

The Board of Directors of Nyrstar NV

We have read the prospectus dated February 23, 2011 relating to the sale and issue of rights to acquire shares of Nyrstar NV. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the directors of Farallon Mining Ltd. (the ''**Company**'') on the consolidated balance sheets of the Company as at December 31, 2010 and 2009 and the consolidated statements of operations and comprehensive income (loss), shareholders' equity and cash flows for each of the years in the two-year period ended December 31, 2010. Our report is dated February 23, 2011.

We also consent to the use in the above-mentioned prospectus of our report to the directors of the Company on the consolidated balance sheets of the Company as at December 31, 2009 and 2008, and the consolidated statements of operations and comprehensive loss, shareholders' equity and cash flows for the year ended December 31, 2009, the six-month period ended December 31, 2008 and the year ended June 30, 2008. Our report is dated March 25, 2010.

''KPMG LLP''
Chartered Accountants

Vancouver, Canada
February 23, 2011

ANNEX A—GLOSSARY OF KEY INDUSTRY TERMS

Acid plant . . . . A facility that recovers sulphur dioxide from discharged gases and manufactures sulphuric acid from it.

Ag . . . . Chemical symbol for silver.

Alloy . . . . Metal containing several components.

Alloying . . . . A technique of combining or mixing two or more metals to make an entirely new metallic compound; for example, mixing copper and tin creates bronze.

Antimony . . . . A metallic element, often a pathfinder element for gold.

As . . . . Chemical symbol for arsenic.

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, 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 the by-product credits.

CAGR . . . . Compound Annual Growth Rate.

Cake . . . . The solid mass remaining after the liquid that contained it has been removed.

Calcine . . . . Product of roasting zinc sulphide concentrates; mainly zinc oxide, also with silica and iron compounds, lead compounds, minor elements and residual combined sulphur.

Capping . . . . Rock overlying the mineral body of a mine.

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.

Cement, cementation . . . . The process of obtaining a metal from a solution of one of its compounds by precipitation with another metal (e.g., obtaining copper from a solution of copper sulphate by adding metallic zinc).

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 de-volatilization of coal in the absence of air at high temperature.

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.
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.
Cupellation	A refining process for precious metals performed at high temperatures with oxygen to oxidize and separate the residual base metals into a slag which can be physically separated from the precious metal doré.
Desilverizing	A method for removing silver from lead.
Dewatering	A process usually used to remove water from wet solids or slurries by draining, pressing, pumping.
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.
Dross	Solid scum that forms on top of molten metals as a result of oxidation; must be removed for recycle.
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.
EZDA	Proprietary zinc die casting alloy made at the Hobart smelter; the alloy contains aluminum and magnesium.
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.
Fluxes	Additives to a feed mix made to produce a fluid slag in the furnace; typical fluxes are lime, silica and iron oxide.

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.
Galvanizing	Process of coating steel sheet or fabricated products with a thin layer of zinc for corrosion protection.
Gangue	The non-valuable minerals in an ore or concentrate.
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.
Hydrometallurgical	The treatment of ores and concentrates using a wet process that usually involves the dissolution of some component and its subsequent recovery from solution.
Indium	A rare, soft silvery metallic element.
Induction furnace	Furnace that heats metals without fuel combustion; the metal is heated by an electromagnetic field created by electrical windings or inductors.
Intermediate copper cementate	See: Cementation.
ISF—Imperial Smelter Furnace	A blast furnace smelting technology in which a zinc and lead-bearing sinter and coke are heated in a furnace. The zinc is volatilized and subsequently recovered prior to further refining and casting into slabs.
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.
Leachate	The liquid produced when water percolates through any permeable material.
Leaching	A process using a chemical solution to dissolve solid matters.
Lead sulphate	A white crystal or powder compound of lead, sulphur and oxygen. It often forms at and is most readily seen at the terminals of lead acid car batteries. In this Prospectus it describes a residue produced in the leach stage of zinc smelters.
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	Twelve-month rolling averages of the number of lost time injuries per million hours worked, and include all employees and contractors across all operations.

Matte . . . . Mixed sulphide compound produced in a furnace; at the Port Pirie smelter matte is a lead-copper-sulphur material.

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.

Paragoethite . . . . Form of goethite made as a by-product of zinc production, so named since the process differs from the normal ''goethite process''.

Pb . . . . Lead.

Pyrometallurgy . . . . Extractive metallurgy—the production of metals from ores and concentrates—based on use of high temperature furnaces.

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 . . . . Twelve-month rolling averages of the number of recordable injuries per million hours worked, and include all employees and contractors across all operations.

Reductant . . . . The element in a reduction-oxidation (redox) reaction that reduces the other element involved in the reaction to a lower oxidation state. For example converting the lead in lead oxide to lead metal in a blast furnace uses the carbon contained in coke as a reductant.

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 . . . . By-products 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.

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.

Silica . . . . The chemical compound silicon dioxide, also known as silica, is the oxide of silicon.

Sinter . . . . A hard, porous, agglomerated intermediate material made by oxidation at moderately high temperature of sulphide concentrates, fluxes and returns on a grate conveyor termed a sinter machine.

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.

Softening . . . . Oxidation process that removed arsenic and antimony from lead bullion; so named as arsenic and antimony make lead into a hard alloy.

Solvent extraction . . . . Method used in hydrometallurgy for metal recovery and/or purification; metal(s) are transferred to and from a selective organic liquid that is dissolved in a type of kerosene.

Spent electrolyte . . . . Electrolyte discharged from the electrolysis cells; compared with the feed electrolyte, the solution has a lower level of the metal being electrowon (i.e., zinc, copper) and correspondingly elevated acid level.

Stripping . . . . Removal of metal from material on which it has precipitated or been adsorbed, e.g., gold from carbon or copper from cathodes.

Sulphate . . . . A salt or ester of sulphuric acid.

Sulphide concentrate . . . . The product, usually of the flotation process, in which sulphide particles are removed from the crushed rock, containing predominantly sulphide minerals.

Sulphides . . . . Minerals consisting of a chemical combination of sulphur with metals.

t . . . . Metric tonne.

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.

Zn . . . . Zinc.

ANNEX B—INVESTOR LETTER FOR INVESTORS LOCATED IN THE UNITED STATES

Date: _____________

Nyrstar NV
Zinkstraat 1
2490 Balen
Belgium

The Underwriters named in the Prospectus (the ''**Underwriters**'')

Ladies and Gentlemen:

In connection with our proposed acquisition in a private placement by Nyrstar NV (the ''**Company**'') of rights (''**Rights**''), shares of the Company issuable upon the exercise of the Rights (''**Shares**'') each with a Nyrstar VVPR strip (a ''**VVPR Strip**''), we confirm that:

1. We are, and at the time of any exercise by us of Rights will be, a ''qualified institutional buyer'' (a ''**QIB**'') within the meaning of Rule 144A under the Securities Act of 1933, as amended (the ''**U.S. Securities Act**'').

2. We understand and acknowledge that neither the Rights nor any Shares or VVPR Strips issuable upon exercise of the Rights have been or will be registered under the U.S. Securities Act, and that they may not be offered, sold or exercised, directly or indirectly, in the United States, other than in accordance with paragraph 4 below.

3. As a purchaser in a private placement of securities that have not been registered under the U.S. Securities Act, we have acquired Rights and are acquiring Shares and VVPR Strips upon the exercise of such Rights for our own account, or for the account of one or more other QIBs for which we are acting as duly authorized fiduciary or agent with sole investment discretion with respect to each such account and with full authority to make the acknowledgments, representations and agreements herein with respect to each such account, in each case for investment and not with a view to any resale or distribution of any such Rights or of any Shares or VVPR Strips issuable upon exercise of the Rights.

4. We understand and agree that, although offers and sales of the Rights are being made only to QIBs, and that the Rights may be exercised only by QIBs, neither such offers and sales nor such exercises are being made under Rule 144A, and that if in the future we or any such other QIB for which we are acting, as described in paragraph 3 above, or any other fiduciary or agent representing such investor decides to offer, sell, deliver, hypothecate or otherwise transfer any Rights or Shares or VVPR Strips issued upon the exercise of Rights, we and it will do so only (i) pursuant to an effective registration statement under the U.S. Securities Act, (ii) to a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States pursuant to Rule 904 under Regulation S under the U.S. Securities Act in an ''offshore transaction'' (and not in a pre-arranged transaction resulting in the resale of such Rights, Shares or VVPR Strips into the United States) or (iv) in the case of Shares and VVPR Strips issued upon the exercise of Rights, in accordance with Rule 144 under the U.S. Securities Act and, in each case, in accordance with any applicable securities laws of any state or territory of the United States and of any other jurisdiction. We understand that no representation can be made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for the resale of Shares or VVPR Strips.

5. We understand that for so long as Shares and VVPR Strips issued upon the exercise of Rights are ''restricted securities'' within the meaning of U.S. federal securities laws, no such Shares or VVPR Strips may be deposited into any American depositary receipt facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that such Shares and VVPR Strips will not settle or trade through the facilities of The Depository Trust Company or any other U.S. exchange or clearing system.

6. We have received a copy of the Prospectus, dated February 23, 2011 (the ''**Prospectus**'') and have had access to such financial and other information concerning the Company as we have deemed necessary in connection with making our own investment decision to purchase or

exercise Rights. We acknowledge that neither the Company nor the Underwriters nor any person representing the Company or the Underwriters has made any representation to us with respect to the Company or the offering or sale or exercise of any Rights (or Shares or VVPR Strips issuable upon the exercise of Rights) other than as set forth herein or in the Prospectus which has been delivered to us, and upon which we are relying solely in making our investment decision with respect to the Rights and such Shares and VVPR Strips. We have held and will hold any offering materials, including the Prospectus, we receive directly or indirectly from the Company or the Underwriters in confidence, and we understand that any such information received by us is solely for us and not to be redistributed or duplicated by us. We acknowledge that we have read and agreed to the matters stated in ''The Offering—Plan of distribution and allocation of securities—Categories of potential investors—Countries in which the Offering will be open—Restrictions applicable to the Offering'' of the Prospectus.

7. We, and each other QIB, if any, for whose account we are acquiring Rights, Shares or VVPR Strips, in the normal course of business, invest in or purchase securities similar to the Rights, the Shares and VVPR Strips issuable upon the exercise of Rights, have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of purchasing any of the Rights, such Shares and VVPR Strips and are aware that we must bear the economic risk of an investment in each Right and any Share or VVPR Strip into which it may be exercised for an indefinite period of time and are able to bear such risk for an indefinite period. We confirm that we are acquiring Rights, Shares or VVPR Strips for ourselves and any other QIB, if any, for whom we are acting with an aggregate exercise price of US$250,000 per account.

8. We understand that these representations and undertakings are required in connection with United States securities laws and irrevocably authorize the addressees to produce this letter to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

9. We undertake promptly to notify the addressees if, at any time prior to the closing of the Offering, any of the foregoing ceases to be true.

Terms used herein but not otherwise defined have the meanings given to them by Regulation S under the U.S. Securities Act.

This letter shall be governed by, and construed in accordance with, the laws of the State of New York.

____

[Name of Qualified Institutional Buyer in the United States]

By:

____

(Authorized Signature)
Name:
Title

THE ISSUER

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2490 Balen
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