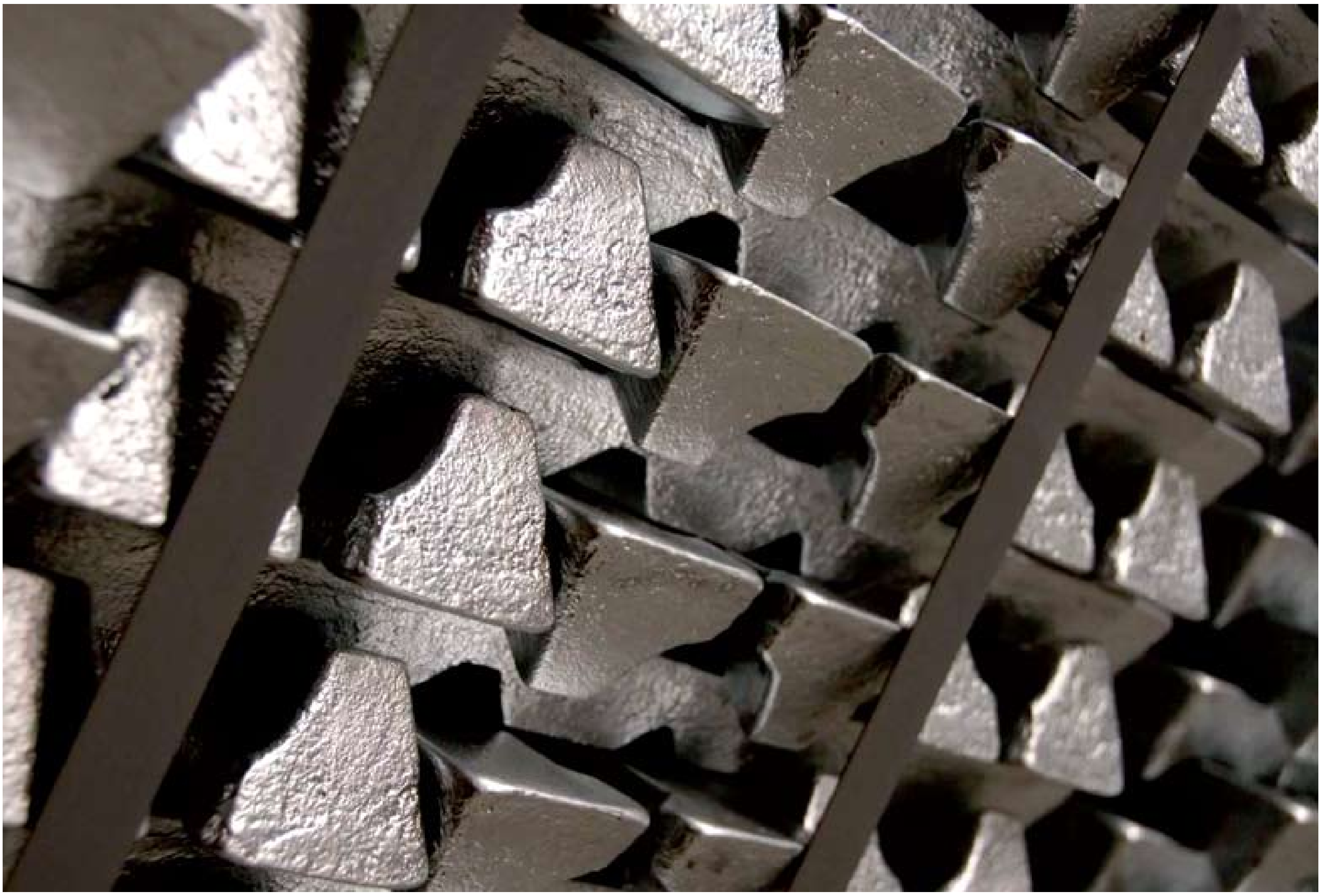
Annual Report 2008

Navigating the Future

Prudently Pragmatically Proactively



nyrstar

Group overview

Nyrstar is a supplier to the global commodity markets and is driven by value creation. Nyrstar currently produces significant quantities of zinc, lead and other valuable metals.

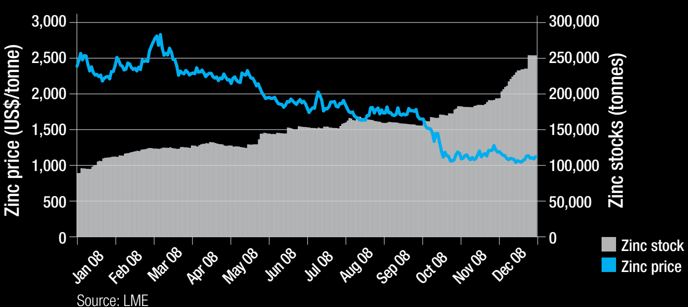
	2008	2007
Zinc market metal production ('000 tonnes) [1]	**1,056**	1,048
Lead market metal production ('000 tonnes) [1]	**240**	221
Revenue (€ millions)	**2,410**	3,815
Underlying EBITDA (€ millions) [2]	**153**	547
Lost Time Injury Rate (LTR) [3]	**5.2**	7.9
Recordable environmental incidents [4]	**25**	55

Important note: Unless stated otherwise, all financial information for the 12 months ended 31 December 2007, included in this annual report is presented on a modified pro forma basis. Reference should be made to page 91 ('Important note') in relation to the presentation of financial information for the 12 months ended 31 December 2008.

Share price

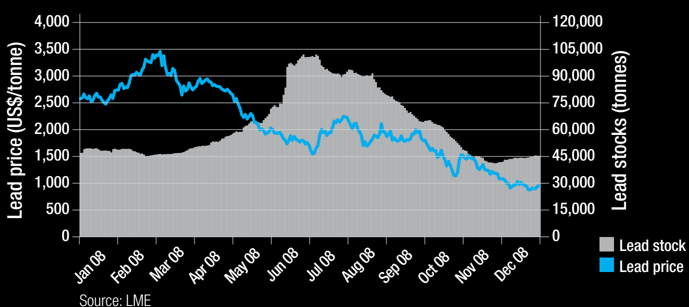
Source: NYSE Euronext Brussels

2008 LME zinc prices and stocks



Source: LME

2008 LME lead prices and stocks



Source: LME

1 Includes production from primary zinc smelters and primary and secondary lead smelters only i.e. Auby, Balen/Overpelt, Budel, Clarksville, Hobart, Port Pirie, ARA (50%) and Nyrstar Yunnan (60%). Internal transfers of cathode for subsequent melting and casting (approx. 21,000 tonnes in 2008 and 11,000 tonnes in 2007) are excluded. Zinc production at Nyrstar Yunnan and lead production at ARA reflect Nyrstar's ownership at 31 December 2008. Zinc production at Föhl, Galva 45, Genesis and GM-Metal are not included. Production for 2007 in the table above and throughout this report has been restated to exclude Padaeng Industry Public Company Limited, following the sale of Nyrstar's holding in April 2008.

2 Underlying EBITDA excludes 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. For a reconciliation of Underlying EBITDA reference should be made to page 95 (Note 4, Modified Pro Forma Consolidated Financial Statements).

3 Lost Time Injury Rate (LTR) is a rolling 12 month average of the number of lost time injuries per million hours worked. LTR is calculated at 31 December across all operations in relation to all employees and, where data is available, contractors.

4 A recordable environmental incident is an event requiring reporting to a relevant environmental regulatory authority which is a non-compliance with licence conditions. All of the 25 recordable incidents in 2008 were minor in nature and there was no material impact on the environment or communities adjacent to Nyrstar's operations.

Contents

nyrstar

We are convinced that transforming the Company in these difficult times will ensure a sustainable future for Nyrstar.

Julien De Wilde
Chairman

Roland Junck
Chief Executive Officer

Letter from Chairman and CEO

2008 was marked by the sudden and severe downturn in the global economy in the second half which had a significant impact on the commodity markets in which we operate. As the global financial crisis deepened and spilled over into the "real" economy, this precipitated the first synchronous recession in the major industrial markets since the 1940s. Emerging markets, including China, also experienced significant slowdowns in growth rates. As with most of our peers in the commodities sector, demand for our products dropped sharply during the fourth quarter.

The average London Metals Exchange (LME) zinc price ended 2008 near four-year lows at US$ 1,121 per tonne. This was more than 40% lower than the average LME zinc price in 2007. Over the year the US dollar declined to all time lows against the euro, although it did pick up late in the year. The combined movement of the zinc price and the €/US$ exchange rate lead to a reduction in the average zinc price, when expressed in euros, of almost 50% from a year earlier. The fall in average LME zinc price had the knock-on effect of reducing realised treatment charge income through industry-standard price participation clauses, despite the better contract terms in 2008 compared with 2007. As a result of the movement in these factors, our underlying EBITDA fell 72% to € 153 million.

Whilst our profitability was much lower in 2008 compared to 2007, we ended the year in a strong financial position as a result of prudent and rigorous cash management. Our 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.

During 2008 Nyrstar conducted an impairment review of its assets, triggered by the fall of the Company's market capitalisation below its net asset value coupled with adverse market conditions in the second half of the year. 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 € 575 million.

As a consequence of the non-cash impairment charge and its effect on our distributable reserves, we were legally unable to propose a 2008 dividend to shareholders. However, it is the Board's intention to seek shareholder approval at the shareholders' meetings, to be held on 29 April 2009, to undertake a capital decrease to absorb the effect of the impairment loss and thereby restore the Company's potential for future dividend payments.

The safety of our people and environmental custodianship will always remain critically important to us. As a direct consequence of outstanding efforts across the Company we achieved an overall reduction in the LTR (Lost Time Injury Rate)[1] in 2008 of 34%, taking this to 5.2 (at 31 December 2008). This reduction is above the 25% target we originally set for the year. Equally impressive was our achievement of a 55% reduction in the number of recordable environmental incidents[2], from 55 in 2007 to 25 in 2008. All of the 25 recordable incidents in 2008 were minor in nature and there was no material impact on the environment or communities adjacent to any of Nyrstar's operations. This reduction in recordable incidents is well above the 20% target we originally set for the year.

It is clear to us that trading conditions in 2009 will be challenging.

Encouragingly, the zinc industry responded more widely, quickly and decisively than in previous downturns to the sharp drop in zinc demand, driven by the drastic decline in global economic growth. Nyrstar was one of the very first to announce reductions in refined zinc production at three of the Company's smelters in Europe and the USA.

In recent reports on the zinc market, the independent industry analyst CRU[3] notes that "Nyrstar has been true to its word", catalysing "much more disciplined and timely supply cuts" than the zinc industry has implemented in past downturns. We estimate that zinc mines and zinc smelters each have cut annual production by more than 1.7 million[4] tonnes, equivalent to more than 15% of estimated global consumption[5]. We believe that these industry adjustments, in the face of a global recession, are sowing the seeds of a recovery. For example, the supply side response appears to have had a significant impact on zinc metal exchange stocks which at the time of writing now appear to have moderated at only 14 days[6] of estimated 2009 global consumption, which is less that half of their peak in the last economic downturn. Coupled with signs that aggressive policy stimulus in most major economies is slowing the global economic meltdown, we believe there is good reason for resource prices to be responding favourably. We also believe that through our own significant efforts and a general easing of cost pressures, the margin pressures experienced in recent years will diminish.

However, we are convinced that transforming the Company in these difficult times will ensure a sustainable future for Nyrstar.

In early 2009 we announced the appointment of Roland Junck as the new Chief Executive Officer of the Company. Roland brings a wealth of experience to the Company and a deep understanding of the commodity markets in which we operate. Shortly after Roland's appointment we announced a revised management team and structure. This was a necessary and important first step for us in transforming to a lean, efficient, flexible and performance driven organisation that responds faster and more decisively to changing conditions.

Three strategic principles will be continuously used to shape our pursuit of value creation:

- Reviewing our portfolio of assets
- Improving returns from existing assets; and
- Seeking to grow the business.

Taking advantage of our strong financial position, Roland and his management team, with the full support of the Board, are driving transformational change across the Company focused on creating value for all our stakeholders.

Finally, to all our stakeholders, especially our shareholders, employees, customers, suppliers and the communities around our plants, we would like to take this opportunity to thank them for their continued support as we continue our transformation, positioning the Company for a sustainable future and to rapidly benefit from global economic conditions once they eventually improve.

April 2009

Julien De Wilde
Chairman

Roland Junck
Chief Executive Officer

1 Lost Time Injury Rate (LTR) is a rolling 12 month average of the number of lost time injuries per million hours worked. LTR is calculated at 31 December across all operations in relation to all employees and, where data is available, contractors.
2 A recordable environmental incident is an event requiring reporting to a relevant environmental regulatory authority which is a non-compliance with licence conditions.
3 CRU "Zinc Monitors" November and December 2008.
4 Nyrstar management estimates.
5 Estimated global production based on Brook Hunt data.
6 As at 31 March 2009.

Board of Directors

Julien De Wilde Chairman
Julien De Wilde 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 NV and Metris NV. He is also a Director and 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 Audit Committee and the Safety, Health and Environment Committee.

Roland Junck Chief Executive Officer
Roland Junck was appointed Chief Executive Officer in February 2009 after 16 months as a non-executive Director on Nyrstar's Board. He is also Director of several European companies including Agfa-Gevaert NV, Interseroh SE and Samhwa Steel SA. 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, Aceralva and Arbed.

Peter Mansell Non-executive Director
Peter Mansell is the Chairman of ThinkSmart Ltd and a Director of Bunnings Property Management Ltd, Great Southern Ltd and OZ Minerals 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 Health, Safety and Environment Committee and a member of the Nomination and Remuneration Committee.

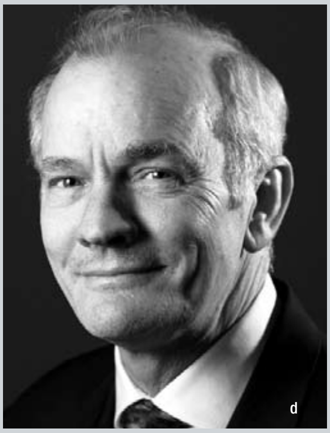
Ray Stewart Non-executive Director
Ray Stewart is Chief Financial and Administration Officer of Belgacom Group NV. Prior to Belgacom, he was Chief Financial Officer of Matav. He has also held senior positions with Ameritech, including Chief Financial Officer for Ameritech International. He is Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee.

Karel Vinck Non-executive Director
Karel Vinck is the Chairman of BAM NV (Management Company Mobility Antwerp), ERTMS Coordinator at the European Commission and a Director of Suez-Tractebel SA, Tessenderlo Group NV, Eurostar SA 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, the Safety, Health and Environment, and the Nomination and Remuneration Committees.


a


b


c


d


e

a Julien De Wilde
b Roland Junck
c Peter Mansell
d Ray Stewart
e Karel Vinck

Senior Management

Heinz Eigner Chief Financial Officer

Heinz Eigner 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 USA.

Greg McMillan Chief Operating Officer

Greg McMillan 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.

Erling Sorensen Chief Commercial Officer

Erling Sorensen was appointed in August 2007. Before the creation of Nyrstar he was General Manager of global marketing and sales at Zinifex. Before joining Zinifex he was Regional Managing Director of Clipper Bulk in Melbourne. He has held several management positions with Elkem AS Oslo, Setaf Asia in Singapore, Clipper Maritime Singapore and Norclip Shipping Oslo.

Russell Murphy Director, Human Resources, Safety and Environment

Russell Murphy was appointed in August 2007. Before the creation of Nyrstar he was at Zinifex since 1979, where he moved from production 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.

Michael Morley Director, Legal and External Affairs

Michael Morley 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 and Fosters Brewing Group Limited.


a


b


c


d


e

a Heinz Eigner
b Greg McMillan
c Erling Sorensen
d Russell Murphy
e Michael Morley

Finance review

2008 was marked by the sudden and severe downturn in the global economy in the second half, a sharp decline in commodity prices and highly volatile exchange rates. However, we closed the year with a strong balance sheet as a result of strong cash management and this positions us well going into a very challenging 2009 and will enable us to pursue further transformational changes across the business.

Group performance
During 2008 Nyrstar's financial performance and shareholder returns were significantly impacted by falling commodity prices and a weak US dollar for most of the year. Further, as the global financial crisis spilled over into the "real" economy in the second half there was a sharp decline in zinc demand.

The average LME zinc price ended 2008 near four-year lows at US$ 1,121 per tonne and was over 40% lower than average prices in 2007 while the US dollar declined to all time lows against the euro, although picking up late in the year. The combined movement in the average zinc price and €/US$ exchange rate had the overall impact of reducing the average euro price per tonne of zinc by 47% year-on-year. The fall in average LME zinc price also had the knock-on effect of reducing treatment charge income through industry-standard price participation clauses despite better underlying contract terms in 2008 compared with 2007. As a result of the movement in these factors our underlying EBITDA fell 72% to € 153 million.

While our profitability was much lower in 2008 compared to 2007 we had a number of successes through the year, notably: cash management programs reduced capital expenditure and controlled costs. These measures, along with additional cash flow released from our working capital with falling zinc and lead prices, allowed the Company to close the year with a net cash position of € 147 million, compared with our net debt position of € 155 million at the end of 2007. Our strong balance sheet positions us well going into the very challenging trading environment expected for 2009.

Gross profit
Underlying gross profit declined by 30% demonstrating some resistance to the 47% decline of the average LME zinc price expressed in euro. Gross margin (as a percentage of revenue) increased from 33% to 37% as Nyrstar benefited from improved contract treatment charge (TC) terms and a strong demand for sulphuric acid.

Improved contract TC terms led to a significant increase in the Company's share of the value of zinc contained in concentrate, but price participation clauses in an environment of weaker commodity prices led to the fall of TC income by 27% to € 404 million.

In the context of the sharp fall in the zinc price, the contribution from free metal fell by 41% to € 179 million from € 303 million in 2007. The price impact was partially off-set by an improvement in the average group recovery rate by one percentage point to 96.7%. This was particularly evident at Hobart where the zinc recovery rate improved from 92% to 95%.

As the demand for zinc, and in particular some high margin alloys, declined during 2008, regional spot market gross premiums also fell. The most pronounced drops were recorded in our main markets of Europe and the USA. The overall impact to the Company was limited as annual contract premiums were agreed in early 2008 under stronger market conditions.

Gross margin from other products was supported by strong demand for sulphuric acid from the chemical, fertiliser and mining industry that resulted in record prices until a sudden fall in the final quarter. The collapse in sulphuric acid demand poses an operational risk in the event that Nyrstar's acid cannot be sold. Silver, indium and gold all showed good increases.

Operating costs
Rigorous cost control measures enabled us to limit underlying operating costs for 2008 to 2007 levels despite significantly increased European electricity costs on the back of stable production. Measures included a significant focus on the level of maintenance costs and on minimising discretionary expenditure.

Share of profit from equity accounted investments
The share of profit from our equity accounted investments decreased by 63% to € 7 million. The sale of our investment in Thai-based Padaeng Industry Public Company Limited (Padaeng) in April and the subsequent lack of contribution was the major reason for this decline. Our remaining equity accounted investment operated reasonably.

Impairment review
Nyrstar conducted an impairment review of its assets, triggered by the fall of the Company's market capitalisation below its net asset value coupled with adverse market conditions in the second half of the year. 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 non-cash impairment charge of € 575 million leading to the write-down of goodwill created at the time of Company's formation (€ 234 million) and the value of property, plant and equipment at Balen (€ 247 million) and Port Pirie (€ 94 million).

Taxation
Nyrstar recognised an income tax benefit for 2008 of € 12 million representing a weighted average effective tax rate of 2%. This low rate is due largely to the non-recognition of deferred tax assets arising from the impairment of goodwill and other assets, the tax exempt sale of Padaeng and notional interest deductions. An underlying effective tax rate of 13% would apply after adjusting for restructuring, impairment and realised losses on the sale of Padaeng and embedded derivatives.

Dividends
As a consequence of the non-cash impairment charge and its effect on the Company's distributable reserves, the Company was legally unable to propose a 2008 dividend to shareholders. It is the Board's intention to seek shareholder approval at the shareholders' meeting to be held on 29 April 2009 to undertake a capital decrease to absorb the effect of the impairment loss and thereby restore the Company's potential future dividend capacity.

Capital expenditure
In 2008, the Company's investment in maintaining its plants' reliability and compliance in respect of legal and environmental obligations was largely in line with 2007.

However, this was significantly decreased from the € 150 million initially planned in response to deteriorating market conditions. Key growth projects were completed. At Hobart the significant improvement in zinc recovery was achieved at only a fraction of the initially estimated cost. At Auby the project to expand the cell house capacity by 30,000 tonnes was completed on budget; new transformers and physical cells have been installed which has increased production capacity to 160,000 tonnes.

Cash flows

In 2008 our operations generated positive cash flows of € 418 million, 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 the proceeds from the sale of Padaeng (€ 34 million), a reduction of external debt (€ 179 million), dividends paid out to shareholders (€ 40 million) and the settlement of purchase price adjustments with Umicore and OZ Minerals (formerly Zinifex) (€ 76 million).

Net cash

The Company maintains a strong financial position. 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. The Company continues to trade comfortably within its debt covenants and financing facilities.

During December 2009 and in accordance with the terms of the existing three year multi-currency revolving credit facility, the commitment by the syndicate of banks under this facility will reduce from € 350 million to € 150 million. The remaining committed facility of € 150 million does not expire until December 2010. As a result of its strong balance sheet as at 31 December 2008, the Company does not anticipate the need to access any additional financing during 2009. In view of the tighter conditions in the credit market the Company will, nevertheless, consider longer-term financing options during 2009 to maintain its financial flexibility.

Conditional agreement to sell Nyrstar Yunnan

Nyrstar has conditionally agreed to sell its 60% interest in Nyrstar Yunnan. Provided certain criteria are met, the completion of the sale is expected to occur during the first half of 2009. During 2008, an impairment loss of € 40 million was recognised reflecting an expected loss on this transaction.

Sensitivities

Nyrstar's results are significantly affected by changes in metal prices, TCs, and exchange rates. 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 underlying EBITDA for the year ending 31 December 2008.

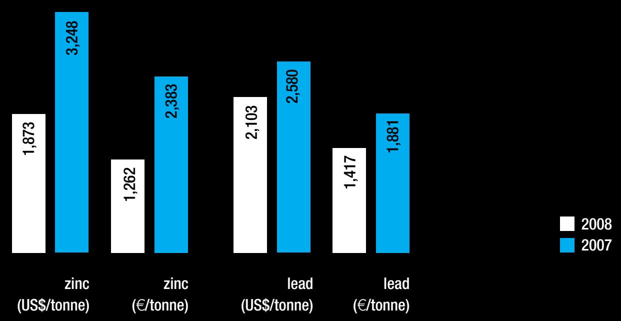
Parameter	Variable	Estimated EBITDA impact in € million
Zinc Price	+/- US$ 100/t	+/- 17
Lead Price	+/- US$ 100/t	+/- 1
US$/€	+/- € 0.01	+/- 11
A$/€	+/- € 0.01	+/- 4
Zinc TC	+/- US$ 25/t	+/- 29
Lead TC	+/- US$ 25/t	+/- 6

Important note: The above sensitivities were developed by modelling Nyrstar's 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:

- 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.
- Based on production volumes achieved in the year ended 31 December 2008. Sensitivity to any factor is dependent on production volumes and the economic environment observed during the reference period. These sensitivities assume that Nyrstar is operating at full capacity and do not capture reduced production initiatives currently implemented.

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. This is particularly important in respect of the reduced production plan for the first half of 2009 as sensitivities do not have a linear relationship with production volumes.

Average LME zinc and lead prices



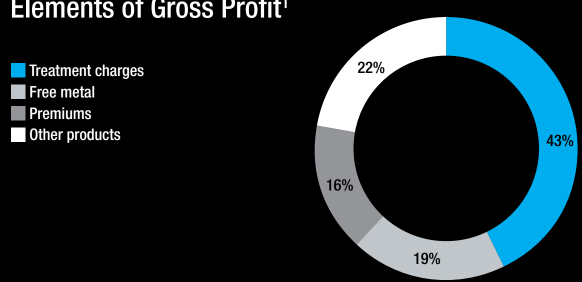
Exchange rates

	FY 2008	FY 2007
Average US$/€ exchange rate	**1.47**	1.37
Average A$/€ exchange rate	**0.58**	0.61

Group results

Modified Pro Forma Financials	FY 2008	% of revenue	FY 2007	% of revenue
Revenue	**2,410**	**-**	3,815	-
Gross profit	**881**	**37**	1,219	32
Operating costs	**744**	**31**	677	18
EBITDA	**(513)**	**(21)**	560	15
Underlying EBITDA	**153**	**6**	547	14
Net operating cash flow	**418**	**-**	na	-
Capital expenditure	**116**	**-**	102	-

Elements of Gross Profit[1]



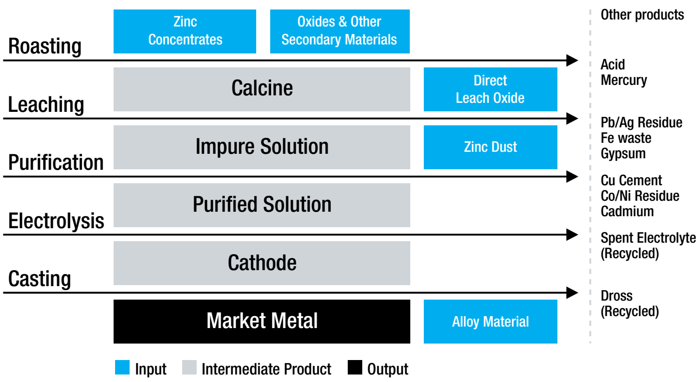
[1] Excludes 'other' of € (65) million which primarily consists of: realisation expenses, alloying costs, price differentials and income from Chinese and other operations.

Overview of the zinc and lead industry

Zinc smelters operate at the juncture of two sequential commodity markets – the market for zinc concentrates and the market for zinc metal.

The zinc smelting industry
Zinc is usually found in ore bodies in association with other minerals, commonly lead, copper, silver and gold. Zinc concentrate and recycled, zinc-bearing secondary material are converted to refined zinc metal through the smelting process.

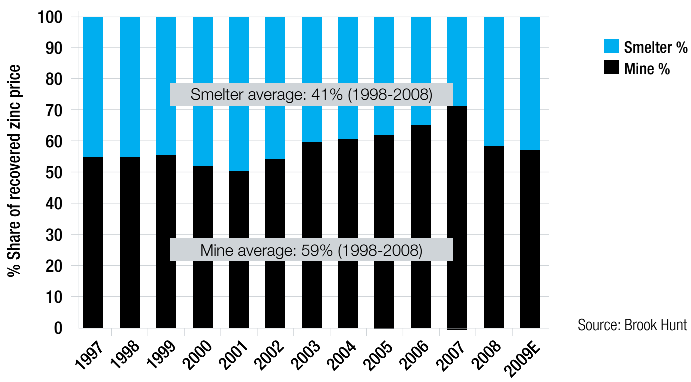
Zinc smelters cast zinc metal in a variety of grades and shapes to meet the requirements of the London Metal Exchange (LME) and the particular needs of customers. The standard specification of zinc metal for registration on the LME is Special High Grade (SHG) 99.995% zinc. The following diagram outlines the various **stages of zinc production**:



Zinc smelters operate at the juncture of two sequential commodity markets – the market for zinc concentrates and the market for zinc metal. Whilst each market has its own supply-demand dynamic, the two markets generally move in a congruent, cyclical fashion, either both in surplus or both in deficit.

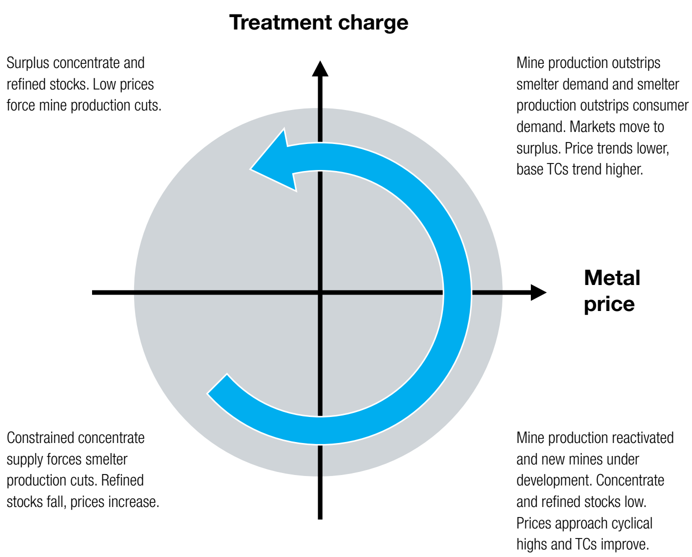
Zinc concentrate pricing has two components, the treatment charge (TC), which is paid by the miner to the zinc smelter and is set through negotiation, and the LME price. The profitability of a zinc smelter is largely determined by the interplay between the zinc price, which determines the amount of value to be shared between a miner and a zinc smelter, and the TC, which determines how that value is shared. Industry players often refer to a concept of profit sharing, which is the proportion of the LME zinc price attributable to zinc smelters and miners[1].

Profit sharing between zinc miners and zinc smelters



Source: Brook Hunt

The cyclical patterns of TC and zinc prices are caused not just by the underlying global macro-business cycle but also by sizable annual shifts in mine production, zinc smelter production and the demand for zinc metal. Consequently, the zinc concentrate and zinc metal markets can swing rapidly between surplus and deficit with the zinc price and TCs moving in response to these changes in the market dynamic. These swings can create conditions that vary significantly for zinc smelters and miners between years and the way in which smelters and miners have tended to respond to these changing conditions in the past is illustrated below.



Source: Brook Hunt

1 In relation to zinc smelters the profit share is determined by reference to the realised TCs plus any free metal contribution calculated using a number of industry assumptions (typically zinc concentrate grade 53.5%, zinc recovery 95.5% and paid zinc 85%).

However, the industry continues to develop and the way in which smelters and miners have been responding to the current downturn would appear to be different to past experience. More recently zinc smelters have cut production voluntarily rather than in response to constrained concentrate supply[2].

Gross profit
The revenue flow of a zinc smelter can be separated into four main streams:

- The realised **treatment charge** effectively paid by the miners to the zinc smelter;
- **Free metal**, which is the difference between the zinc recovered and sold by the zinc smelter (Nyrstar's smelters achieved on average a zinc recovery of 96.7% in 2008) and the 85% of zinc contained in concentrate that is typically paid for by the zinc smelter;
- **Premiums**, being the difference between the LME price at which the zinc smelter pays for the zinc in concentrate and the higher price which smelters achieve on sales of the zinc metal produced; and
- Net receipts from the sale of **other products** such as sulphuric acid, silver and gold.

These revenue streams also comprise the four elements of a zinc smelter's gross profit (or zinc refining margin).

Treatment charges (TCs)
Zinc smelters purchase zinc concentrates under annual or multi-year tonnage contracts (known as frame contracts) or on the spot market. Typically, the zinc smelter will pay the miner 85% of the zinc contained in the zinc concentrates (valued at an LME zinc price averaged over an agreed period (a quotation period (QP))[3]. Typically, zinc concentrate will have a grade (or zinc metal content by weight) of 53.5% zinc.

Deducted from the LME price paid by the zinc smelters to the miners is the TC (and, in some cases, penalties for impurities). TCs will comprise a "base" TC and will usually contain a formula that either increases or decreases the agreed "base" TC by a fixed percentage of each US dollar that the zinc price during the relevant quotation period is above or below the agreed basis zinc price. These adjustments are known as "escalators" and "de-escalators". TCs are calculated per tonne of zinc concentrate, not per tonne of payable zinc metal contained in zinc concentrate.

TCs for annual contracted tonnage are agreed by private negotiation between miners, zinc smelters and also traders. Typically this process starts in October of the prior year and continues into the relevant year. The majority of terms for annual contracted tonnage agreed in any year tend to settle around a norm that is commonly referred to in the industry as the "benchmark" TC. TC terms will usually carry forward into subsequent years in relation to zinc concentrate that remains unprocessed at the end of a year and as a result of any under-deliveries in annual contract tonnages.

Free metal
This is the difference between the amount of zinc in the zinc concentrate that is paid for by the zinc smelters to the miners and the total zinc that is recovered by the zinc smelters in the production process. Typically, zinc smelters pay miners for 85% of the zinc contained in zinc concentrates with all revenues arising from the sale of zinc recovered in excess of this threshold accruing to zinc smelters. Nyrstar's smelters achieved on average a zinc recovery of 96.7% in 2008.

Premiums
These are additional revenues accruing to zinc smelters over and above the LME price for standard commodity-grade zinc. These premiums relate to regional variations in the supply-demand balance and value-added by zinc smelters in the service provided to customers or the specification of the zinc product supplied, such as alloys produced for specialised end-use applications. Over half of Nyrstar's zinc output is in the form of specialised alloys for the die casting and steel galvanizing industries.

Other products
The zinc concentrates supplied to zinc smelters also contain other metal compounds and the process of treating the zinc concentrates to recover zinc metal usually yields significant quantities of other valuable metals such as silver and gold as well as sulphuric acid.

The lead smelting industry
Nyrstar is also an important producer of lead. Revenue flows to lead smelters along the same channels as for zinc, although the "free metal" component is less important for lead than zinc. Typically, lead smelters pay miners for 95% of the lead contained in lead concentrates. As a result TCs usually contribute a higher proportion of the gross profit for lead smelters than for zinc smelters. Nyrstar's lead smelter in Port Pirie has flexibility to efficiently process a wide range of lead-dominant feedstock to produce refined lead, silver, zinc, copper and gold, and hence is capable of capturing the value from many other valuable metals contained in its feed material. As a result, "other products" (which in the case of Nyrstar's lead smelter at Port Pirie includes zinc in 2008), as a proportion of a lead smelters' gross profit is typically higher than for zinc smelters.

2 CRU - American Zinc Association, February 2009.
3 Typically, zinc smelters will also pay the miners for 65% of the silver content and 75% of the gold content above certain thresholds (although most zinc concentrates do not contain payable gold).

Market review

In 2009 conditions will be challenging but the outlook is uncertain. Some projections point to a possible zinc concentrate deficit with a risk of more mine closures due to low prices, however other projections anticipate a surplus, with smelters showing a new determination to balance metal supply with demand.

Zinc market in 2008
2008 was marked by the sudden and severe downturn in the global economy. The collapse of Lehman Brothers in September triggered an unprecedented global financial crisis, the fall out from which has spilled over into the "real" economy around the world, precipitating the first synchronous recession in the major industrial markets since the 1940's. Emerging markets, including China, also experienced significant slowdowns in growth rates.

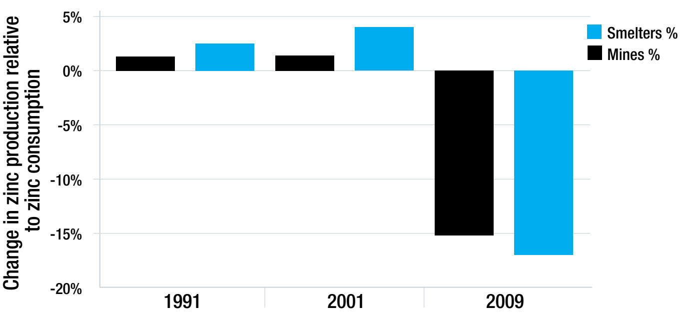
World zinc consumption fell by 2% in 2008 to 11.2 million tonnes, according to Brook Hunt[1], ending a run of six successive annual increases that had added almost 30% to world consumption. At the same time world refined zinc production rose by 3% to 11.5 million tonnes, leaving the market with a surplus of 304,000 tonnes refined zinc. This was reflected in rising zinc stocks on the London Metal Exchange (LME) and the Shanghai Futures Exchange, although total exchange stocks still ended the year at low levels when compared to the standards of past downturns in the zinc market at the equivalent of only ten days of global consumption.

Zinc smelters responded rapidly to the downturn in zinc demand toward the end of 2008 and Nyrstar was one of the very first to announce reductions in refined zinc production at three of the Company's plants in Europe and the USA. The intended reductions announced by Nyrstar will take (approximately) 190,000 tonnes of refined zinc out of the market between November 2008 and June 2009. In recent reports on the zinc market, the independent industry analyst CRU[2] notes that "Nyrstar has been true to its word", catalysing "much more disciplined and timely supply cuts" than the zinc industry has implemented in past downturns.

The supply side response from the zinc industry to the downturn in demand has been fast and decisive which is encouraging, especially when compared to previous economic downturns (e.g. 1991 and 2001).

By the end of 2008 zinc output in China, the world's largest zinc producing country had begun falling year-on-year for the first time in at least four years.

Zinc industry response to recent economic downturns[3]



Adding to pressure on the zinc price was a market for zinc concentrates that continued moving into surplus in the first months of 2008 and which, despite cuts in concentrate production, remained well supplied for the whole of 2008. So, although the LME zinc price, which acts as the industry's reference price in markets outside of China, appeared to be stabilising after production cuts at both smelters and mines were taken, the average price for the year was more than 40% lower than the price in 2007.

However, through our annual treatment charge negotiations Nyrstar succeeded in improving its frame contract terms at any given zinc price as well as in achieving a significant year-on-year increase in the share of the unit value of zinc produced accruing to smelters to (approximately) 41% in 2008, from (approximately) 28% in 2007 (calculated according to "benchmark" TCs at annual average LME zinc prices).

As the LME zinc price declined over the course of 2008, regional spot market premiums also fell. The most pronounced drops were recorded in Nyrstar's main markets of Europe and the USA.

Nyrstar continued to seek out value adding opportunities to treat secondary (non-concentrate) raw materials, which contributed to (approximately) 14% of its total feed input compared with an estimated world average of (approximately) 7% in 2008.

Lead market in 2008
After five years of deficits, the market for refined lead recorded a modest deficit of 53,000 tonnes in 2008. Global lead consumption increased by 3% to 8.5 million tonnes, driven by strong demand growth in China, where consumption rose by 14% to a record of (approximately) 3 million tonnes, more than offsetting softer demand in the USA, Europe and Japan.

Responding to rising demand, Nyrstar's Port Pirie plant increased refined lead production by approximately 10% in 2008. Over the same period, global total lead production rose by 4% to 8.5 million tonnes. China contributed (approximately) 60% of this increase, with output rising by 8% to (approximately) 3.1 million tonnes for the first time. Despite this significant increase in domestic production China was unable to meet the growth in its demand and China's net exports of refined lead fell sharply.

Prices and premiums in the lead market followed similar downward trends to those in the zinc market in 2008. Nyrstar's treatment charges for lead concentrates were settled at improved terms. Nyrstar was able to achieve a year-on-year increase in the share of the unit value of lead produced accruing to smelters of (approximately) 28% in 2008, up from (approximately) 14% in 2007 (calculated according to "benchmark" TCs at annual average LME lead prices).

1 All data quoted are sourced from Brook Hunt, unless specifically stated otherwise.
2 CRU "Zinc Monitors" November and December 2008.
3 Source: 1991 and 2001 figures based on Brook Hunt. 2009 estimated global consumption based on Brook Hunt data. 2009 zinc mine and zinc smelter production cuts based on Nyrstar management estimates. Mine data based on zinc contained.
4 Nyrstar management estimates.
5 Estimated global production based on Brook Hunt data.

Other metals and sulphuric acid

Silver and gold prices, which historically have shown a clear inverse correlation to the US dollar exchange rate, and positive correlation to inflation rates, both rose as the US dollar dropped and inflation picked up in the first half of 2008. Although prices retreated as these trends reversed in the second half of the year, both silver and gold prices posted record annual averages in nominal terms of US$ 14.99/t.oz and US$ 872/t.oz, respectively, on the London Bullion Market. Prices for sulphuric acid followed a similar pattern over the year, with strong demand from the chemical, fertiliser and mining industries driving price rises in the first half of 2008, before a retreat in the second half of the year, as demand dropped as a result of the global financial crisis. Average prices for other products including indium, copper and cadmium all fell in 2008.

The outlook for markets in 2009

While it is clear that conditions in 2009 will be challenging there is, nonetheless, an unusually high level of uncertainty over how events will unfold.

In the market for zinc concentrates some projections point to a possible deficit in 2009, with a risk of more mine closures under pressure from low prices. Other projections anticipate a surplus, noting that smelters have shown a new determination to balance metal supply with demand and not to produce surplus zinc.

A tally by Nyrstar of production cuts announced by zinc mines and smelters shows that zinc miners and zinc smelters are estimated to have made annual production cuts of (approximately) 1.7 million[4] tonnes each, equivalent to more than 15% of estimated 2009 consumption[5] (refer chart on page 10).

Although independent market analysts are anticipating a surplus in the markets for both zinc and lead metal in 2009, the substantial fiscal and monetary policy responses being announced by governments around the world, in conjunction with the progress already made in adjusting to the economic imbalances exposed by the global financial crisis, should serve to engender some degree of confidence. Most independent market analysts anticipated at the time of writing that a gradual recovery in demand starting at some time after the middle of 2009, coupled with the disciplined supply side response of the zinc industry to the current down-turn, will probably lead to the metal surplus in both zinc and lead markets shrinking this year, compared with 2008.

Strategic review

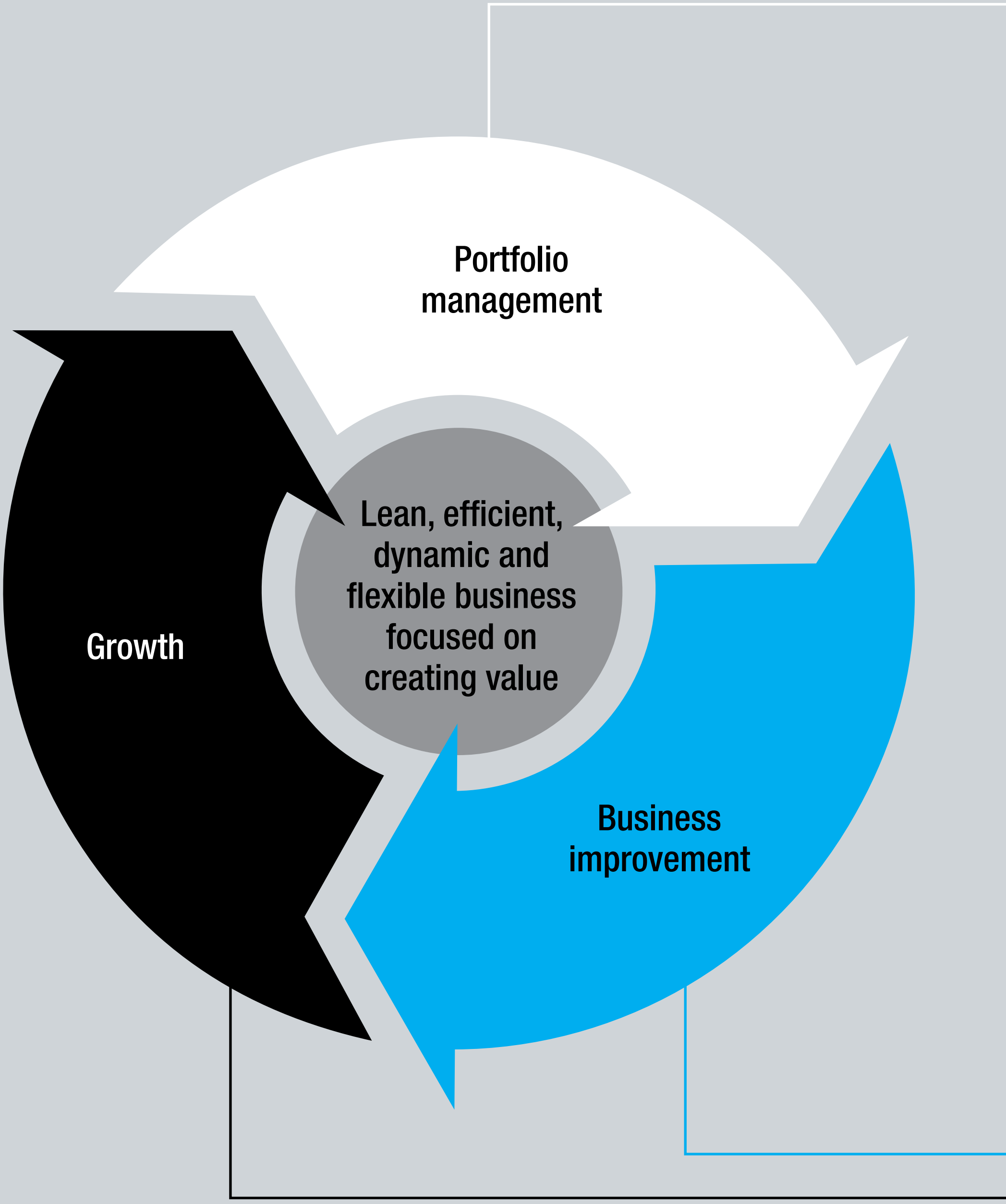
Nyrstar is a supplier to the global commodity markets and is driven by value creation.

Overview

Three strategic principles will be continuously used to shape our Company in pursuit of value creation:

- Reviewing our portfolio of assets;
- Improving returns from existing assets; and
- Seeking to grow the business.

This guiding set of strategic principles will position Nyrstar for a long term sustainable future.



Portfolio management

We continually review our assets to ensure ongoing alignment with strategic objectives and business imperatives.

Business improvement

We continually improve the return on capital from our current portfolio of assets by increasing our operating margins and optimising the invested capital base.

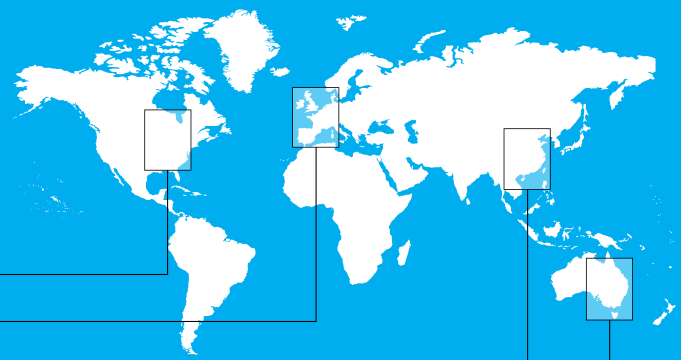
Growth

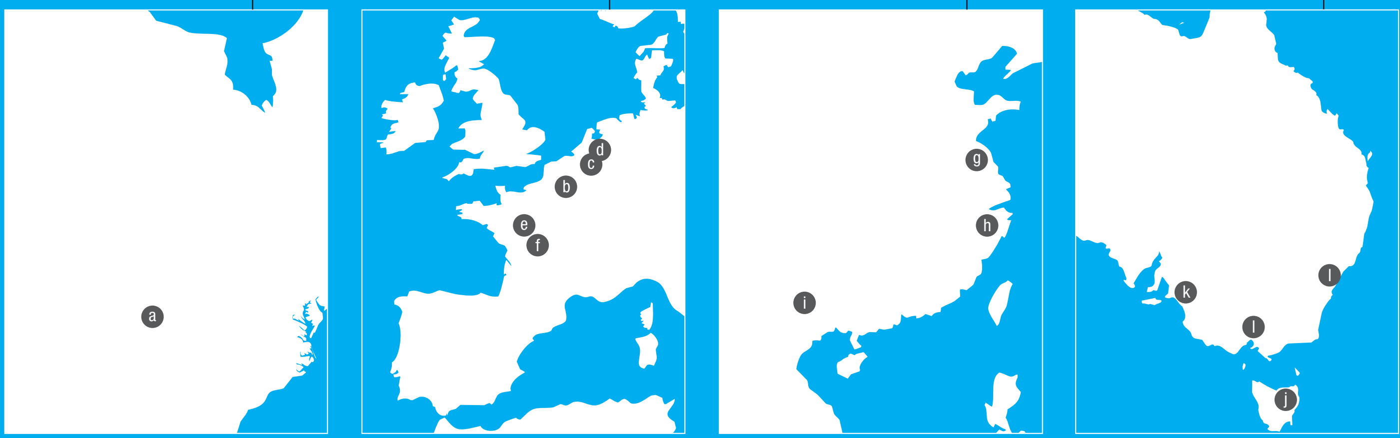
We grow our business to deliver returns that exceed our cost of capital and underpin strong competitive positions in markets in which we have expertise.

Should growth opportunities not satisfy our strategic criteria, we will review opportunities to distribute surplus cash to shareholders in addition to the payment of any ordinary dividends.

Global operations

Nyrstar's plants are located close to its key customers and adjacent to major transport hubs to allow easy delivery of raw materials and distribution of finished products.





a **Clarksville, USA (100%)**
Zinc smelting and alloying
Total production 2008: **125,000 tonnes zinc**
250 employees
Certification: ISO 14001, ISO 9001

b **Auby, France (100%)**
Zinc smelting
Total production 2008: **118,000 tonnes zinc**
305 employees
Certification: ISO 14001, ISO 9001

c **Balen / Overpelt, Belgium (100%)**
Zinc smelting, alloying and oxide washing
Total production 2008[1]: **284,000 tonnes zinc**
Balen **529 employees**; Overpelt **190 employees**
Certification: ISO 14001, ISO 9001

d **Budel, Netherlands (100%)**
Zinc smelting and alloying
Total production 2008: **239,000 tonnes zinc**
450 employees
Certification: ISO 14001, ISO 9001, OHSAS 18001

e **Galva 45, France (66%)**
Zinc galvanising
Total production 2008: **54,000 tonnes galvanised steel parts**
184 employees
Certification: ISO 14001, ISO/TS 16949, ISO 9001, OHSAS 18001

f **GM-Metal, France (100%)**
Zinc recycling and alloying
Total production 2008: **22,000 tonnes zinc**
27 employees
Certification: ISO 14001, ISO 9001

g **Föhl, China (50%)**
Zinc die casting
Total production 2008: **17,000 machine hours**
85 employees
Certification: ISO/TS 16949, ISO 14001, ISO 9001

h **Genesis, China (50%)**
Zinc alloying
Total production 2008: **23,000 tonnes zinc**
51 employees
Certification: ISO/TS 16949, ISO 9001

i **Nyrstar Yunnan[2], China (60%)**
Zinc smelting
Total production 2008: **41,000 tonnes zinc**
575 employees
Certification: ISO 9001

j **Hobart, Australia (100%)**
Zinc smelting and alloying
Total production 2008: **253,000 tonnes zinc**
510 employees
Certification: ISO 14001, ISO 9001, AS4801

k **Port Pirie, Australia (100%)**
Lead/zinc smelting
Total production 2008: **35,000 tonnes zinc 220,000 tonnes lead**
670 employees
Certification: ISO 14001, ISO 9001

l **ARA, Australia (50%)**
Lead recycling
Total production 2008: **40,000 tonnes lead**
70 employees
Certification: ISO 9001

1 Includes 21,000 tonnes of cathode received at Balen from Auby and Budel for melting and casting.
2 On 13 October 2008 Nyrstar announced the proposed divestment of the 60% stake in Nyrstar Yunnan.

Percentages (%) refer to Nyrstar's ownership at 31 December 2008. Employee numbers are site specific and are as at 31 December 2008.

Operations review

Auby

Auby is a medium-scale zinc smelter located in the north of France. It sells its zinc production in cathode form rather than refined zinc metal. In addition to producing standard zinc cathodes, the plant also produces a significant quantity of higher quality battery-grade cathodes.

During 2008, Auby produced 117,861 tonnes of zinc cathode. Production was however impeded due to the failure of a cell-house electricity transformer in mid-June. The plant operated at reduced capacity while replacement supply was commissioned, only returning to full production from the end of October. Efficient transfer of Auby's calcine to other sites minimised the impact on Nyrstar's overall production.

With the roaster continuing to operate, sulphuric acid production increased 4% to 195,653 tonnes during 2008. Likewise, Indium production increased to 36.7 tonnes as production came fully on stream.

The impact of falling prices and worsening markets is reflected in gross profit, which was down 37% compared with 2007. Operating costs increased by 5% over 2007, chiefly due to provisions in respect of increased environmental obligations. The TRTAM electricity contract, which provides the site with a regulated electricity price tariff, has been extended until 30 June 2010.

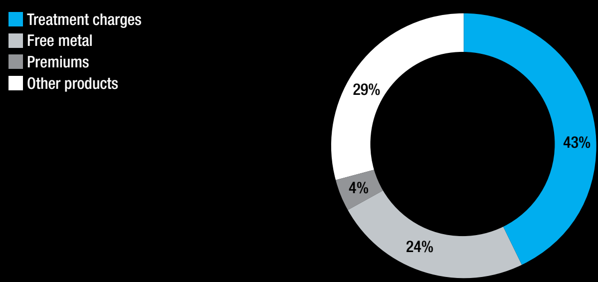
Auby is a member of the Exeltium consortium of electro-intensive industries in France. The aim of the consortium is to ensure long-term supply of electricity at a price based on the production costs associated with a nuclear power plant. During 2008, Exeltium and EDF finalised their partnership agreement and, through appropriate amendments, concerns raised by the European Commission were resolved. Unfortunately, the downturn in the global economy in the second half has delayed the financing process for the project and, at this stage, it is not possible to determine when supply will commence.

There was one major health and safety incident during the year. Auby has designed a new safety plan for 2009 to improve technical and organisational safety standards.

Major environmental projects that progressed during the year included compacting residues to extend the life of the ponds and soil remediation around the plant.

The level of capital expenditure was double that of 2007, as a result of transformer repair/replacement works and the cell house capacity expansion. The capacity increase from 130,000 to 160,000 tonnes per annum was completed on budget. Commissioning began in January 2009 with the full capacity increases achieved during February 2009.

2008 Underlying gross profit[1]



€ millions unless otherwise indicated	FY 2008	FY 2007
Zinc cathode ('000 tonnes)	118	129
Zinc market metal ('000 tonnes)	118	129
Sulphuric acid ('000 tonnes, gross)	196	189
Revenue	211	347
Underlying gross profit	83	132
Underlying operating costs	77	73
Underlying EBITDA	7	59
Capital expenditure	25	12

[1] Excludes 'other' of € (9) million which primarily consists of: realisation expenses, alloying costs and price differentials.

Operations review

Balen/Overpelt

Balen is a large-scale zinc smelter, located in the northeast of Belgium. The Overpelt plant is only 18 kilometres away and consists of one of Europe's largest oxide washing facilities as well as a significant alloying and casting facility.

Production of zinc market metal was 283,731 tonnes, up by 8% against 2007. Strong production performance for most of the year was offset by the 28% production cut in November and full production stop in December as the plant was put on care and maintenance. The suspension of operations at Balen is expected to continue until mid 2009 and will be subject to regular review. The care and maintenance program will help to ensure that Balen is maintained in a ready condition, enabling it to return to production when economic conditions improve. The nearby site at Overpelt will continue to operate at a reduced five-day week, producing die-cast alloys and providing washed zinc oxides for the Company's smelters in Europe.

Gross profit was € 221 million (2007: € 340 million) while operating costs were 11% greater than 2007, principally due to significantly higher energy prices.

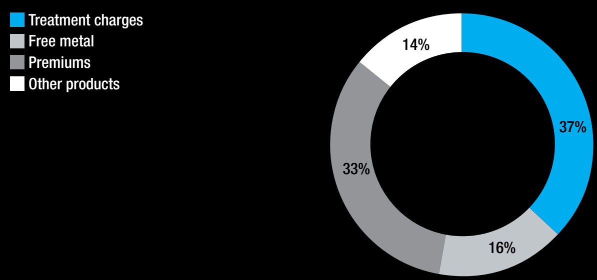
Balen/Overpelt is a member of the Blue Sky Development electricity consortium of electro-intensive industrial companies in Belgium. The objective of the consortium is to secure a low-cost and reliable power supply based on a long term commitment from Blue Sky Development members. During 2008, the consortium agreed to undertake a feasibility study in relation to potential projects that could be pursued. These discussions are ongoing and their outcome remains uncertain.

With respect to health and safety, there was a 60% reduction in the number of lost time injuries during 2008 compared to 2007.

Capital expenditure increased in 2008 compared with 2007 due to ongoing compliance and environmental measures. These included upgrade of the effluent treatment plant at Overpelt and the final phase of residue pond capping at Overpelt. These projects, in conjunction with continuous efforts on site, have resulted in a 30% reduction in recordable environmental incidents compared to 2007.

Balen's restructuring program (announced in October 2008) to preserve its long-term future by enhancing operational and financial performance through improved efficiencies remains on track. In this respect, during March 2009 the Company announced that agreement had been reached with unions and workers on a social plan in relation to the restructure. Annual cost savings of about €14 million are expected to be generated once all elements of the program are in place by late 2010.

2008 Underlying gross profit[1]



€ millions unless otherwise indicated	FY 2008	FY 2007
Zinc cathode ('000 tonnes)	251	254
Zinc market metal ('000 tonnes)[2]	284	264
Sulphuric acid ('000 tonnes, gross)	327	342
Revenue	586	969
Underlying gross profit	221	340
Underlying operating costs	177	160
Underlying EBITDA	45	180
Capital expenditure	22	18

1 Excludes 'other' of € (28) million which primarily consists of: realisation expenses, alloying costs and price differentials.
2 Includes 21,000 tonnes of cathode in 2008 and 11,000 tonnes of cathode in 2007 received at Balen from Auby and Budel for melting and casting.

Operations review

Budel

Budel is a large scale smelter located close to the Belgian border in the Netherlands.

Zinc market metal production for 2008 was up by 6% to 239,462 tonnes reflecting record production levels due to optimisation of calcine distribution across the Group. This allowed Budel's cell house to operate at full capacity until the decision to move to off peak production in November.

Optimisation of the feed mix at Budel involved a trial to treat sulphur by-products from Auby and Balen to utilise excess acid treatment plant capacity. While sulphuric acid production fell by 3% to 276,402 tonnes this was in line with the lower sulphur content of the concentrate.

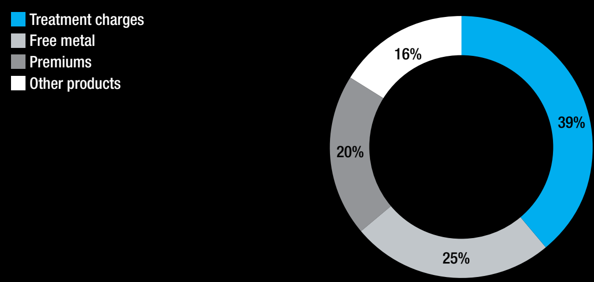
Gross profit fell by 31% compared to 2007. Operating costs increased as a result of the significant rise in Dutch electricity prices during 2008. In response to lower zinc prices, a flexible production schedule of night and weekend work at the site was implemented that also benefits from lower prices of energy during off-peak periods.

Budel is member of a consortium of energy-intensive industries in The Netherlands. The aim of this consortium is to invest in a long- term power supply contract based on a cost-plus pricing mechanism for a new coal fired power plant to be built by a major generator. These discussions are ongoing and their outcome remains uncertain.

Budel completed 2008 with only one lost time injury and a reduction of 27% in recordable environmental incidents.

Capital expenditure projects included covering the final open residue pond, improvements to the cell house ventilation and elimination of manual handling issues in the cathode stripping department. All projects were completed on time and on budget.

2008 Underlying gross profit[1]



€ millions unless otherwise indicated	FY 2008	FY 2007
Zinc cathode ('000 tonnes)	250	234
Zinc market metal ('000 tonnes)	239	225
Sulphuric acid ('000 tonnes, gross)	276	285
Revenue	389	674
Underlying gross profit	178	258
Underlying operating costs	147	137
Underlying EBITDA	32	122
Capital expenditure	12	10

[1] Excludes 'other' of € (34) million which primarily consists of: realisation expenses, alloying costs and price differentials.

Operations review

Clarksville

Clarksville is a medium-scale zinc smelter located in Tennessee beside the Cumberland River and is the only primary zinc producer in the USA.

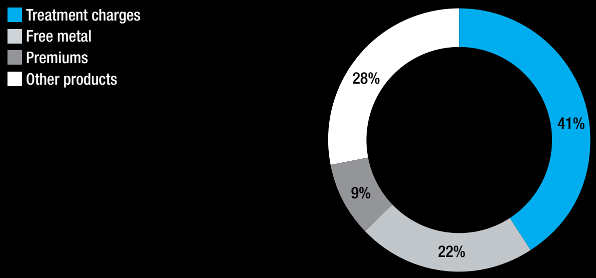
Zinc market metal production increased by 3% to a record of 125,000 tonnes in 2008. The increase in zinc production is attributable to increased use of secondary feedstock (oxides) in the roaster, processing of excess calcine from Auby and higher cell house throughput.

Gross profit was negatively impacted by declining zinc prices, but was boosted by contribution from other products, with strong demand for sulphuric acid from the US. Sulphuric acid production for 2008 was 147,134 tonnes. In spite of increased electricity prices operating costs came down 10% on 2007 as a result of ongoing cost management programs and the weaker US dollar in the first half of 2008.

There were no recordable environmental incidents during the year and only one lost time injury in early 2008.

Two growth projects commenced in 2008; construction of a flotation plant to improve zinc recovery and the engineering design of an oxide washing plant. Investment in safety and environmental programs continued at normal levels.

2008 Underlying gross profit[1]



€ millions unless otherwise indicated	FY 2008	FY 2007
Zinc cathode ('000 tonnes)	132	124
Zinc market metal ('000 tonnes)	125	121
Sulphuric acid ('000 tonnes, gross)	147	146
Revenue	206	332
Underlying gross profit	67	87
Underlying operating costs	55	61
Underlying EBITDA	12	25
Capital expenditure	6	10

[1] Excludes 'other' of € (10) million which primarily consists of: realisation expenses, alloying costs and price differentials.

Operations review

Hobart

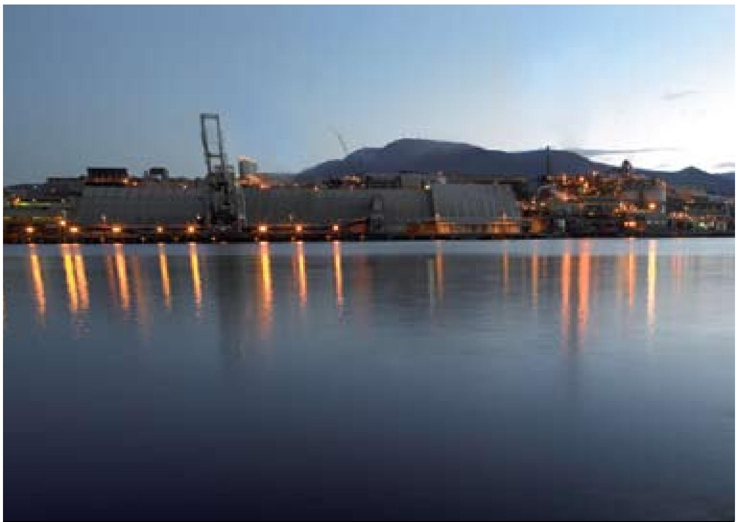
Hobart is a large scale zinc smelter located on the western bank of the Derwent estuary in Hobart, Tasmania.

While production for 2008 was largely flat compared with 2007, at 253,058 tonnes of market metal, operational improvements in the cell house and casting facilities resulted in a substantial increase in capacity late in the year. Most notable was the improvement in zinc recovery rate to 95%, leading to increased cathode production. This was achieved by drawing on the shared expertise of the group and was the result of a modest investment of less than € 1 million compared with the € 22 million originally forecast.

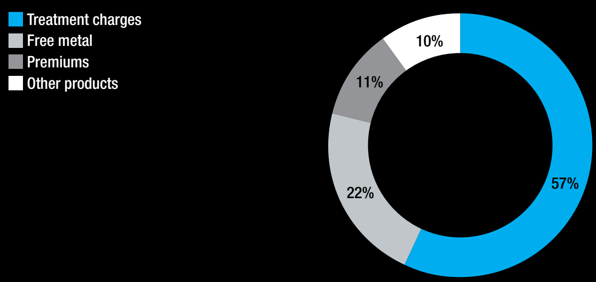
Despite these improvements, weak metal prices caused a 34% fall in gross profit against 2007. However, operating costs decreased by 10% on 2007 reflecting a stronger cost focus with lower external service costs and electricity charges under a new contract, which came into effect on 1 January 2008.

Hobart suffered 10 lost time injuries in 2008 and had an excellent environmental performance with a 63% reduction in the number of recordable environmental incidents.

Total capital expenditure for the year 2008 was in line with 2007. This included the process changes delivering improved zinc recovery, successful planned maintenance shut of the roaster and acid plant, and ongoing work to eliminate the visible tail gas stack plume and to automate skimming on casting lines. Progress continues as planned with environmental projects to address historical groundwater issues, by-product stockpiles and contaminated waste issues.



2008 Underlying gross profit[1]



€ millions unless otherwise indicated	FY 2008	FY 2007
Zinc cathode ('000 tonnes)	260	262
Zinc market metal ('000 tonnes)	253	250
Sulphuric acid ('000 tonnes, gross)	394	431
Revenue	371	646
Underlying gross profit	141	213
Underlying operating costs	106	118
Underlying EBITDA	34	94
Capital expenditure	21	23

[1] Excludes 'other' of € (7) million which primarily consists of: realisation expenses, alloying costs and price differentials.

Operations review

Port Pirie

Port Pirie is a multi-metal smelter and refinery located on the eastern side of the Spencer Gulf in South Australia.

In 2008, refined lead production was up by 9% to 220,462 tonnes, due to greater plant availability and better sinter quality. Zinc production was down by 7% to 34,843 tonnes as a result of the planned slag furnace shutdowns in May and June 2008. There was also strong performance among other products; silver production was up by 22% to 14.3 million troy ounces; gold production was up by 10% to 16,059 troy ounces and sulphuric acid production was up by 8% to 73,647 tonnes.

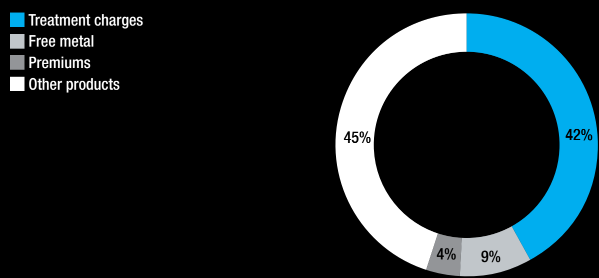
Falling commodity prices impacted gross profit, which was down 16% against 2007. Annual renewal of electricity, coke and coal contracts occurred in June, at the peak of the market. Inventories of coke, coal, work in progress and finished goods have since been written down to reflect market values at year end. Nevertheless, improvements in the management of external service costs and weakening of the Australian dollar reduced operating costs by 6% on 2007.

All conditions of the environmental licence were complied with in 2008. A number of *tenby10* projects were completed in 2008 that resulted in blood lead levels for employees and children in the local community being at record low levels. Initiatives will continue in the coming year in line with the *tenby10* program's objective of having at least 95% of Port Pirie children aged 0-4 years with a blood lead level of less than 10µg/dL by the end of 2010.

The site achieved 6 months without a lost time injury at the end of December and a 28% decrease in such incidents year-on-year. There were also no recordable environmental incidents during 2008.

Capital expenditure was constant year-on-year. Major capital projects for 2008 included a planned slag fuming furnace shutdown allowing for additional work to increase the lifetime of the boilers by an additional 30 years.

2008 Underlying gross profit[1]



€ millions unless otherwise indicated	FY 2008	FY 2007
Zinc cathode ('000 tonnes)	38	41
Zinc market metal ('000 tonnes)	35	37
Lead market metal ('000 tonnes)	220	202
Sulphuric acid ('000 tonnes, gross)	74	68
Revenue	542	643
Underlying gross profit	160	190
Underlying operating costs	131	139
Underlying EBITDA	29	51
Capital expenditure	22	24

[1] Excludes 'other' of € (10) million which primarily consists of: realisation expenses, alloying costs and price differentials.

Operations review

Chinese and other operations

Nyrstar Yunnan Zinc Alloys Co Ltd (NYZA)
NYZA is located within the Yunnan Copper plant in Kunming in the South West of China. It is 60% owned by Nyrstar with the remainder held by our Chinese joint venture partner, Yun Tong Zinc.

Zinc production was 40,646 tonnes, down 25% compared with 2007. Reduced production was related to the production stop between July and September and reduced local demand that prompted a decrease in production in December to only 20% of the plant's capacity.

On 13 October 2008, we announced that we had reached a conditional agreement to sell our 60% interest in Nyrstar Yunnan Zinc Alloys Co Ltd (NYZA) to our Chinese joint venture partner, Yun Tong Zinc. Completion of the sale is expected to occur during the first half of 2009.

Genesis Alloys Ningbo Ltd
Genesis Alloys Ningbo Ltd (Genesis) is a zinc die casting alloy producer located in the Zhejiang province of China. It is a 50/50 joint venture with the Lee Kee Group.

Alloy production decreased by 6% to 22,884 tonnes, due to a significant drop in demand, with many customers operating at 50% capacity. As a result the site stopped production for a total of four weeks.

During the year work was undertaken to increase capacity to 68,000 tonnes in total, which will be utilised when demand recovers.

Föhl China Co Ltd
Föhl is a die casting facility located 50 kilometres from Shanghai, it is a 50/50 joint venture with Adolf Föhl Verwaltungs-und-Beteiligungs GmbH.

Machine hours of 17,150 were up 61% over 2007 as a result of two additional die casting machines being installed during H1 2008. During the latter half of the year, Föhl has been adversely affected by reduced demand from automotive customers and destocking.

Föhl's environmental ISO14001 certification was issued on 29 December 2008.

Australian Refined Alloys PTY Ltd (ARA)
ARA is a lead acid battery recycling 50/50 joint venture with Sims Group. It has two facilities, one of which is located in Alexandria, Sydney and the other in Laverton North, Melbourne.

Lead production was 39,626 tonnes, up 5% on 2007, which was due to improved furnace performance in Melbourne and excellent battery availability, which allowed both furnaces (Melbourne and Sydney) to be operated continuously.

GM-Metal
GM-Metal is a wholly owned zinc alloys producer located 75 kilometres south of Poitiers, France. 2008 production of primary alloys fell by 18% over 2007 to 21,527 tonnes against prior year, due to reduced operations as a result of the slowing market and maintenance shutdowns in August and December.

Production of some tailor made alloys and small quantities were moved from Overpelt to GM-Metal and it is GM-Metal's relative flexibility in producing tailor made alloys, to meet specific and unusual customer requirements, as well as flexible working practices which are its key strength.

A key milestone was achieved this year with the site receiving ISO 14 001 environmental accreditation. Health and safety improvement efforts continue with the implementation of a noise and fume reduction program.

Galva 45
Galva 45 is a galvanising facility 80 kilometres south of Paris and is 66% owned by Nyrstar with the remainder held by Etablissements Jourdain SA, a leading French maker of agricultural tubular components.

In 2008, production of galvanised steel parts decreased 12% to 53,970 tonnes compared with 2007, with demand at the end of the year being affected by the global economic crisis and in particular the slow down in the automotive industry.

Major capital expenditure projects for the year included a new Renault Scenic engine cradle finishing machine, as well as a moving and handling system on the general galvanizing line.

Safety, health and environment review

Nyrstar is committed to preventing harm to our people, our local communities and to the environment around us.

Overview

Safety and health

During 2008, we achieved a 34% reduction in the LTR (Lost Time Injury Rate)[1] across the Company, taking this from 7.9 (at 31 December 2007) to 5.2 (at 31 December 2008). This reduction is above the 25% target we originally set for the year.

Key initiatives in 2008 included further development of the Company's safety and health management standards, which included a comprehensive audit program. This baseline audit was performed at all Nyrstar operations (except Nyrstar Yunnan), resulting in site-specific strategic action plans. At a group level, the standardisation of our safety programs with a consistent application towards best practice started across the Company. This was supported by a strong global organisation and regional networks, with meetings held in February and October 2008 to advance the standardisation and strategic improvement initiatives across the Company. During the third quarter, a global health and hygiene strategy was developed in order to standardise the Company's approach to health surveillance, bio-monitoring and chemical and biological exposure monitoring. In addition, a new and comprehensive behavioural safety program was developed and piloted in Clarksville.

Consistent and uniformly applied safety and health measures have been introduced across the Company, which will allow us to focus on more proactive measures such as recordable injuries in 2009.

Environment

Our key environmental compliance measure is the number of recordable environmental incidents[2]. We achieved a 55% reduction in the number of recordable environmental incidents, from 55 in 2007 to 25 in 2008. All of the 25 recordable incidents in 2008 were minor in nature and there was no material impact on the environment or communities adjacent to Nyrstar's operations. This reduction in recordable incidents is well above the 20% target originally set for the year.

Progress has continued on projects relating to emission reductions and on addressing historical contamination, although plans for 2009 have been reviewed in light of current economic conditions. The *tenby10* program at Port Pirie continues to deliver reductions in community blood lead and lead in air levels through a mix of site and community initiatives.

Following the introduction of the REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) legislation in Europe, we completed all required pre-registrations before the end of November 2008 deadline. Information for customers and suppliers has been made available on the Nyrstar website.

Auby
The project for remediation of contaminated soils in the community surrounding the Auby site is progressing, with works scheduled for completion before mid 2009 to allow for closure of onsite landfills for contaminated materials in line with the EU landfill directive. Construction of a goethite compacting plant to extend the life of current landfills has commenced and is scheduled to be operational in mid 2009.

Balen/Overpelt
The compacting of goethite at Balen continued in 2008, which will significantly extend the lifetime of the current goethite storage facility. Closure of other landfills on site is underway and is scheduled to be completed before mid 2009 in line with the EU landfill directive. The scope of the contaminated groundwater remediation project was agreed with the authorities and all relevant permits and approvals required prior to commencement of works are expected to be granted in 2009.

Budel
We covered the last historical gypsum pond at Budel during 2008 and also took the opportunity to remove remaining accessible contaminated materials on site. This marks the last of the capital works required prior to handing over ongoing management responsibility for the ponds area to the province, which is currently scheduled for the end of 2009.

Clarksville
During 2008 the planned reclamation of leach residues stored in on-site impoundments at Clarksville was progressed.

Hobart
A number of key environmental improvement projects were progressed during 2008, including expansion of the contaminated groundwater reclamation program and continuing off-site disposal of contaminated waste stockpiles. We progressed with the construction of an electrostatic mist precipitator to reduce the visible stack plume at Hobart, and this is scheduled to be operational in the first half of 2009.

Port Pirie
There were no non-compliances with environmental licence conditions at Port Pirie. A number of significant *tenby10* projects were completed resulting in blood lead levels for employees and children in the local community being at record low levels. Initiatives will continue in the coming year in line with the *tenby10* program's objective of having at least 95% of Port Pirie children aged 0-4 years with a blood lead level of less than 10µg/dL by the end of 2010.

1 Lost Time Injury Rate (LTR) is a rolling 12 month average of the number of lost time injuries per million hours worked. LTR is calculated at 31 December across all operations in relation to all employees and, where data is available, contractors.
2 A recordable environmental incident is an event requiring reporting to a relevant environmental regulatory authority which is a non-compliance with licence conditions.

Looking forward – 2009

In safety and health, we will maintain our commitment to preventing harm, supported by the development of standardised guidelines and procedures to assess and manage safety risks. In addition, we will continue the global roll-out of the Company's new behavioural safety programs, the development of training programs aimed at improving the safety leadership of our frontline leaders and the implementation of the sites' strategic action plans. Further standardisation will be accomplished through the development of Company-wide best practices in key areas such as work at heights and working with molten metals.

We continue to monitor government policy responses to climate change to minimise potential inequitable impacts of carbon emissions trading on the zinc industry. In December 2008 the Australian Government delivered its White Paper for the proposed design of a Carbon Pollution Reduction Scheme (CPRS), to come into effect in 2010. A number of changes were made to the proposed scheme design as a result of submissions made by the Nyrstar Hobart and Port Pirie operations, which would see the sites qualifying for assistance as energy intensive trade exposed industries. This was a significant modification to that initially proposed. The European Parliament is also proposing changes to the EU Emissions Trading Scheme (ETS), which would come into effect from 2013. In their currently proposed forms, the major impact from both the CPRS and EU ETS would be higher electricity costs in both regions.

The zinc industry is only a minor direct emitter of carbon dioxide but is extremely energy intensive, so our carbon footprint is highly dependent on the regional electricity generation source. Our zinc smelters are amongst the most energy efficient in the industry and we have undertaken studies during the year to identify further improvement opportunities. As energy represents 30% to 40% of our operating costs, any cost increases for energy, and in particular electricity, due to the imposition of an emissions trading scheme, will have a significant economic impact on our business. In negotiating with governments, the Company is pro-actively pursuing the need for transitional assistance to be included within the proposed changes to both regions' emissions schemes, until a level playing field can be established in terms of the cost of carbon to zinc producers globally.

Risk management

Nyrstar faces risks and uncertainties in conducting its business. Managing those risks and understanding how they affect our business is critical to our success.

Nyrstar recognises that risks and uncertainties are unavoidable, but that by adopting a rigorous approach to risk management the threats presented can be effectively managed in a manner consistent with operating safely and maximising shareholder value.

Accordingly, Nyrstar has adopted a risk management policy that provides a framework to manage its risks and uncertainties by adopting a structured enterprise risk management system. The key activities of this system are:

- Regularly assessing our environment to understand the risks we face in relation to both our internal and external environments. This assessment will affect Nyrstar's overall tolerance to risk;
- Installing systems, procedures and policies that provide a framework for both the identification of risks and uncertainties (proactive measures) and responses to risks and uncertainties as they occur (reactive measures);
- Assessing risks identified, evaluating existing controls and control effectiveness and determining whether the level of risk being accepted is consistent with levels of risk approved by the Board;
- Taking action where it is determined that the Company is being exposed to unacceptable levels of risk;
- Actively encouraging all Nyrstar employees to communicate freely risks and opportunities identified and actively seeking their input; and
- Regularly monitoring and reviewing the outputs of our systems and their effectiveness.

The key risks Nyrstar faces are set out in the table on the opposite page, although these are not the only risks we face.

nyrstar

Financial risks

Description	Impact	Mitigation
Commodity price risk Our results are largely dependent on commodity prices, which are cyclical and volatile.	Profitability will vary with the volatility of metals prices.	Nyrstar uses short-term hedging transactions to cover the timing risk between concentrate purchases and sales of metal and to cover our exposure on fixed-price forward sales of metal to customers.
Forward price risk We are exposed to the shape of the forward price curve for underlying metal prices.	The volatility in the LME price creates differences between the average price we pay for the contained metal and the price we receive for it.	Nyrstar uses short-term hedging transactions to cover the timing risk between concentrate purchases and sales of metal and to cover our exposure on fixed-price forward sales of metal to customers.
Exchange rate risk Our business is exposed to the effects of exchange rate fluctuations.	Appreciation of the Euro or such other currencies against the US dollar without an offsetting improvement in US dollar-denominated zinc and lead metal prices could adversely affect our profitability and financial position.	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.
Treatment charge risk Our results are directly linked to the levels of TCs that we charge zinc miners to refine their zinc concentrates and lead miners to refine their lead concentrates.	Fluctuations in the supply and demand for zinc and lead products will impact profitability through increased or decreased TCs.	TCs are negotiated on an annual basis.
Credit risk Credit risk is the risk of non-payment from any counterparty.	Cash flow may be impacted by non-payment.	Nyrstar has determined a credit policy with credit limit requests, approval procedures and a continuous monitoring of the credit exposure.

Operational risks

Description	Impact	Mitigation
Operational risks Operating our zinc and lead smelters and our other production facilities is subject to many risks and hazards, including industrial accidents, power interruption, critical equipment failure and fires.	Interruptions to operations resulting in loss of production volumes, which may have an adverse effect on profit and cash flow. We may become subject to liability (including in relation to pollution, occupational illnesses or other hazards) against which we have not insured or cannot insure, including those in respect of past activities. Should we suffer a major uninsured loss, future earnings could be materially adversely affected.	Process risk management system incorporating assessment of safety, environment, production and quality risks, which includes the identification of risk control measures, such as preventative maintenance, critical spares inventory and operational procedures. Insurance coverage for operating risks including property damage and business interruption, operational and other liabilities.
Supply risk We are dependent on a limited number of suppliers for zinc and lead concentrate.	Loss of supply from one of these suppliers may have a material adverse effect on production and results.	Alternative sources of supply have been sourced; however, use of alternate supplies may result in higher costs and lower recoveries.
Environmental, health and safety risks Our operations are subject to stringent environmental, health and safety laws and regulations, which are subject to change from time to time.	Exposure to significant increased compliance costs and potential litigation relating to environmental and health issues.	Preventing harm is a core value of Nyrstar. We pro-actively monitor environmental, health and safety legislation and are implementing common safety policies across all sites.
International operations risk Risks inherent in international operations.	May have a material adverse effect on production, cash flow and results.	Nyrstar pro-actively monitors changes in its international operating environment.

Governance and financial statements

Corporate governance

Corporate governance is the set of behaviours and rules by which companies are properly managed and controlled resulting in increased transparency and accountability.

Corporate governance is concerned with the relationships and responsibilities between the Board (and its committees), management, employees, shareholders and other stakeholders within a legal and regulatory framework. It influences how the objectives of a company are set and achieved, how risk is monitored and assessed, and how performance is optimised.

Good corporate governance structures encourage companies to create value (through entrepreneurism, innovation, development and exploration) and provide accountability and control systems commensurate with the risks involved. Good corporate governance is aimed at supporting long-term value creation – not only for shareholders but also for other stakeholders.

Nyrstar believes that a robust and effective corporate governance system is critical to ensure its long-term success.

Introduction

Nyrstar has published a Corporate Governance Charter (the Charter) in line with the Belgian Code on Corporate Governance (the Code). Nyrstar applies the nine corporate governance principles contained in the Code. Except as explained in the Charter and below, during 2008 Nyrstar complied with the corporate governance provisions of the Code.

The Charter describes the main aspects of the corporate governance of Nyrstar including Nyrstar's governance structure, the terms of reference of the Board of Directors of Nyrstar and its committees and other important topics.

The Charter provides a reference point for our directors, our management, our employees, our shareholders and other stakeholders in understanding Nyrstar's approach to corporate governance.

The Charter is available, together with Nyrstar's Articles of Association, on Nyrstar's website (www.nyrstar.com). The Board of Directors of Nyrstar approved the initial Charter on 5 October 2007 and the current version of the Charter was approved on 18 March 2008.

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 Charter is updated as often as required to reflect changes to Nyrstar's corporate governance.

On 16 February 2009, Nyrstar announced the departure of Paul Fowler as Chief Executive Officer and his replacement by non-executive Director, Roland Junck, with effect on and from 17 February 2009. On 4 March 2009, Nyrstar announced a number of further organizational changes. The Board is currently reviewing the appointment of an additional non-executive independent Director to fill the existing vacancy. Subject to this review, Nyrstar intends to review the Charter during 2009 to reflect these changes and also to align the Charter with the changes to the Code released by the Belgian Corporate Governance Committee on 12 March 2009.

Nyrstar has recognised that a critical check and balance in the way we go about our business is provided by the quality of the dialogue between our senior managers. While all senior managers are committed to the best outcome for the organisation and our key stakeholders, we recognise that people may have different views on how to achieve these optimal outcomes. The management culture promotes diversity of opinion and believes that robust open and direct dialogue creates the kind of transparency that leads to higher quality decisions being made.

The role of our Vision and Values

Good corporate governance at Nyrstar is based on our vision and values, which sets out how we view our relationship with our people, customers, suppliers, local communities, other stakeholders and the environment.

Our values provide the bedrock principles that serve as a guide for living at Nyrstar. They influence our day-to-day interactions with our colleagues, suppliers and clients. They explain who we are, what we stand for and how we treat our stakeholders.

Nyrstar Code of Business Conduct

While we conduct our business within the framework of applicable professional standards, laws, regulations and internal policies, we also acknowledge that these standards, laws, regulations and policies do not govern all types of behaviour. As a result, Nyrstar has adopted a Code of Business Conduct (the Code of Business Conduct) for all Nyrstar people and sites. The Code of Business Conduct is based on our values and it takes them to the next level, demonstrating our values in action. The Code of Business Conduct also provides a frame of reference for Nyrstar sites to establish more specific guidelines to address local and territorial issues.

We are in the process of introducing the Nyrstar Code of Business Conduct Development Program which will support the Code of Business Conduct and aims to increase awareness in relation to some key danger areas to our business. The Nyrstar Code of Business Conduct Development Program will include specially designed training modules for Nyrstar employees. The training modules will be conducted by the Nyrstar Compliance Officer with the assistance of local expertise (where required).

If employees have any 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 the Nyrstar Compliance Officer.

The Code of Business Conduct is available on Nyrstar's website (www.nyrstar.com).

In the sections below, Nyrstar provides information on governance matters that relate to 2008.

Nyrstar governance model

The role of the Board of Directors is to pursue the long-term success of the Company by providing entrepreneurial leadership and enabling risks to be assessed and managed. Nyrstar has opted for a 'one-tier' governance structure whereby the Board is the ultimate decision-making body, with the overall responsibility for the management and control of the Company, and is authorised to carry out all actions that are considered necessary or useful to achieve the Company's vision. The Board has all powers except those reserved to the shareholders' meeting by law or the Articles of Association.

The Board is assisted by a number of committees to analyse specific issues. The committees advise the Board on these issues, but the decision-making remains with the Board as a whole. The Board has established an Audit Committee, a Nomination and Remuneration Committee and a Safety, Health and Environment Committee.

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 and to assume responsibility for the day-to-day management of the Company. The Chief Executive Officer reports directly to the Board.

In order to provide a group-wide support structure, Nyrstar has corporate offices in London (United Kingdom), Balen (Belgium) and Melbourne (Australia). These offices provide a number of corporate and support functions including finance, treasury, human resources, legal and secretariat, tax, information technology, investor relations and communications.

Pursuant to Nyrstar's Articles of Association, the Board must consist of at least three members. Pursuant to the Code, 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 Charter and the Code.

During 2008, the Board consisted of six Directors, five non-executives and one executive. Three of the six Directors were independent.

On 16 February 2009, Nyrstar announced the departure of Paul Fowler as Chief Executive Officer and his replacement by non-executive Director, Roland Junck, with effect on and from 17 February 2009. As a consequence, the Board currently consists of five Directors, four non-executives and one executive. Two of the five Directors are independent. Accordingly, as a result of the recently announced changes, the current composition of the Board does not comply with provision 2.2 of the Code or 1.2 of the Charter. The Board is currently reviewing the appointment of an additional non-executive independent Director to fill the existing vacancy. Subject to this review, Nyrstar intends to review the Charter during 2009 to reflect these changes and also to align the Charter with the changes to the Code released by the Belgian Corporate Governance Committee on 12 March 2009.

The Directors are appointed for a term of no more than four years by the shareholders' meeting. In the event the office of a Director becomes vacant, the remaining Directors can appoint a successor temporarily filling the vacancy until the next shareholders' meeting. The shareholders' meeting can dismiss the Directors at any time.

The Board elects a Chairman from among its non-executive members. The Chairman of the Board cannot be the CEO.

The Board meets whenever the interests of the Company so require or at the request of one or more Directors. In principle, the Board will meet at least six times per year. The Board's decisions are made by a simple majority of the votes cast by the Directors present or represented. The Chairman of the Board has a casting vote.

During 2008, 10 Board meetings were held.

The Board

Composition

Name	Position	Director since	Term expires	Nature of Directorship
Julien De Wilde [1]	Chairman	2007	2010	Non-Executive, Independent
Paul Fowler [2]	CEO	2007	2010	Executive
Roland Junck [3]	Director	2007	2011	Non-Executive, Independent
Ray Stewart	Director	2007	2011	Non-Executive, Independent
Peter Mansell	Director	2007	2010	Non-Executive
Karel Vinck	Director	2007	2010	Non-Executive

1 Acting through De Wilde J. Management BVBA.
2 Resigned on 16 February and replaced by Roland Junck with effect on and from 17 February 2009.
3 Appointed Chief Executive Officer with effect on and from 17 February 2009.

Committees

Audit Committee
The Audit Committee consists of three non-executive Directors, two of which are independent.

The members of the Audit Committee have sufficient expertise in financial matters to discharge their functions. The Chairman of the Audit Committee is competent in accounting and auditing as evidenced by his current role as Chief Financial Officer of the Belgacom Group and his previous roles as Chief Financial Officer in Matav and Ameritech International.

The role of the Audit Committee is to assist the Board in supervising and reviewing the financial reporting, the internal control and risk management systems and the internal audit process of the Company. In addition, the Audit Committee makes recommendations to the Board on the selection, appointment and remuneration of the external auditor and monitors the independence of the external auditor.

In principle, the Committee will meet at least four times per year. The members of the Audit Committee 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 2008 the following Directors were members of the Audit Committee: Ray Stewart (Chairman), Roland Junck and Karel Vinck.

Following Roland Junck's appointment as Chief Executive Officer with effect on and from 17 February 2009, Roland ceased to be a member of the Audit Committee and was replaced by Julien De Wilde. The current members of the Audit Committee are Ray Stewart (Chairman), Julien De Wilde and Karel Vinck.

During 2008, 4 Audit Committee meetings were held.

Nomination and Remuneration Committee
The Nomination and Remuneration Committee consists of four Directors.

In deviation of provisions 5.3/1 and 5.4/1 of the Code, the Nomination and Remuneration Committee is not comprised of a majority of independent Directors. The Nomination and Remuneration Committee is comprised of four non-executive Directors, only two of which are independent. The two Directors who are not independent, Peter Mansell and Karel Vinck, represent the founding shareholders of the Company on the Board. Given that during 2008 the Board of Directors was only comprised of six Directors, a Nomination and Remuneration Committee of more than four members was not deemed appropriate. At the same time, the participation of the founding shareholders, through Peter Mansell and Karel Vinck, in the Nomination and Remuneration Committee is viewed by the Board as an important and valuable tool in assisting the continued integration of the two businesses that were contributed to the Company by the two founding shareholders. For these reasons, the Board is of the opinion that a deviation of provisions 5.3/1 and 5.4/1 of the Code is justified.

The role of the Nomination and Remuneration Committee is to make recommendations to the Board with regard to the appointment of Directors and to make proposals to the Board of Directors on the remuneration policy for Directors and Executive Management.

In principle, the Committee will meet at least twice a year.

The following Directors are members of the Nomination and Remuneration Committee: Julien De Wilde (Chairman), Ray Stewart, Peter Mansell and Karel Vinck.

During 2008, 3 Nomination and Remuneration Committee meetings were held.

Safety, Health and Environment Committee
During 2008 the Safety, Health and Environment Committee consisted of three non-executive Directors, two of which are independent.

Following Roland Junck's appointment as Chief Executive Officer with effect on and from 17 February 2009, Roland ceased to be a member and Chairman of the Safety, Health and Environment Committee and was replaced by Karel Vinck. Peter Mansell was appointed Chairman of the Committee.

Accordingly, as a result of the recently announced changes, the current composition of the Safety, Health and Environment Committee does not comply with provision 2.3.2 of the Charter (the Code does not provide for a Safety, Health and Environment Committee). The Board is currently reviewing the appointment of an additional non-executive independent Director to fill the existing vacancy. Subject to this review, Nyrstar intends to review the Charter during 2009 to reflect these changes and also to align the Charter with the changes to the Code released by the Belgian Corporate Governance Committee on 12 March 2009.

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

In principle, the Committee will meet at least twice a year.

During 2008 the following Directors were members of the Safety, Health and Environment Committee: Roland Junck (Chairman), Julien De Wilde and Peter Mansell.

The current members of the Safety, Health and Environment Committee are Peter Mansell (Chairman), Julien De Wilde and Karel Vinck.

During 2008, 3 Safety, Health and Environment Committee meetings were held.

Compensation

The remuneration and compensation of the Directors was decided by the shareholders' meeting on 5 October 2007.

During 2008 the following remuneration and compensation was paid to Directors:

Chairman

- Annual fixed remuneration of € 200,000 per year
- Remaining part of IPO fee of € 58,500
- No additional attendance fees

Other Directors (excluding the CEO)

- Annual fixed remuneration of € 50,000 per year for membership of the Board
- 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

In accordance with the Charter, non-executive Directors do not receive any performance-related remuneration, stock options or other share-based remuneration or pension benefits.

Activity report and attendance at Board and Committee meetings during 2008

		Committee meetings attended				
Name	Board meetings attended	Audit	Nomination and Remuneration	Safety, Health and Environment	Total remuneration	Shares held as at 31 December 2008
Julien De Wilde [1]	10 of 10	N/A	3 of 3	3 of 3	€ 258,500	0
Paul Fowler [2]	10 of 10	4 of 4	3 of 3	3 of 3	-	0
Roland Junck [3]	8 of 10	4 of 4	N/A	3 of 3	€ 80,000	0
Ray Stewart	10 of 10	4 of 4	3 of 3	N/A	€ 80,000	0
Peter Mansell	9 of 10	N/A	2 of 3	2 of 3	€ 70,000	0
Karel Vinck	8 of 10	1 of 4	1 of 3	N/A	€ 70,000	0

1 Acting through De Wilde J. Management BVBA.
2 Resigned on 16 February and replaced by Roland Junck with effect on and from 17 February 2009.
3 Appointed Chief Executive Officer with effect on and from 17 February 2009.

Performance review

At least once every three years, the Board shall undertake a formal evaluation of its own performance 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 CEO and senior management team

Composition

At 31 December 2008, the senior management team consisted of 10 members (including the Chief Executive Officer).

Name	Title
Paul Fowler [1]	Chief Executive Officer
Heinz Eigner	Chief Financial Officer
Greg McMillan	Chief Operating Officer
Paul Bibby [2]	Chief Development Officer
Erling Sorensen	Chief Marketing Officer
Anne Dekker [3]	Director, Environment and Community
Russell Murphy	Director, Human Resources and Safety
Michael Morley	Director, Legal and Secretariat
Jan Altink [2]	Director, Investor Relations and Communications
Mark Elliot [2]	Regional Director and Regional Head of Finance – East

1 Resigned on 16 February and replaced by Roland Junck with effect on and from 17 February 2009.
2 Departed the Company on 31 March 2009.
3 With effect on and from 4 March 2009 no longer a member of the senior management team.

On 4 March 2009, Nyrstar announced a number of further organisational changes. These organisational changes reduced the number of senior management members (excluding the Chief Executive Officer from nine to five). The current management team comprises Roland Junck (Chief Executive Officer), Heinz Eigner (Chief Financial Officer), Greg McMillan (Chief Operating Officer), Erling Sorensen (Chief Commercial Officer), Russell Murphy (Director, Human Resources, Safety, Health and Environment) and Michael Morley (Director, Legal and External Affairs).

Compensation

The remuneration of the Chief Executive Officer and the members of the senior management team is determined by the Board based on recommendation from the Nomination and Remuneration Committee. An appropriate portion of the remuneration is linked to corporate (financial results and group results on safety, environment, production and cost) and individual performance.

During 2008 the following remuneration and compensation was paid to the senior management team:

	Base Salary (€)	Variable Remuneration (€) [1]	Other Benefits (€)
Chief Executive Officer	617,724	263,321	341,429
Rest of senior management team	2,129,725	600,293 [2]	994,137

1 Pro-rata payment in relation to the period 1 September 2007 to 31 December 2007.
2 Includes variable remuneration for Leo Jacobs (formerly Chief Operating Officer – West) who retired with effect from 31 December 2007.

The Company has established an Employee Share Acquisition Plans (ESAP) and an Executive Long Term Incentive Plan (LTIP) with a view to attracting, retaining and motivating the employees and senior management of the Company and its wholly owned subsidiaries. The key terms of each Plan are set out at pages 75 to 77. No amount is payable by the relevant employees to the Company on the granting or vesting of any share awards under the ESAP or the LTIP.

During November 2007, Nyrstar announced a grant of 50 shares awards under the ESAP to each full-time and permanent part-time employee of Nyrstar (including each member of the senior management team) as at 29 October 2007 (the date of Nyrstar's listing) or within 6-months thereafter.

During September 2008, Nyrstar announced a further grant of 50 share awards under the ESAP to each full-time and permanent part-time employee (including each members of the senior management team) of Nyrstar as at 29 October 2008 (the 12-month anniversary of Nyrstar's listing) or within 3-months thereafter.

The CEO and senior management team (continued)

The share awards granted under the ESAP during November 2007 and September 2008 will vest into Nyrstar shares on 29 October 2010 and 29 October 2011 (respectively), provided that the employee continues to be employed by the Nyrstar at that time. Each share award will be valued at the closing market price on the day that it vests, and Nyrstar may, at its discretion, pay the cash equivalent (rather than transferring shares to employees). As at 31 December 2008, (approximately) 3,100 employees (including the members of the senior management team) were eligible under the ESAP to receive approximately 310,000 Nyrstar shares (or their cash equivalent). Currently, the Company holds 310,000 shares as "treasury stock" (with suspended dividend rights) pending delivery to eligible employees under the ESAP during 2010 and 2011 (respectively) (see further below).

As at 31 December 2008, the following shares awards had been granted under the LTIP and the ESAP to members of the senior management team:

			LTIP	
Name	Title	Share Awards granted under ESAP	Share Awards granted under LTIP of which the performance conditions have been met[4]	Share Awards granted under LTIP of which the performance conditions have not been met[5]
Paul Fowler[1]	Chief Executive Officer	100	43,369	86,737
Greg McMillan	Chief Operating Officer	100	19,672	39,345
Heinz Eigner	Chief Financial Officer	100	16,096	32,191
Paul Bibby[2]	Chief Development Officer	100	13,592	27,184
Erling Sorensen	Chief Marketing Officer	100	13,592	27,184
Anne Dekker[3]	Director Environment and Community	100	8,584	17,169
Russell Murphy	Director Human Resources and Safety	100	13,592	27,184
Michael Morley	Director Legal and Secretariat	100	8,584	17,169
Jan Altink[2]	Director Investor Relations and Communication	100	8,584	17,169
Mark Elliott[2]	Regional Director and Regional Head of Finance East	100	7,834	15,669

1 Resigned on 16 February and replaced by Roland Junck with effect on and from 17 February 2009.
2 Departed the Company on 31 March 2009.
3 With effect on and from 4 March 2009 no longer a member of the senior management team.
4 Performance conditions met on 31 December 2008, however the share awards will not vest until on or shortly after 1 January 2011.
5 Vesting is subject to performance conditions (refer pages 76 to 77)

The Company has received notifications from the following members of the senior management team in accordance with the Dealing Code (see further below) in relation to shares held as at 31 December 2008:

Name	Title	Shares held
Erling Sorensen	Chief Marketing Officer	5,150

All members of the senior management team are entitled to a 12-month salary payment in case their employment is ended without cause. In addition the Chief Executive Officer is entitled to a 12-month salary payment in case his employment is terminated upon a change of control of the Company.

Performance review

At least once a year, the Nomination and Remuneration Committee evaluates the operation and performance of the Chief Executive Officer and the other members of the senior management team.

Nyrstar Dealing Code

With a view to preventing market abuse (insider dealing, market manipulation), the Board has established a dealing code (the Dealing Code). The Dealing Code describes the declaration and conduct obligations of Directors, members of the senior management team, certain other employees and certain other persons with respect to transactions in Company shares or other financial instruments. The Dealing Code sets limits on carrying out transactions in Company shares and allows dealing by the above-mentioned persons only during certain windows. The Dealing Code is attached to the Charter.

Nyrstar Disclosure Policy

As a Belgian listed Company and with a view to ensuring investors in Nyrstar shares have available all information necessary to ensure the transparency, integrity and good functioning of the market, the Board has established an information disclosure policy (the Information Disclosure Policy). The Information Disclosure Policy is aimed at ensuring that inside information of which Nyrstar 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 Nyrstar and the public to assess the influence of the information on Nyrstar's position, business and results.

Conflicts of interest

Directors are expected to arrange their personal and business affairs so as to avoid conflicts of interest with the Company. Any Director with a conflicting financial interest (as set forth in Article 523 of the Belgian Company Code) on any matter before the Board 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 Charter sets out the procedure for transactions between the Company and the Directors which are not covered by the legal provisions on conflicts of interest.

Shareholders

Issued shares

At 31 December 2008, the Company had 100,000,000 fully paid up shares on issue (310,000 held as "treasury stock" with suspended dividend rights for the purposes of delivery under the ESAP (see further below)).

Nyrstar shares are listed on NYSE Euronext Brussels Stock Exchange.

Nyrstar shares can be held as registered shares or dematerialised shares, at the discretion of shareholders. Any shareholder can request the conversion of his shares into another form, at his expense.

In accordance with the Law of 14 December 2005 on the abolition of bearer securities, all bearer shares in book-entry form were automatically converted in dematerialised securities as from 1 January 2008.

All of the Company's shares are fully paid and freely transferable.

Shareholding structure

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

Pursuant to applicable Belgian legislation on the disclosure of significant shareholdings and the articles of association, any person who acquires at least 3% of the total existing voting rights of the Company must notify both the Company and the Banking, Finance and Insurance Commission (the CBFA). A notification is also required when a person acquires at least 5%, 7.5%, 10%, 15%, 20% or any further multiple of 5% of the total existing voting rights of the Company, or when, due to disposals of securities, the number of voting rights falls below one of these thresholds.

A list as well as a copy of such notifications can be obtained from the Company's website (www.nyrstar.com).

As at 31 December 2008, on the basis of the notifications received by the Company, the major shareholders of the Company (i.e. holding more than 3% of the total voting rights) are:

Shareholders	Share percentage
OZ Minerals Holdings Limited [1]	7.79%
Umicore NV	5.25%
Blackrock Group	4.98%
Greenlight Capital Inc.	3.19%

1 On 3 February 2009, Glencore Holding AG, through its subsidiary Glencore Investments BV, acquired OZ Minerals Holdings Limited's 7.79% interest in the Company.

In connection with the initial public offering of the Company, the Company's founding shareholders Umicore and Zinifex (now OZ Minerals) agreed to a 360-day lock-up period (subject to customary exceptions) from the commencement of conditional trading (29 October 2007) with regard to their respective shareholdings. The lock-up period expired on 28 October 2008.

Shareholders (continued)

Voting rights

Each shareholder of Nyrstar is entitled to one vote per share. Shareholders may vote by proxy. Voting rights can be suspended, amongst others, in relation to shares:

- Which are not fully paid up, notwithstanding the request thereto of the Board of Directors of the Company;
- To which more than one person is entitled, except in the event a single representative is appointed for the exercise of the voting right;
- Which entitle their holder to voting rights above the threshold of 3%, 5%, 7.5%, 10%, 15%, 20% and any further multiple of 5% of the total number of voting rights attached to the outstanding financial instruments of the Company on the date of the relevant shareholders' meeting, except in the event where the relevant shareholder has notified the Company and the CBFA at least 20 days prior to the date of the shareholders' meeting on which he or she wishes to vote its shareholding reaching or exceeding the thresholds above; and
- Of which the voting right was suspended by a competent court or the CBFA.

Changes to share capital

On 5 October 2007, the Board was authorised to:

- Increase the capital of the Company (without prior authorisation by the shareholders' meeting) on one or several occasions, by a maximum amount of € 400,000,000. This authorisation is valid for a period of five years as from the date of publication in the Annex to the Belgian State Gazette of an extract of the minutes of the extraordinary general shareholders' meeting held on 5 October 2007; and
- Acquire (without prior authorisation by the shareholders' meeting) on or outside the stock exchange, a number of the Company's shares representing a maximum of 10% of the subscribed capital, for a price not lower than 10% below the average closing price during the last 20 trading days and not higher than 10% above the average closing price during the last 20 trading days. This authorisation was originally valid for an 18 month period as from 5 October 2007 (expiring on 4 April 2009). At the Extraordinary General Meeting of shareholders to be held on 29 April 2009, shareholders will be asked to approve a resolution renewing this authorisation.

The authorisation of the Board to increase the share capital of the Company 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 Company by the CBFA of a public takeover bid on the financial instruments of the Company. Further, the Board was not granted the authorisation to purchase own shares to avoid imminent and serious danger to the Company (i.e. to defend against public takeover bids).

Share Buy Back

Commencing 8 September 2008 and ending on 17 September 2008 (the Buy-Back Period), the Board utilised its authorisation granted in Article 13 of Nyrstar's Articles of Association to acquire 310,000 shares (approximately 0.31% of Nyrstar's issued share capital) to be held by Nyrstar as "treasury stock" (with suspended dividend rights) pending delivery to eligible employees under the ESAP during 2010 and 2011 (respectively). During the Buy-Back 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 3 months) at a weighted average of € 5.5793 per share. The total cost of the buy back program amounted to € 1,733,396.

Dividend policy and payment

As previously announced by the Company, as a consequence of the impairment review and its effect on the Company's distributable reserves, the company is unable to declare a 2008 dividend. It is the board's intention to seek shareholder approval at the Extraordinary General Meeting of shareholders to be held on 29 April 2009 to undertake a formal capital decrease to absorb the effect of the impairment loss and thereby restore the company's potential future dividend capacity.

Significant agreements that might be affected upon a change of control

On 19 December 2007, the Company entered into a three-year € 350 million multi-currency revolving credit facility with a syndicate of banks. The credit facility was entered into, amongst other things, in order to refinance a bridging loan taken out at the creation of Nyrstar. For further information relating to this credit facility, reference can be made to the press release that was issued by the Company on 14 January 2008, which can be obtained from the Company's website (www.nyrstar.com). The credit facility provides (amongst other things) for the possibility of a termination and/or mandatory early repayment of the facility in whole or in part in the event of a change of control of the Company. At the Company's Annual General Meeting on 30 April 2008, shareholders approved the credit facility, as far as needed and applicable, in accordance with Article 556 of the Belgian Company Code.

Annual General Meeting – 29 April 2009

The Annual General Meeting of shareholders will take place in Brussels (Diamond Building, A. Reyerslaan 80, 1030 Brussel) on the last Wednesday of April, i.e. 29 April 2009 at 10.30 am. At this meeting shareholders will be asked to approve the following resolutions:

1. Submission of, and discussion on, the annual report of the Board of Directors and the report of the Statutory Auditors on the statutory financial statements for the financial year ended on 31 December 2008.
2. Approval of the statutory financial statements of the Company for the financial year ended on 31 December 2008, and of the proposed allocation of the result.
3. Submission of, and discussion on, the annual report of the Board of Directors and the report of the Statutory Auditors on the consolidated financial statements for the financial year ended on 31 December 2008.
4. Submission of the consolidated financial statements of the Company for the financial year ended on 31 December 2008.
5. Discharge from liability to the Directors of the Company.
6. Discharge from liability to the Statutory Auditors of the Company.
7. Resignation of the Statutory Auditors of the Company.
8. Appointment of a sole Statutory Auditor of the Company.

Extraordinary General Meetings – 29 April and 26 May 2009

On 29 April 2009, the Annual General Meeting will be shortly suspended in order to be continued as an Extraordinary General Meeting before a Notary Public. At this meeting shareholders will be asked to approve the following resolutions:

1. Renewal of power to acquire or dispose of own shares.
2. Absorption of losses incurred through a decrease of available reserves, issue premiums and share capital.
3. Amendments to the articles of association in relation to the formal capital decrease.
4. Other amendments to the articles of association.
5. Coordination of the articles of association.
6. Special powers of attorney.

If the quorum for the Extraordinary General Meeting is not reached, a second Extraordinary General Meeting will be held on Tuesday 26 May 2009 at 10.30 am at the office of Berquin Notaries Public at Lloyd Georgelaan 11, 1000 Brussels, Belgium, or at such other place as will be indicated at that place at that time.

Report of the Board of Directors

on the consolidated financial statements for the financial year ended on 31 December 2008 in accordance with article 119 of the Belgian Company Code

Pursuant to article 119 of the Belgian Company Code, the Board of Directors reports on the operations of Nyrstar Group with respect to the financial year ended on 31 December 2008.

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

1 Comments to the financial statements

Nyrstar's consolidated financial statements as at and for the year ended 31 December 2008 comprise Nyrstar NV (the "Company") and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The consolidated financial statements of Nyrstar were prepared in accordance with International Financial Reporting Standards as adopted by the European Union. These include International Financial Reporting Standards (IFRS) and the related interpretations issued by the International Accounting Standards Board (IASB), the Standard Interpretations Committee (SIC) and the 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.

In 2007 the Group changed its consolidated balance sheet date for the purpose of preparing consolidated financial statements from 30 June to 31 December. Accordingly, the Group's 2008 consolidated financial statements have been prepared for the calendar year with a balance sheet date as at 31 December 2008. Due to the change in the reporting balance sheet date, the comparative amounts for the income statement and cash flow statement are not comparable because they cover the six month period ended 31 December 2007.

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.

Please refer to the relevant pages in this 2008 Annual Report for the consolidated financial statements.

1.1 Overview of activities and finance overview

The 2008 year has been a difficult one for the Nyrstar Group due to the current economic climate. In light of the economic downturn, the Group has proactively cut uncommercial production, reviewed capital expenditure programs and prudently managed its cash position. Lower commodity prices coupled with a deterioration in demand has negatively impacted the financial performance of the Group.

The Group recorded a net loss after tax of € 594.7 million for the 2008 year and a net profit after tax of € 62.1 million excluding the impact of impairment charges, restructuring provisions and the realised loss on the Padaeng divestment. During the year the Group generated € 99.9 million in cash and has a net cash position of € 146.7 million at the end of December 2008 compared to a net debt position of € 154.9 million as at the end of December 2007.

Zinc market metal production of 1,056 thousand tonnes for the full year 2008 remained at 2007 levels despite production curtailment initiatives to improve market conditions, reduce oversupply and to underpin a better zinc price. Lead market metal production for the full year 2008 increased 9% compared with 2007 to 240 thousand tonnes due to better blast furnace performance from improved sinter quality and plant availability.

The Group's continued focus to improve safety, health and environment led to a significant drop in the Lost Time Injury Rate (LTR) per million hours worked and recordable environmental incidents.

In the second half of 2008, the Group announced its intention to reduce the number of roles at the Balen and Overpelt plants and restructure its Global Marketing and Services department. The restructuring programs are aimed at improving the operational and financial performance of the Group in the face of difficult economic conditions.

As a result of a strategic review of the Group's operations, Nyrstar divested its interest in Padaeng Industry Public Company Limited and entered into a conditional agreement to sell its interest in Nyrstar Yunnan Zinc Alloys Co Ltd.

At the end of 2008 the Group entered into a five year off-take agreement with Glencore to sell ex-works commodity grade zinc and lead metal with prompt payment terms which will culminate in lower working capital levels.

1.2 Risk management

The key risks and uncertanties which the Group faces along with the impact and procedures the Group has implemented to mitigate the risks are detailed in the tables below.

Financial risks

Description	Impact	Mitigation
Commodity price risk Our results are largely dependent on commodity prices, which are cyclical and volatile.	Profitability will vary with the volatility of metals prices.	Nyrstar uses short-term hedging transactions to cover the timing risk between concentrate purchases and sales of metal and to cover our exposure on fixed-price forward sales of metal to customers.
Forward price risk We are exposed to the shape of the forward price curve for underlying metal prices.	The volatility in the LME price creates differences between the average price we pay for the contained metal and the price we receive for it.	Nyrstar uses short-term hedging transactions to cover the timing risk between concentrate purchases and sales of metal and to cover our exposure on fixed-price forward sales of metal to customers.
Exchange rate risk Our business is exposed to the effects of exchange rate fluctuations.	Appreciation of the Euro or such other currencies against the US dollar without an offsetting improvement in US dollar-denominated zinc and lead metal prices could adversely affect our profitability and financial position.	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.
Treatment charge risk Our results are directly linked to the levels of TCs that we charge zinc miners to refine their zinc concentrates and lead miners to refine their lead concentrates.	Fluctuations in the supply and demand for zinc and lead products will impact profitability through increased or decreased TCs.	TCs are negotiated on an annual basis.
Credit risk Credit risk is the risk of non-payment from any counterparty.	Cash flow may be impacted by non-payment.	Nyrstar has determined a credit policy with credit limit requests, approval procedures and a continuous monitoring of the credit exposure.

Operational risks

Description	Impact	Mitigation
Operational risks Operating our zinc and lead smelters and our other production facilities is subject to many risks and hazards, including industrial accidents, power interruption, critical equipment failure and fires.	Interruptions to operations resulting in loss of production volumes, which may have an adverse effect on profit and cash flow. We may become subject to liability (including in relation to pollution, occupational illnesses or other hazards) against which we have not insured or cannot insure, including those in respect of past activities. Should we suffer a major uninsured loss, future earnings could be materially adversely affected.	Process risk management system incorporating assessment of safety, environment, production and quality risks, which includes the identification of risk control measures, such as preventative maintenance, critical spares inventory and operational procedures. Insurance coverage for operating risks including property damage and business interruption, operational and other liabilities.
Supply risk We are dependent on a limited number of suppliers for zinc and lead concentrate.	Loss of supply from one of these suppliers may have a material adverse effect on production and results.	Alternative sources of supply have been sourced, however, use of alternate supplies may result in higher costs and lower recoveries.
Environmental, health and safety risks Our operations are subject to stringent environmental, health and safety laws and regulations, which are subject to change from time to time.	Exposure to significant increased compliance costs and potential litigation relating to environmental and health issues.	Preventing harm is a core value of Nyrstar. We pro-actively monitor environmental, health and safety legislation and are implementing common safety policies across all sites.
International operations risk Risks inherent in international operations.	May have a material adverse effect on production, cash flow and results.	Nyrstar pro-actively monitors changes in its international operating environment.

1.3 Non-financial key-performance indicators

Production

	H2	H1	Twelve months to 31 December	
	2008	2008	2008	2007
Zinc cathode ('000 tonnes) [1]	**524**	551	1,075	1,079
Zinc market metal ('000 tonnes) [1]	**515**	541	1,056	1,048
Lead market metal ('000 tonnes) [1]	**122**	118	240	221
Sulphuric acid ('000 tonnes, gross)	**700**	713	1,414	1,461
Silver ('000 troy ounces)	**7,972**	6,315	14,287	11,670
Indium (tonnes)	**18.9**	17.8	36.7	15.8
Gold ('000 troy ounces)	**8.4**	7.7	16.1	14.6

1 Includes production from primary zinc smelters and primary and secondary lead smelters only i.e. Auby, Balen/Overpelt, Budel, Clarksville, Hobart, Port Pirie, ARA (50%) and Nyrstar Yunnan (60%). Internal transfers of cathode for subsequent melting and casting (approx. 21,000 tonnes in 2008 and 11,000 tonnes in 2007) is excluded from market metal. Zinc production at Nyrstar Yunnan and lead production at ARA reflect Nyrstar's ownership at 31 December 2008. Zinc production at Föhl, Galva 45, Genesis and GM-Metal is not included. Production for 2007 in the table above has been restated to exclude Padaeng Industry Public Company Limited, following the sale of Nyrstar's holding in April 2008.

Zinc production, both cathode and market metal for H2 2008 decreased 5% compared with H1 2008 as a result of production curtailments at Budel, Clarksville and Balen being put into care and maintenance. These initiatives were taken to match supply with current demand and to help improve market conditions. The break down of the cell house transformer at Auby in June also reduced production. The site returned to producing at 100% capacity at the end of October. Across the Group full year 2008 zinc production was therefore maintained at 2007 levels.

Lead market metal production in H2 2008 increased 3% compared with H1 2008 and 9% compared with 2007 due to better blast furnace performance from improved sinter quality and plant availability.

Sulphuric acid production for H2 2008 decreased 2% to 700,107 tonnes compared with H1 2008, and likewise down 3% to 1,413,599 tonnes for the full year 2008 compared with 2007, primarily due to the production curtailment initiatives announced at the end of 2008.

H2 2008 silver production of 8 million troy ounces was up 26% compared with H1 2008 and full year 2008 production was 22% higher than 2007 at 14.3 million troy ounces. Gold production of 8,351 troy ounces was also up 8% compared with H1 2008 and 10% higher than 2007 for the full year with 16,059 troy ounces. For both metals the increases were attributed to higher content in the input feed.

Safety, health and environment

At the end of H2 2008 our Lost Time Injury Rate (LTR) per million hours worked dropped to 5.2 compared with 6.2 for H1 2008. Compared with the 2007 figure of 7.9 this represents a reduction in line with our planned target for 2008. The focus in H2 2008 has been the roll-out of our behavioural safety programs with a full review of the existing safety leadership program, which will continue into 2009.

The number of recordable environmental incidents for 2008 reduced 55% to 25 compared with 55 for 2007, representing a huge achievement above the planned reduction target for 2008. These recordable incidents were all of a minor nature. The introduction of REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) legislation in Europe meant the Group had to secure pre-registration at all European sites. This was achieved by the end of November 2008. The Group's work with governments with a view to reducing the potential impacts of carbon emissions trading on the zinc industry continues into 2009. In December 2008 the Australian Government released its proposed design for a Carbon Pollution Reduction Scheme to come into effect in 2010 and the European Parliament is proposing changes to the EU Emissions Trading Scheme post 2012. In their currently proposed form the major impact would be higher electricity costs in both regions. The *tenby10* lead emissions reduction program at Port Pirie progressed according to plan during 2008 with a mix of initiatives in the community and at the plant.

1.4 Operating results, financial position and cash flows

The Group recorded a net loss after tax of € 594.7 million for the 2008 year and a net profit after tax of € 62.1 million after removing the impact of impairment charges, restructure provisions and the realised losses on divestments.

Revenue for 2008 of € 2,409.7 million has been adversely affected by the decline in commodity prices with the average Euro LME zinc price per tonne of € 1,262 for the full year 2008 47% lower than 2007 average price of € 2,383.

Operating costs for the full year 2008 were essentially flat compared with 2007 with relative stable production. Significant increases in electricity prices at the European smelters and higher environmental costs were offset by savings in maintenance costs, discretionary expenditure and the benefit from the weakening Australian dollar against the Euro.

During the year the Group recognised a non-cash impairment charge of € 615.0 million which resulted from a combination of an impairment review of the Group's assets and the revaluation of Nyrstar Yunnan's carrying value upon classifying the assets as held for sale. The assets impaired comprised of the entire Group's goodwill of € 254.8 million, intangible assets at Nyrstar Yunnan 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.

1.4 Operating results, financial position and cash flows (continued)

Restructuring costs of € 24.1 million were recognised in the second half of 2008 after the Group announced its intention to reduce the number of roles at the Balen and Overpelt plants by 205 positions and restructure its Global Marketing and Services department.

The Group realised a loss inclusive of incidental costs of € 17.7 million upon divesting its minority interest in Padaeng Industry Public Company Limited to a consortium of investors.

An income tax benefit for the full year of € 11.6 million was recognised by the Group representing a weighted average effective tax rate of 1.9%. The low weighted effective tax rate is attributable to the de-recognition of deferred tax assets.

Nyrstar's operations generated € 417.8 million in cash for the 2008 year, € 154.8 million excluding a € 263.0 million release of working capital arising from weaker commodity prices.

An amount of € 116.4 million was invested in Nyrstar's operations via capital expenditure. Although investment was scaled back from the initial guidance of € 150.0 million due to the deteriorating economic outlook, this investment allowed for the completion of key growth projects including the Auby capacity expansion and improvement of recovery at Hobart.

Outside Nyrstar's operations, significant cash flows included proceeds from the sale of Padaeng (€ 33.6 million); reduction of external debt (€ 178.7 million), dividends to shareholders relating to the financial year 2007 (€ 40.0 million); and the final purchase price adjustment with Zinifex and Umicore (€ 76.1 million).

1.5 Liquidity position and capital resources

Nyrstar continues to maintain a strong financial position. Consolidated net cash at the end of 2008 rose to € 146.7 million, a significant improvement from the net debt of € 154.9 million reported at the end of 2007.

The Group continues to trade comfortably within its debt covenants and financing facilities. Nyrstar does not anticipate a requirement for additional debt facilities in 2009, however these will be pursued as appropriate to replace the multicurrency revolving credit facility expiring in December 2010.

2 Important events which occurred after the end of the financial year

On 3 February 2009, 7,791,622 ordinary shares of Nyrstar owned by OZ Minerals Holdings Limited were sold for proceeds of approximately A$ 33 million. The 7.8% stake was acquired by Glencore Holding AG, through its subsidiary Glencore Investments BV, making Glencore the largest shareholder of Nyrstar.

On 16 February 2009 Paul Fowler resigned as Chief Executive Officer of Nyrstar and was succeeded by non-executive Director Roland Junck in this role with immediate effect.

3 Information regarding the circumstances that could significantly affect the development of the Group

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

The principal risks and uncertainties facing the Group are covered in section 1.2.

4 Research and development

The Group's activities in the field of research and development continued to be conducted by the Research, Development and Innovation department of Umicore with whom the Group has a service agreement.

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

Please refer to note 3 (Significant accounting policies) and note 26 (Financial instruments) in the consolidated financial statements.

6 Information provided in accordance with article 624 of Belgian Company Code

Commencing Monday, 8 September 2008 and ending on Wednesday, 17 September 2008 (the "Buy-Back Period"), the Board of Directors utilised its authorisation granted in Article 13 of the Articles of Association to acquire 310,000 shares (approximately 0.31% of the Company's issued share capital) to be held by the Company as "treasury stock" (with suspended dividend rights) pending delivery to eligible employees under the Employee Share Acquisition Plan during 2010 and 2011. During the Buy-Back 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 3 months) at a weighted average of € 5.5793 per share, which is significantly less then par value of € 20 per Nyrstar share. The total cost of the buy back program amounted to € 1,733,396. As at the 31 December 2008 Nyrstar held 310,000 treasury shares representing 0.31% of the issued share capital.

7 Information provided in accordance with article 34 of the Royal Decree dated 14 November 2007

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

(i) The share capital of the Company amounts to € 2,000,000,000 represented by 100,000,000 shares without nominal value. There are no different classes of shares.

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

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

(iv) All awards granted to employees under the Nyrstar Employee Share Acquisition Plan will vest immediately in the event of a change of control of the Company. The awards granted to employees under the Nyrstar Long Term Incentive Plan will vest upon determination by the Nomination and Remuneration Committee.

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

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

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

(viii) The powers of the Board of Directors, more specifically with regard to the power to issue or redeem shares are set out in the Company's articles of association.

(ix) There are no significant agreements to which the Company is a party and which will take effect, be modified or expire upon a change of control of the issuer following a public takeover bid and the effects thereof.

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

8 Information provided in accordance with the Royal Decree dated 17 December 2008

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

Done at Brussels on 26 February 2009
On behalf of the Board of Directors

Roland Junck
Chief Executive Officer

De Wilde J Management BVBA
represented by its permanent representative
Julien De Wilde
Chairman

Statement of responsibility

The undersigned, Roland Junck, Chief Executive Officer and Heinz Eigner, Chief Financial Officer, declare that, to the best of their knowledge, the consolidated financial statements for the year ended 31 December 2008, which has been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and with the legal requirements applicable in Belgium, give a true and fair view of the assets, liabilities, financial position and profit or loss of Nyrstar NV and the entities included in the consolidation, and that the consolidated management report includes a true and fair review of the development and the performance of the business and of the position of Nyrstar NV, and the entities included in the consolidation, together with a description of the principal risks and uncertainties which they are exposed to.

Brussels, 26 February 2009

Roland Junck
Chief Executive Officer

Heinz Eigner
Chief Financial Officer

Consolidated financial statements

Consolidated Income Statement

For the period ended	Note	**Twelve months to 31 December 2008 €m**	Six months to 31 December 2007 €m
Revenue	6	**2,409.7**	1,486.2
Other income		**9.6**	11.2
Changes in inventories		**(10.4)**	(5.1)
Raw materials used		**(1,454.3)**	(1,065.8)
Stores and consumables used		**(95.8)**	(43.6)
Employee benefits expense	7	**(226.9)**	(91.4)
Energy expenses		**(261.7)**	(53.3)
Depreciation and amortisation expenses	10	**(79.7)**	(31.4)
Contracting and consulting expenses		**(110.1)**	(62.8)
Freight expense		**(74.6)**	(35.2)
Other expenses		**(48.4)**	(16.4)
Result from operating activities before exceptional items [1]		**57.4**	92.4
Restructuring expenses	21	**(24.1)**	-
Impairment losses	11	**(615.0)**	-
Result from operating activities		**(581.7)**	92.4
Finance income	8	**7.4**	3.1
Finance expenses	8	**(21.1)**	(12.2)
Net foreign exchange gain / (loss)	8	**(0.1)**	9.4
Net financing income / (expense)		**(13.8)**	0.3
Share of profit of equity accounted investees	12	**6.9**	9.0
Loss on the disposal of equity accounted investees	12	**(17.7)**	-
Profit before income tax		**(606.3)**	101.7
Income tax benefit / (expense)	9	**11.6**	18.4
Profit / (loss) for the period		**(594.7)**	120.1
Attributable to:			
Equity holders of the parent		**(584.9)**	121.2
Minority interest		**(9.8)**	(1.1)
		(594.7)	120.1
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in Euro per share)			
- basic	25	**(5.85)**	1.65
- diluted	25	**(5.85)**	1.55

1 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 Recognised Income and Expense

For the period ended	Note	**Twelve months to 31 December 2008 €m**	Six months to 31 December 2007 €m
Foreign currency translation differences net of tax		**(66.5)**	(27.3)
Defined benefit plans – actuarial losses	22	**(4.9)**	-
Effective portion of changes in fair value of cash flow hedges		**37.5**	-
Income tax on income and expenses recognised directly in equity		**(8.7)**	-
Income and expense recognised directly in equity		**(42.6)**	(27.3)
Profit / (loss) for the period after income tax		**(594.7)**	120.1
Total recognised income and expense for the period		**(637.3)**	92.8
Attributable to:			
Equity holders of the parent		**(628.1)**	93.9
Minority interest		**(9.2)**	(1.1)
Total recognised income and expense for the period	19	**(637.3)**	92.8

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at	Note	**31 December 2008 €m**	31 December 2007 €m
ASSETS			
Non-current assets			
Property, plant and equipment	10	**435.9**	801.8
Intangible assets	11	**3.0**	256.0
Investments in equity accounted investees	12	**25.0**	103.0
Deferred tax assets	13	**14.4**	59.5
Other financial assets	14	**52.7**	22.6
		531.0	1,242.9
Current assets			
Inventories	15	**266.8**	472.6
Trade and other receivables	16	**194.1**	288.5
Prepayments		**5.6**	8.6
Current tax assets		**8.4**	18.2
Other financial assets	14	**25.7**	86.1
Cash and cash equivalents	17	**297.0**	198.8
Assets classified as held for sale	18	**11.2**	-
		808.8	1,072.8
Total assets		**1,339.8**	2,315.7
EQUITY			
Equity attributable to equity holders of the parent			
Share capital and share premium	19	**1,255.4**	1,255.4
Reserves	19	**(285.9)**	(208.9)
Retained earnings	19	**(262.9)**	360.4
		706.6	1,406.9
Minority interest	19	**4.5**	13.7
Total equity		**711.1**	1,420.6
LIABILITIES			
Non-current liabilities			
Loans and borrowings	20	**149.8**	311.9
Deferred tax liabilities	13	**40.4**	85.7
Provisions	21	**111.2**	116.0
Employee benefits	22	**37.8**	26.0
Other financial liabilities	14	**0.3**	0.1
		339.5	539.7
Current liabilities			
Trade and other payables	23	**157.0**	241.6
Current tax liabilities		**6.7**	7.7
Loans and borrowings	20	**0.5**	41.8
Provisions	21	**39.1**	17.9
Employee benefits	22	**32.2**	27.0
Other financial liabilities	14	**42.5**	19.4
Liabilities classified as held for sale	18	**11.2**	-
		289.2	355.4
Total liabilities		**628.7**	895.1
Total equity and liabilities		**1,339.8**	2,315.7

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 2008 €m**	Six months to 31 December 2007 €m
Cash flows from operating activities			
Profit for the period		**(594.7)**	120.1
Adjustment to:			
Depreciation and amortisation	10	**79.7**	31.4
Income tax (benefit) / expense	9	**(11.6)**	(18.4)
Net finance (benefit) / expense	8	**13.8**	(0.3)
Share of profit in equity accounted investees	12	**(6.9)**	(9.0)
Impairment	11	**615.0**	-
Equity settled share based payment transactions	19	**1.0**	0.1
(Gain) / loss on sale of investments	12	**17.7**	-
(Gain) / loss on sale of property, plant and equipment	10	**0.3**	0.1
		114.3	124.0
Changes in inventories		**179.1**	99.6
Changes in trade and other receivables		**46.0**	173.6
Changes in prepayments		**(0.4)**	4.7
Changes in other financial assets and liabilities		**30.4**	(97.8)
Changes in trade and other payables		**37.9**	32.7
Change in provisions and employee benefits		**26.0**	(0.9)
Interest paid		**(13.8)**	(8.9)
Income tax paid		**(1.7)**	(27.9)
Net cash from operating activities		**417.8**	299.1
Cash flows from investing activities			
Acquisition of property, plant and equipment	10	**(116.4)**	(42.5)
Proceeds from sale of property, plant and equipment		**0.3**	-
Acquisition of subsidiary net of cash acquired - Zinifex Carve-out Group	19	**(30.1)**	(1,552.6)
Acquisition of subsidiary net of cash acquired - Umicore Carve-out Group		**-**	(914.9)
Repayment of borrowings from associates	20	**(19.6)**	-
Distribution from associates	12	**26.8**	-
Proceeds from sale of equity accounted investee	12	**33.6**	-
Interest received		**8.1**	5.3
Net cash (outflows) from investing activities		**(97.3)**	(2,504.7)
Cash flows from financing activities			
Proceeds from issue of share capital		**-**	2,195.0
Repurchase of own shares		**(1.7)**	-
Proceeds from borrowings		**-**	350.0
Repayments of borrowings		**(178.7)**	(77.5)
Distributions to shareholders	19	**(40.0)**	(135.9)
Distributions to minority interests		**(0.2)**	-
Net cash (outflows) / inflows from financing activities		**(220.6)**	2,331.6
Net increase in cash held		**99.9**	126.0
Cash at the beginning of the reporting period	17	**198.8**	74.5
Exchange fluctuations		**(1.7)**	(1.7)
Cash and cash equivalents at the end of the reporting period	17	**297.0**	198.8

NOTE:
In August 2007, Port Pirie Pty Ltd issued share capital, as reported in note 19, to its former parent, Zinifex Limited, in satisfaction of a long term intercompany loan. The € 106.9 million repayment of the loan and the offsetting cash inflow from issuing share capital is netted off in the consolidated statement of cash flows for the six months to 31 December 2007.

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated financial statements

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 2008 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 involved in the business of zinc and lead smelting and alloying.

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 26 February 2009.

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:
- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss; and
- Available-for-sale financial assets are measured at fair value.

c. Reporting period

In 2007 Nyrstar changed its balance sheet date for the purpose of preparing consolidated financial statements from 30 June, which was inherited from the Zinifex Carve-out Group the deemed acquirer in context of the Umicore and Zinifex Carve-out Groups business combination, to 31 December. Accordingly the Group's consolidated financial statements have been prepared for the 2008 calendar year with a balance date of the 31 December 2008. Due to the change in the reporting balance sheet date the comparative amounts for the income statement, statement of recognised income and expense, cash flow statement and the related notes are not entirely comparable because they cover a six month period ended 31 December 2007.

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.

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 2008:
- IFRIC 11, IFRS 2 – *Group and treasury share transactions*.
- Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments (any reclassification of a financial asset made in periods beginning on or after 1 November 2008 shall take effect only from the date when the reclassification is made).

2 Basis of preparation (continued)

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have been early adopted:

- IFRS 8 *Operating Segments* (effective for annual periods beginning on or after 1 January 2009) was early adopted in preparing the Group's consolidated financial statements for the 2008 calendar year and the six month period ended 31 December 2007.

The following new standards, amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2008 and have not been early adopted:

- IAS 23 (amendment), *Borrowing costs* (effective for annual periods beginning on or after 1 January 2009). The Group will apply IAS 23 (amendment) from the 1 January 2009, but it is not expected to have any impact on the Group's accounts.
- IFRS 2 (amendment), *Share-based payment* (effective for annual periods beginning on or after 1 January 2009). The Group has not yet determined the potential effect of the amendment.
- IAS 1 (amendment), *Presentation of financial statements* (effective for annual periods beginning on or after 1 January 2009). IAS 1 (amendment) is expected to have a significant impact on the presentation of the consolidated financial statements. The Group plans to provide total comprehensive income in a single statement of comprehensive income for its 2009 consolidated financial statements.
- IAS 32 (amendment), *Financial instruments: presentation*, and consequential amendments to IAS 1, *Presentation of financial statements* (effective for annual periods beginning on or after 1 January 2009). The amendments are not expected to have any impact on the consolidated financial statements.
- IFRIC 13, *Customer loyalty programs* (effective for annual periods beginning on or after 1 July 2009). IFRIC 13 is not relevant for the Group's operations.
- Improvements to IFRS (effective for annual periods beginning on or after 1 January 2009). The Group has not yet determined the potential effect of the improvements to IFRS, however, it is not expected to have any impact on the consolidated financial statements.
- 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. The amendments to IFRS 1 and IAS 27 are not expected to have a significant impact on the consolidated financial statements.

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. 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 monetary 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 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.

3 Significant accounting policies (continued)

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 dismantling and removing the assets and restoring the site on which they are located. All items of property, plant and equipment, are depreciated on a straight-line basis. Freehold land is not depreciated. 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.

Depreciation

The expected useful lives are the lesser of the life of the operation or as follows:

- Buildings 40 years
- Plant and equipment 5-15 years

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.

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.

3 Significant accounting policies (continued)

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.

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. 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 all types of inventories is determined on an average cost basis.

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.

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.

3 Significant accounting policies (continued)

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.

i. 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.

j. 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.

3 Significant accounting policies (continued)

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 and an executive long-term incentive plan, which are either cash or 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.

k. 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.

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.

3 Significant accounting policies (continued)

l. 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.

m. 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.

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 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.

3 Significant accounting policies (continued)

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 usually paid within 30 days of recognition. These amounts are 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 the Group's Senior Management Team (SMT) in deciding how to allocate resources and in assessing performance. The SMT has been identified as the chief operating decision maker.

The segment information reported to the SMT (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. Management believes inter-segment pricing is on an arm's-length market basis.

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 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 further information refer to note 3h. and note 11.

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 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 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 2008, no guarantees were outstanding to external customers (31 December 2007: nil).

5 Financial risk management (continued)

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. The interest rate and terms of repayment of Nyrstar's loans are disclosed in note 26(f) Nyrstar's current borrowings are all on a 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. 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.

Nyrstar's present intention is to recommend to the Shareholders' Meeting an annual gross dividend based on a target payout ration of a minimum of 30% of consolidated net profit after tax. This policy will be reviewed by the Board on at least an annual basis.

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 24.

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 refinery located on the Derwent River in Tasmania's capital city, Hobart. A significant portion of Hobart's zinc output is converted into high-value 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 the world's largest primary lead smelting facility and a leading global silver producer. The majority of Port Pirie's lead output is exported, primarily to Asia.
- Clarksville refinery – The Clarksville refinery is located on the Cumberland River close to Clarksville, Tennessee in the United States of America. Clarksville is a mid-scale electrolytic zinc refinery 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 refinery 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-sized plant and using electrolytic smelting to produce zinc cathodes. Unlike, other zinc smelting sites, the Auby smelter completes its product at the cathode stage (rather than casting into ingots) before on-selling to its customers.
- Balen smelter – The Balen smelter is a large-sized electrolytic zinc smelter that also incorporates the die-casting and alloying operations in Overpelt and a sales office in Germany. Approximately 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 60% interest in Nyrstar Yunnan and 50% interests in both Föhl China and Genesis. On 13 October 2008 the Group announced it had a conditional agreement to divest its interest in Nyrstar Yunnan (Refer to Note 18 for further details).
- Other Operations – Other Operations combines operations based in Australia, Australia Refined Alloys (ARA) and France (Galva 45 and GM-Metal). These entities are involved in (in order as listed above) lead and lead alloys, galvanized products and die-casting alloys. This segment also includes unallocated items. Nyrstar's 24.9% minority interest in Padaeng Industry Public Company Limited which previously formed part of this segment was divested during the first half of 2008.

The chief operating decision-maker assesses the performance of the operating segments based on a measure of 'Result from operating activities'. 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 Trafigura and Umicore, which accounted for 17.8% and 14.7% respectively, of the total Group's zinc and lead sales.

6 Segment reporting (continued)

Period to 31 December 2008	Auby Smelter €m	Balen Smelter €m	Budel Smelter €m	Clarksville Refinery €m	Hobart Smelter €m	Port Pirie Smelter €m	Chinese Operations €m	Other Operations €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**
Other income	0.5	1.4	-	1.1	0.2	0.8	1.0	4.6	-	9.6
Changes in inventories	(2.4)	0.7	(2.4)	(0.6)	0.4	(7.0)	-	0.9	-	(10.4)
Raw materials	(166.0)	(496.4)	(239.1)	(134.1)	(209.3)	(377.7)	(48.2)	(26.2)	242.7	(1,454.3)
Stores and consumables used	(9.0)	(20.4)	(15.4)	(9.0)	(15.4)	(16.6)	(3.8)	(6.2)	-	(95.8)
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)
Depreciation and amortisation expense	(15.5)	(20.4)	(6.8)	(3.5)	(17.5)	(12.4)	(0.9)	(2.7)	-	(79.7)
Contracting and consulting expense	(9.8)	(20.0)	(15.2)	(4.6)	(16.7)	(17.9)	(1.3)	(24.6)	-	(110.1)
Freight expense	(5.8)	(22.5)	(7.7)	(5.7)	(22.8)	(5.2)	(0.2)	(4.7)	-	(74.6)
Other expenses	(14.7)	(25.6)	(10.5)	(8.5)	(13.7)	(18.9)	0.1	43.4	-	(48.4)
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[1]										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)

1 A split by investee is provided in note 12.

6 Segment reporting (continued)

Period to 31 December 2007	Auby Smelter €m	Balen Smelter €m	Budel Smelter €m	Clarksville Refinery €m	Hobart Smelter €m	Port Pirie Smelter €m	Chinese Operations €m	Other Operations €m	Elimin-ations €m	Total €m
Revenue from external customers	91.5	260.2	299.0	130.2	298.9	343.8	42.3	20.3	-	**1,486.2**
Inter-segment revenue	13.1	70.5	12.9	-	0.9	0.8	-	3.8	(102.0)	-
Total segment revenue	**104.6**	**330.7**	**311.9**	**130.2**	**299.8**	**344.6**	**42.3**	**24.1**	**(102.0)**	**1,486.2**
Other income	0.4	5.8	-	0.1	0.2	0.7	0.4	3.6	-	11.2
Changes in inventories	0.5	(0.5)	(2.0)	0.6	(0.7)	(2.2)	-	(0.8)	-	(5.1)
Raw materials	(87.1)	(245.0)	(201.8)	(93.5)	(228.4)	(259.2)	(38.0)	(15.1)	102.3	(1,065.8)
Stores and consumables used	(2.8)	(9.3)	(7.4)	(4.3)	(8.5)	(9.6)	(1.5)	(0.2)	-	(43.6)
Employee benefits expense	(8.1)	(11.7)	(13.3)	(7.1)	(14.2)	(19.3)	(1.2)	(16.5)	-	(91.4)
Energy expenses	(6.7)	(15.7)	(29.1)	(7.7)	25.4	(15.3)	(3.6)	(0.6)	-	(53.3)
Depreciation and amortisation expense	(4.7)	(6.0)	(3.5)	(1.9)	(7.9)	(6.3)	(0.5)	(0.6)	-	(31.4)
Contracting and consulting expense	(6.5)	(7.5)	(8.8)	(2.9)	(9.2)	(11.6)	(0.5)	(15.8)	-	(62.8)
Freight expense	(2.0)	(5.9)	(3.3)	(3.0)	(16.6)	(1.5)	-	(2.6)	(0.3)	(35.2)
Other expenses	(2.0)	(10.4)	(3.5)	(4.5)	(5.7)	(8.6)	(0.4)	18.7	-	(16.4)
Result from operating activities	**(14.4)**	**24.5**	**39.2**	**6.0**	**34.2**	**11.7**	**(3.0)**	**(5.8)**	**-**	**92.4**
Finance income										3.1
Finance expenses										(12.2)
Net foreign exchange gain / (loss)										9.4
Net financing income / (expense)										**0.3**
Share of profit / (loss) of equity accounted investees[1]										9.0
Profit / (loss) before income tax										**101.7**
Income tax benefit / (expense)										18.4
Profit / (loss) for the period										**120.1**
Segment assets	305.9	1,438.9	298.5	87.5	243.4	274.8	78.2	480.9	(892.4)	2,315.7
Segment liabilities	(144.6)	(170.2)	(106.6)	(42.0)	(37.2)	(44.7)	(24.6)	(1,217.6)	892.4	(895.1)
Net assets	161.3	1,268.7	191.9	45.5	206.2	230.1	53.6	(736.7)	-	1420.6
Investments in equity accounted investees	-	-	-	-	-	-	8.5	94.5	-	103.0
Capital expenditure and major cyclical maintenance	(6.5)	(5.6)	(3.2)	(6.2)	(7.7)	(10.3)	(0.6)	(2.4)	-	(42.5)

1 A split by investee is provided in note 12.

7 Employee benefits expense

Recognised in the income statement	**December 2008 €m**	December 2007 €m
Wages and salaries	**(184.2)**	(75.8)
Compulsory social security contributions	**(31.9)**	(10.1)
Contributions to defined contribution plans	**(3.2)**	(2.8)
Increase in liability for long-service leave	**(1.7)**	(2.8)
Expenses related to defined benefit plans	**(4.9)**	0.1
Equity-settled share based payment transactions	**(1.0)**	-
	(226.9)	(91.4)

The workforce at Nyrstar's operations comprised of 3,235 employees with 75% of our total personnel employed in production and the remainder employed in management (5%), specialist (10%) and administrative roles (10%).

8 Finance income and expense

Recognised in the income statement	**December 2008 €m**	December 2007 €m
Finance income		
Interest income on cash and cash equivalents	**7.4**	3.1
	7.4	3.1
Finance expense		
Interest expense on financial liabilities	**(13.7)**	(9.3)
Unwind of discount in provisions	**(6.1)**	(2.5)
Other finance charges	**(1.3)**	(0.4)
	(21.1)	(12.2)
Net foreign exchange gain / (loss)	**(0.1)**	9.4
Net financing income / (expense)	**(13.8)**	0.3

9 Income tax expense

a. Income tax expense recognised in the income statement

	December 2008 €m	December 2007 €m
Current income tax (expense)	**(15.4)**	(11.9)
Deferred income tax benefit	**27.0**	30.3
Income tax benefit / (expense)	**11.6**	18.4

Reconciliation of deferred income tax benefit:		
Deferred income tax benefit included in income tax expense comprises:		
Increase in deferred tax assets	**(32.8)**	18.7
Decrease in deferred tax liabilities	**59.8**	11.6
	27.0	30.3

9 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 2008 €m	December 2007 €m
Profit before income tax	(606.3)	101.7
Tax at aggregated weighted average tax rate	192.4	(26.7)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Notional interest deduction	32.0	10.3
Non-taxable amounts	1.6	0.1
Net loss on disposal of equity accounted investees	(4.4)	-
Impairment of assets	(89.8)	-
Other	1.8	(0.9)
	133.6	(17.2)
Recognition of previously unrecognised tax losses	1.3	9.6
Recognition of previously unrecognised temporary differences	3.9	-
Non recognition of other temporary differences	(81.9)	-
Non recognition of tax losses	(56.3)	-
Adjustment to deferred tax balances on acquisition [1]	-	28.8
Over provision for previous years income taxes	4.9	-
Irrecoverable withholding tax	(6.2)	-
Share of income tax of equity accounted investees	(1.9)	(2.8)
Foreign exchange differences	14.2	-
Income tax benefit / (expense)	11.6	18.4

1 Upon the acquisition of the Hobart smelting assets, the tax base of the assets was restated to the fair value of the assets. This resulted in the recognition of a € 28.8 million tax benefit in the Group's income statement for the six month period to 31 December 2007 and a corresponding deferred tax asset attributable to the temporary difference in the Group's consolidated balance sheet.

Nyrstar recognised an income tax benefit for the twelve months ended 31 December 2008 of € 11.6 million representing a weighted average effective tax rate of 1.9% (18.1% for the six months ended 31 December 2007). The low weighted average effective tax rate is due largely to the non recognition of deferred tax assets arising from the impairment of goodwill and other assets as well as the tax exempt sale of Padaeng shares and the notional interest deduction recognised at Belgian domiciled entities.

c. Income tax recognised directly in equity

	December 2008 €m	December 2007 €m
Income tax recognised on share based payments	-	0.1
Income tax benefit / (expense) recognised on cash flow hedges	(9.4)	-
Income tax benefit / (expense) recognised on defined benefits pension schemes	2.6	-
Income tax benefit / (expense) recognised on foreign currency translation reserve	0.6	-
Total income tax recognised directly in equity	(6.2)	0.1

10 Property, plant and equipment

	Note	Land and buildings €m	Plant and equipment €m	Leased plant and equipment €m	Cyclical maintenance €m	Under construction €m	Total €m
31 December 2008							
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
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 losses	11	(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**
31 December 2007							
Cost or deemed cost		86.5	741.2	2.5	31.8	58.9	920.9
Accumulated depreciation		(3.4)	(92.4)	(1.2)	(22.1)	-	(119.1)
Carrying amounts		**83.1**	**648.8**	**1.3**	**9.7**	**58.9**	**801.8**
Reconciliation of carrying amounts:							
Opening 1 July 2007		29.0	239.0	1.8	12.7	37.3	319.8
Acquisitions through business combinations		50.6	412.8	-	0.2	18.4	482.0
Additions		0.3	10.2	-	0.6	31.4	42.5
Transfers		4.8	22.9	-	1.3	(28.8)	0.2
Disposals		-	(0.3)	-	-	-	(0.3)
Depreciation expense		(0.6)	(25.8)	(0.4)	(4.6)	-	(31.4)
Exchange difference		(1.0)	(10.0)	(0.1)	(0.5)	0.6	(11.0)
Closing		**83.1**	**648.8**	**1.3**	**9.7**	**58.9**	**801.8**

11 Intangible assets

	Goodwill €m	Patents and trademarks €m	Emission rights €m	Total €m
31 December 2008				
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
Impairment losses	(254.8)	(1.2)	-	(256.0)
Depreciation expense	-	-	(0.4)	(0.4)
Closing	**-**	**-**	**3.0**	**3.0**
31 December 2007				
Cost	254.8	1.2	-	256.0
Accumulated amortisation	-	-	-	-
Carrying amounts	**254.8**	**1.2**	**-**	**256.0**
Reconciliation of carrying amounts:				
Opening 1 July 2007	-	-	-	-
Acquisitions through business combinations	254.8	1.2	-	256.0
Closing	**254.8**	**1.2**	**-**	**256.0**

Goodwill is allocated to the Group's cash-generating units (CGUs) according to the segments level summary below:

Cash Generating Units	**December 2008 €m**	December 2007 (final allocation) €m	December 2007 (provisional allocation) €m
Auby Smelter	**-**	6.9	20.2
Balen Smelter	**-**	222.3	183.3
Budel Smelter	**-**	-	25.7
Clarksville Refinery	**-**	0.2	0.2
Chinese Operations	**-**	20.9	20.9
Other Operations	**-**	4.5	4.5
	-	254.8	254.8

Goodwill allocation

In preparing the consolidated financial accounts for the six months ended 31 December 2007, the goodwill recognised on the acquisition of Nyrstar and the Umicore Carve-out Group was provisionally allocated to the CGUs based on synergies to be realised in amalgamating the Umicore and Zinifex asset portfolios. In the second half of 2008, the allocation of goodwill across the CGUs was revised and a final allocation of goodwill was determined. Accordingly, the December 2007 goodwill allocation by segment has been amended to reflect the final allocation.

11 Intangible assets (continued)

Impairment

Management tests goodwill and other intangible assets for impairment annually and all CGUs when there are indicators of impairment present. The recoverable amounts of CGUs have been determined based on value-in-use calculations, by means of discounted cash flow modelling on the basis of the Group's operational plans. The smelting operations are considered to operate in perpetuity. A growth rate of nil is used to extrapolate cash flow projections beyond the period covered by Group operational plans. The nominal weighted average cost of capital which is used as a discounting factor was 7.6% for Euro-zone smelters, 7.0% for the US based Clarksville refinery and 8.6% for the Australian smelters. Metal prices used to forecast future earnings were based on the average of forecasts provided by industry analysts and Consensus Economics Inc. Exchange rates are based on spot exchange rates and the yield curve for government securities obtained from Reuters on 15 December 2008.

As a result of the fall in the Company's market capitalisation below its net asset value coupled with the adverse market conditions in the second half of 2008, all CGUs were tested for impairment.

The result of the impairment test led to an impairment charge of € 575.4 million, adding to the € 39.6 million impairment charge recognised on the Nyrstar Yunnan assets (refer to note 18) upon classifying the assets as held for sale, bringing the total impairment charge to € 615.0 million for the year. Of this amount, € 607.8 million is attributed to the equity holders of the Group and € 7.2 million to the minority equity holders of Nyrstar Yunnan. The impairments have arisen primarily because of the decline in short term commodity prices.

Value in use calculations are sensitive to assumptions regarding exchange rates and treatment charges for each of the smelters. The impairment recognised at Port Pirie is eliminated if the US dollar appreciates by 10% or if lead treatment charges are increased by 45 US dollars per tonne. The impairment recognised at Balen is eliminated if the US dollar appreciates by 20% or if zinc treatment charges increase by 110 US dollars per tonne.

The assets impaired comprised of the entire Group's goodwill of € 254.8 million, intangible assets at Nyrstar Yunnan 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 (refer to note 10 for property, plant and equipment).

12 Investments in equity accounted investees

A summary of the Group's investment in equity accounted investees is set out in the following table:

	December 2008 €m	December 2007 €m
Carrying amount at the beginning of the period	**103.0**	37.4
Movements of the period:		
Acquisitions through business combinations	**-**	58.6
Share of profit of equity accounted investees (after tax)	**6.9**	9.0
Distribution from joint venture	**(26.8)**	-
Sale of investee	**(50.1)**	-
Exchange difference	**(8.0)**	(2.0)
Carrying amount at the end of the period	**25.0**	103.0

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 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**
31 December 2007							
ARA (Joint venture)	50.0	13.6	4.2	(21.0)	-	23.3	9.5
Genesis (Joint venture)	50.0	4.9	0.5	(4.1)	-	48.9	(0.1)
Padaeng (Associate)	24.9	68.9	83.7	(18.2)	(2.5)	71.9	(0.5)
Föhl China (Associate)	50.0	0.6	0.4	(0.6)	(0.1)	0.5	0.1
		88.0	88.8	(43.9)	(2.6)	144.6	9.0

12 Investments in equity accounted investees (continued)

Nyrstar divested its 24.9% minority shareholding in Padaeng Industry Public Company Limited (Padaeng) during the year ended 31 December 2008, to a consortium of investors represented by Asia Plus Securities Public Company Limited, receiving net proceeds of € 33.6 million in cash. The transaction resulted in a loss of € 16.6 million, reflecting the decline in Padaeng's share price since 31 August 2007 as well as the decrease in the value of the Thai baht against the euro. In addition, incidental costs of € 1.1 million were incurred as a result of the sale of the investment.

During the year ended 31 December 2008, the Australian Refined Alloys joint venture made distributions totaling € 26.8 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.

13 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.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities consist of temporary differences attributable to:

	Assets December 2008 €m	Assets December 2007 €m	**Liabilities December 2008 €m**	Liabilities December 2007 €m	**Net December 2008 €m**	Net December 2007 €m
Employee benefits	**6.8**	10.7	**-**	-	**6.8**	10.7
Environmental provisions	**8.6**	10.0	**-**	(0.2)	**8.6**	9.8
Receivables	**0.4**	-	**(8.1)**	-	**(7.7)**	-
Other provisions	**1.8**	0.9	**-**	-	**1.8**	0.9
Embedded derivatives	**-**	1.4	**-**	(13.5)	**-**	(12.1)
Restoration provisions	**-**	9.9	**-**	-	**-**	9.9
Property, plant and equipment	**19.5**	-	**(48.9)**	(101.7)	**(29.4)**	(101.7)
Inventories	**2.2**	2.5	**-**	-	**2.2**	2.5
Deferred expenditure	**0.8**	-	**(1.7)**	-	**(0.9)**	-
Tax credit notional interest deduction	**-**	7.8	**-**	(1.7)	**-**	6.1
Tax losses carried forward	**-**	49.6	**-**	(2.6)	**-**	47.0
Other	**-**	0.6	**(1.2)**	-	**(1.2)**	0.6
Items recognised directly in equity	**3.2**	0.1	**(9.4)**	-	**(6.2)**	0.1
Tax (assets) / liabilities	**43.3**	93.5	**(69.3)**	(119.7)	**(26.0)**	(26.2)
Set off of tax	**(28.9)**	(34.0)	**28.9**	34.0	**-**	-
Net assets / (liabilities)	**14.4**	59.5	**(40.4)**	(85.7)	**(26.0)**	(26.2)

Unrecognised deferred tax assets

	Balance 1 July 2007	Additions	Balance 31 Dec 2007	Additions	**Balance 31 Dec 2008**
Deductible temporary differences	-	-	-	81.9	**81.9**
Tax losses	16.2	3.2	19.4	56.3	**75.7**
	16.2	3.2	19.4	138.2	**157.6**

13 Deferred tax assets and liabilities (continued)

Expiration of tax effected temporary differences and tax losses

	Net deductible temporary differences December 2008	Tax losses c/fwd December 2008	Total December 2008	Tax losses c / fwd December 2007	Total December 2007
No expiration date	**75.2**	**63.1**	**138.3**	19.4	19.4
Expiration date 7 years	**6.7**	**-**	**6.7**	-	-
Expiration date 9 years	**-**	**12.6**	**12.6**	-	-
	81.9	**75.7**	**157.6**	19.4	19.4

14 Other financial assets and liabilities

	December 2008 €m	December 2007 €m
Non-current assets		
Commodity contracts – fair value hedges	**0.2**	-
Fair value of underlying hedged risk	**0.1**	0.1
Embedded derivatives	**52.4**	22.5
	52.7	22.6
Current assets		
Commodity contracts – fair value hedges	**0.8**	1.9
Fair value of underlying hedged risk	**8.9**	9.1
Commodity contracts – held for trading	**6.5**	15.1
Foreign exchange contracts – held for trading	**4.5**	42.1
Embedded derivatives	**5.0**	17.9
	25.7	86.1
Non-current liabilities		
Commodity contracts – fair value hedges	**0.1**	0.1
Fair value of underlying hedged risk	**0.2**	-
	0.3	0.1
Current liabilities		
Commodity contracts – fair value hedges	**8.6**	8.9
Fair value of underlying hedged risk	**1.3**	2.0
Commodity contracts – held for trading	**23.2**	0.5
Foreign exchange contracts – held for trading	**9.4**	5.9
Embedded derivatives	**-**	2.1
Total current other financial liabilities	**42.5**	19.4

a. Instruments used by Nyrstar to manage exposure to currency and commodity price risk exposures

The fair value of derivatives hedging fixed forward sales contracts resulted in a net payable of € 7.7 million (31 December 2007: € 7.0 million) being recognised on the balance sheet with an offsetting net asset of € 7.5 million (31 December 2007: € 7.1 million) being the fair value of the underlying hedged items attributable to the risk being hedged.

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 € 21.6 million (31 December 2007 net receivable: € 50.8 million).

The Group's exposure to currency and commodity risk related to other financial assets and liabilities is disclosed in note 26.

14 Other financial assets and liabilities (continued)

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 2008 of € 37.5 million (31 December 2007: nil) was recognised in the cashflow hedge reserve whilst changes in fair value on the ineffective portion of € 7.3 million (31 December 2007: € 45.7 million) were recognised in the income statement within energy expenses.

15 Inventories

	December 2008 €m	December 2007 €m
Raw materials	**147.3**	244.5
Work in progress	**58.1**	131.0
Finished goods	**34.6**	69.3
Stores and consumables	**26.8**	27.8
Total inventories	**266.8**	472.6

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 2008 the write down of inventories to net realisable value amounted to € 7.9 million (31 December 2007: € 0.6 million).

16 Trade and other receivables

	Note	**December 2008 €m**	December 2007 €m
Trade receivables		**179.6**	242.1
Less: Provision for receivables impairment		**(5.0)**	(3.0)
Net trade receivables		**174.6**	239.1
Other receivables from related parties	30	**-**	16.4
Other receivables		**19.5**	33.0
Total trade and other receivables		**194.1**	288.5

The Group's exposure to currency and liquidity risk related to trade and other receivables is disclosed in note 26.

17 Cash and cash equivalents

	December 2008 €m	December 2007 €m
Cash at bank and on hand	**104.8**	72.1
Short-term bank deposits	**192.2**	126.7
Total cash and cash equivalents	**297.0**	198.8

Cash at bank or on hand and short-term deposits earned a combined weighted average interest rate of 1.86% for calendar year 2008 (31 December 2007: 3.95% per annum).

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 26.

18 Assets held for sale

The Company's management have reached a conditional agreement to sell its 60% interest in Nyrstar Yunnan. Provided certain criteria are met, the completion of the sale is expected to occur in the first half of 2009.

Due to the uncertainties with respect to the proceeds from this transaction, Management has consequently impaired the Group's interest in full and will reassess the underlying value throughout the negotiation period with the prospective buyer.

An impairment loss of € 39.6 million is recognised in the consolidated income statement. Of which, € 20.9 million is allocated to goodwill, € 1.2 million to other intangible assets, and € 17.5 million to property plant and equipment.

	Note	**December 2008 €m**	December 2007 €m
Assets classified as held for sale			
Trade and other receivables		**0.2**	-
Inventories		**3.1**	-
Property, plant and equipment	10	**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	-

19 Capital and reserves

Reconciliation of movement in capital and reserves

	Share capital €m	Share premium €m	Treasury shares reserve €m	Translation reserve €m	Reverse acquisition reserve €m	Cash flow hedge reserve €m	Retained earnings €m	Total €m	Minority interest €m	Total equity €m
Balance at 1 January 2008	1,176.9	78.5	-	32.6	(241.5)	-	360.4	1,406.9	13.7	1,420.6
Total recognised income and expense	-	-	-	(67.4)	-	28.1	(588.8)	(628.1)	(9.2)	(637.3)
Dividends / return to equity holders	-	-	-	-	-	-	(40.0)	(40.0)	-	(40.0)
Purchase price adjustments for the Zinifex Carve-out Group	-	-	-	-	(31.5)	-	-	(31.5)	-	(31.5)
Acquisition of treasury shares	-	-	(6.2)	-	-	-	4.5	(1.7)	-	(1.7)
Share-based payments	-	-	-	-	-	-	1.0	1.0	-	1.0
Balance at 31 December 2008	**1,176.9**	**78.5**	**(6.2)**	**(34.8)**	**(273.0)**	**28.1**	**(262.9)**	**706.6**	**4.5**	**711.1**
Balance at 1 July 2007	264.6	-	-	59.9	-	-	375.1	699.6	-	699.6
Total recognised income and expense	-	-	-	(27.3)	-	-	121.2	93.9	(1.1)	92.8
Issuance of shares by Zinifex Carve-out Group (pre acquisition)	106.9	-	-	-	-	-	-	106.9	-	106.9
Dividends / return to equity holders	-	-	-	-	-	-	(135.9)	(135.9)	-	(135.9)
Reverse acquisition of Zinifex Carve-out Group	-	-	-	-	(241.5)	-	-	(241.5)	-	(241.5)
Issuance of ordinary shares by Nyrstar	805.3	78.5	-	-	-	-	-	883.8	-	883.8
Acquisition of minority interest	-	-	-	-	-	-	-	-	14.8	14.8
Share-based payments	0.1	-	-	-	-	-	-	0.1	-	0.1
Balance at 31 December 2007	1,176.9	78.5	-	32.6	(241.5)	-	360.4	1,406.9	13.7	1,420.6

19 Capital and reserves (continued)

a. 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 2008, 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 2008 the authorised share capital of Nyrstar NV comprised of 100 million ordinary shares (31 December 2007: 100 million) with a par value of € 20 and a share premium of € 1.95. All authorised shares are fully paid and were issued during the six months ended the 31 December 2007. 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.

b. Treasury shares

The treasury shares reserve comprises the par value of the Company's share held by the Group. As at 31 December 2008, the Group held 310 thousand of the Company's shares (31 December 2007: nil).

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.

c. 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).

d. Reverse acquisition reserve

The reverse acquisition reserve of € 273.0 million (December 2007: € 241.5 million), 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 the 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.

e. Cash flow hedge reserve

The cash flow 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.

f. Return to equity holders (Dividends)

The Group declared and paid a dividend of € 0.40 per qualifying ordinary share, totaling € 40.0 million in the year ended 31 December 2008.

Distributions by Nyrstar Netherlands BV and the Hobart smelter business to their former parent entities prior to the formation of Nyrstar for the year ended 31 December 2007 were € 60.0 million and € 75.9 million respectively.

19 Capital and reserves (continued)

g. Disclosure of the shareholders' structure

The Group's major shareholders based on notifications of significant shareholdings received as at 31 December 2008 were:

Shareholder's name	Shareholder's address	Date of notification	Number of voting rights	% Shareholding
OZ Minerals Limited	Level 29, Freshwater Place, 2 Southbank Boulevard, Southbank VIC 3006	1/9/2008	7,791,622	7.79
Umicore N.V.	Broekstraat 31, 1000 Brussels	1/9/2008	5,251,856	5.25
BlackRock Group	33 King William Street, London EC4R 9AS	19/12/2008	4,978,838	4.98
Greenlight Capital Inc	140 East 45th Street, 24th Floor, New York, New York 10017	22/12/2008	3,187,767	3.19
			21,210,083	**21.21**

20 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 26.

	December 2008 €m	December 2007 €m
Non-current		
Unsecured bank loans	**149.8**	311.3
Finance lease liabilities	**-**	0.6
	149.8	311.9
Current		
Unsecured bank loans	**0.2**	21.5
Loans from associates	**-**	19.6
Finance lease liabilities	**0.3**	0.7
	0.5	41.8

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

				December 2008 €m		December 2007 €m	
	Currency	Nominal interest rate	Year of maturity	**Face value**	**Carrying amount**	Face value	Carrying amount
Unsecured bank loan	EUR	EURIBOR + 32.5bp	2010	**150.0**	**150.0**	312.0	311.3
Unsecured bank loan	RMB	-	-	**-**	**-**	19.5	19.5
Loan from associate	AUD	-	-	**-**	**-**	19.6	19.6
Finance lease liabilities	AUD	9.37%	2009	**0.3**	**0.3**	1.3	1.3
Other	EUR	-	-	**-**	**-**	2.0	2.0
Total interest bearing liabilities				**150.3**	**150.3**	354.4	353.7

Finance lease liabilities

	December 2008 €m	December 2007 €m
Commitments in relation to finance leases are payable as follows		
Within one year	**0.3**	0.9
Later than one year but not later than five years	**-**	0.4
Total	**0.3**	1.3

The Group's exposure to currency and liquidity risk related to loans and borrowings is disclosed in note 26.

21 Provisions

	Current portion				Non-current portion		
	Restoration	Restructure	Workers' compensation and other	**Total**	Restoration	Workers' compensation	**Total**
31 December 2008							
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)**
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**
31 December 2007							
Carrying amount at start of period	5.1	-	2.6	**7.7**	80.5	3.5	**84.0**
Acquisition through business combinations	6.8	-	1.1	**7.9**	36.9	-	**36.9**
Payments/other sacrifices of economic benefits	-	-	(1.1)	**(1.1)**	(2.9)	-	**(2.9)**
Additional provisions	-	-	0.3	**0.3**	3.0	0.2	**3.2**
Transfers	3.2	-	-	**3.2**	(5.6)	-	**(5.6)**
Unwind of discount	-	-	-	**-**	2.8	-	**2.8**
Foreign exchange translation	-	-	(0.1)	**(0.1)**	(2.3)	(0.1)	**(2.4)**
Carrying amount at end of period	**15.1**	**-**	**2.8**	**17.9**	**112.4**	**3.6**	**116.0**

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 2007: 8.0%) for all environmental provisions.

Restructuring provisions

The Group announced two major restructuring programs during 2008.

Balen restructuring program - In October 2008, Nyrstar announced its intention to reduce the number of roles at the Balen and Overpelt plants by 205 positions as part of a strategic plan to enhance the Group's operational and financial performance in the face of difficult economic conditions. The restructuring program is aimed at preserving the long-term future of the Balen operation and employment in response to increasing energy and high labour costs. As at 31 December 2008 an accurate classification of the provision between current and non-current was not determinable. Therefore, although it is anticipated that the staff reductions will occur over a 24 month period concluding in 2010, the provision is classified as current.

Global Marketing and Services restructuring program - In December 2008, the Company demonstrably committed to a plan to restructure its Global Marketing and Services team which will lead to staff reductions within the team and generate future cost savings. It is anticipated that the plan will be completed in 2009.

Workers' compensation and other provisions

Workers' compensation payments made by self insured operations will continue over the life of the operations. The discount rates applied to the carrying values of workers' compensation is 3.0% (31 December 2007: 6.5%).

It is anticipated that all other provisions will be satisfied within the next twelve months.

22 Employee benefits

	December 2008 €m	December 2007 €m
Non-current employee provisions		
Long service leave (a)	**1.7**	3.3
Retirement plans (b)	**31.8**	21.3
Other	**4.3**	1.4
	37.8	26.0
Current employee provisions		
Annual leave and long service leave (a)	**24.0**	25.8
Retirement plans (b)	**-**	1.1
Other	**8.2**	0.1
	32.2	27.0

(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 as at 31 December 2008.
- 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 2008.
- 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 2008.
- Nyrstar Belgium NV: Executives Old Defined Benefit plan funded through pension fund, Executives Cash Balance Plan, Executives Complementary Savings Plan, Executives Insured Old Defined Benefit plan, Executives "appointements continués", Salaried Employees Old Defined Benefit Plan, Salaried Employees "appointements continués", reviewed as at 31 December 2008.
- Nyrstar Finance International NV: Executives Cash Balance Plan, Executives Complementary Savings Plan, reviewed as at 31 December 2008.
- Nyrstar NV: Executives Cash Balance Plan, Executives Complementary Savings Plan, reviewed as at 31 December 2008.
- Nyrstar France SAS: Régime d'Indemnités de Fin de Carrière and Régime du Mutuelle, reviewed as at 31 December 2008.
- Nyrstar Germany GmbH: closed Defined Benefit plan, reviewed as at 31 December 2008.
- Galva 45 SA: Régime d'Indemnités de Fin de Carrière, reviewed as at 31 December 2008.
- GM-Metal SAS: Régime d'Indemnités de Fin de Carrière, reviewed as at 31 December 2008.

22 Employee benefits (continued)

Medical benefit plans

- Nyrstar Clarksville Inc Post Retirement Medical Benefit and Life Insurance Plan ("PRMB&LI"), reviewed as at 31 December 2008 Defined benefit accounting is applied for the PRMB&LI.
- Nyrstar France Régime de Médailles du Travail, reviewed as at 31 December 2008

The amounts recognised on the balance sheet have been determined as follows:

	December 2008 €m	December 2007 €m
Present value of funded obligations	**62.8**	68.4
Present value of unfunded obligations	**15.1**	13.6
Total present value of obligations	**77.9**	82.0
Fair value of plan assets	**(45.4)**	(59.0)
Unrecognised past service costs	**(0.7)**	(0.6)
Total recognised retirement benefit obligations	**31.8**	22.4

Plan assets comprise:

	December 2008 €m	December 2007 €m
Cash	**1.5**	4.0
Equity instruments	**14.5**	28.3
Debt instruments	**14.1**	7.9
Property	**1.0**	1.3
Other assets	**14.3**	17.5
	45.4	59.0

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:

	December 2008 €m	December 2007 €m
Defined benefit obligations at start of period	**82.0**	52.3
Acquired in a business combination	**-**	31.3
Current service cost	**3.3**	0.4
Interest cost	**6.5**	1.1
Actuarial (gains) / losses recognised in equity	**(6.8)**	-
Contributions paid into the plans by participants	**0.6**	-
Benefits paid by the plans	**(9.9)**	-
Plan amendment / curtailment	**(0.4)**	-
Acquisitions / divestures	**9.9**	-
Foreign exchange translation	**(7.3)**	(3.1)
Defined benefit obligations at end of period	**77.9**	82.0

22 Employee benefits (continued)

The changes in the present value of plan assets are as follows:

	December 2008 €m	December 2007 €m
Fair value of plan assets at start of period	59.0	45.1
Acquired in a business combination	-	13.6
Expected return on plan assets	4.9	(1.6)
Actuarial gains / (losses) recognised in equity	(11.7)	-
Contributions paid into the plans by employer	9.3	1.9
Contributions paid into the plans by participants	0.6	-
Benefits paid by the plan	(9.9)	-
Acquisitions / divestures	0.4	0.9
Exchange difference	(7.2)	(0.9)
Fair value of plan assets at end of period	45.4	59.0

The expense recognised in the income statement is as follows:

	December 2008 €m	December 2007 €m
Current service cost	(3.3)	(0.4)
Interest cost	(6.5)	(1.1)
Expected return on plan assets	4.9	1.6
Total amounts included in employee benefits expense	(4.9)	0.1

The actuarial gains and losses recognised directly in equity are as follows:

	December 2008 €m	December 2007 €m
Cumulative at start of period	6.5	6.5
Recognised during the period	(4.9)	-
Cumulative at end of period	1.6	6.5

Principal actuarial assumptions

The principal actuarial assumptions used at the reporting date (expressed as weighted averages):

	December 2008	December 2007
Discount rate	6.20%	5.43%
Expected return on plan assets	6.20%	6.10%
Expected future salary increases	3.75%	3.15%
Annual increase in healthcare costs		
Initial trend rate	5.9%	7.1%
Ultimate trend rate	4.1%	5.0%
Years until ultimate is reached	3	5

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.

23 Trade and other payables

	Note	**December 2008 €m**	December 2007 €m
Current			
Trade payables		**149.4**	185.6
Other payables		**7.6**	-
Loans from related parties – non interest bearing	30	**-**	56.0
Total trade and other payables		**157.0**	241.6

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 26.

24 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 issue the award as 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 2008 was € 0.7 million before tax effects (31 December 2007: € 0.2 million).

24 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 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**
1 July 2007	Opening balance	-	-	-
1 November 2007	Initial allocation	193,250	-	193,250
31 December 2007	Closing balance	193,250	-	193,250

Executive Long Term Incentive Plan

In April 2008 an initial grant was made in accordance with the rules and conditions of the LTIP. Watson Wyatt Limited was engaged to determine the fair value of shares issued under LTIP at grant date and 31 December 2008.

The 2008 Grant comprises of the 3 tranches of which the key terms are set out below:

	Tranche 1	Tranche 2	Tranche 3
Effective Grant Date	23 April 2008	23 April 2008	23 April 2008
Performance Period	12 months to 31 December 2008	1 January 2008 to 31 December 2009	1 January 2008 to 31 December 2010
Performance Criteria (a)	Executive remains in service to the 31 December 2008	-ROCE 50% -TSR 50% Executive remains in service to the 31 December 2009	-ROCE 50% -TSR 50% Executive remains in service to the 31 December 2010
Vesting Date	1 January 2011	1 January 2011	1 January 2011
Settlement (b)	Cash	Cash	Share
Fair Value of LTIP at grant date (euro per share)			
- remains in service	€ 13.3	N/A	N/A
- ROCE	N/A	€ 12.80	€ 12.31
- TSR	N/A	€ 6.35	€ 6.76
Fair Value of LTIP at 31 December 2008 (euro per share)			
- remains in service	€ 2.19	N/A	N/A
- ROCE	N/A	€ 2.11	€ 12.31
- TSR	N/A	€ 0.53	€ 6.76

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.

(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.

24 Share-based payments (continued)

Return on Capital Employed

Where the payout depends on Return on Capital Employed (ROCE), the margin between the budget and actual ROCE in each year is added together and divided by the number of years measured. Based on this average margin there is a payout as set out below between the threshold (budget) and maximum margin (4%).

Average Margin	Award Payout
< Budget	0%
Budget	25%
Plus 1%	37.5%
Plus 2%	50%
Plus 3%	75%
Plus 4%	100%

Total Shareholder Return

Where the payout is dependent on the Total Shareholder Return (TSR) performance condition, the Company's TSR is measured relative to a comparator group. The companies TSR are all re-based in euros and the companies that constitute the comparator group are new Boliden, Korea Zinc, Norddeutsche Affinerie and JSC Chelyabinsk.

The threshold performance for TSR is third place or above and the actual number of shares will be awarded in accordance with the performance vesting criteria in the table below:

TSR ranking v comparator group	% of Maximum Award
First	100%
Second	66%
Third	33%
Fourth or fifth	0%

The TSR probability was determined by applying the Monte Carlo simulation technique.

(b) Cash settled share based payments

Tranche 1 and 2 under the LTIP are cash settled share based payment plans and accordingly the tranches are to be revalued at each reporting date.

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 2008 was € 0.9 million before tax effects (31 December 2007: nil).

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:

Date	Movement	Tranche 1	Tranche 2	Tranche 3	Total
1 January 2008	Opening balance	-	-	-	-
23 April 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**

25 Earnings per share

a. Basic earnings per share

The calculation of basic earnings per share (EPS) at 31 December 2008 was based on the loss attributable to ordinary shareholders of € 584.9 million and a weighted average number of ordinary shares outstanding of 99.9 million. The basic EPS is calculated as follows:

	December 2008 €m	December 2007 €m
Profit / (loss) attributable to ordinary shareholders		
Profit / (loss) for the period	**(584.9)**	121.2
Weighted average number of ordinary shares (in millions)		
Issued ordinary shares at start of period	**100.0**	40.3
Effect of shares issued	**-**	33.3
Treasury shares	**(0.1)**	-
Weighted average number of ordinary shares at end of period	**99.9**	73.6
Earnings per share (basic)	**(5.85)**	1.65

b. Diluted earnings per share

There were no dilutive factors impacting the 2008 EPS, hence the Basic EPS and Diluted EPS amounts are identical.

	December 2008 €m	December 2007 €m
Profit / (loss) attributable to ordinary shareholders (diluted)		
Profit / (loss) for the period	**(584.9)**	124.7
Weighted average number of ordinary shares (diluted) (in millions)		
Weighted average number of ordinary shares (basic)	**100.0**	73.6
Effect of shares issued	**-**	6.6
Treasury shares	**(0.1)**	-
Weighted average number of ordinary shares (diluted) at end of period	**99.9**	80.2
Earnings per share (diluted)	**(5.85)**	1.55

c. Movement in ordinary shares

The basic earnings per share disclosed for each comparative period before the acquisition date, that is presented in the consolidated financial statements following a reverse acquisition, shall be calculated by dividing the profit or loss of the legal subsidiary attributable to ordinary shareholders in each of those periods by the number of ordinary shares issued by the legal parent to the owners of the legal subsidiary in the reverse acquisition.

The number of ordinary shares deemed to have been issued is as follows:

Opening balance 1 January 2008	100,000,000
Movement for the period	-
Closing balance 31 December 2008	**100,000,000**
Opening balance 1 July 2007	40,264,232
Deemed to have been issued at 31 August 2007	40,264,232
Deemed to have been issued at 29 October 2007	19,471,536
Closing balance 31 December 2007	100,000,000

26 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

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:

	December 2008 €m	December 2007 €m
Trade and other receivables	**194.1**	288.5
Cash and cash equivalents	**297.0**	198.8
Forward exchange contracts used for hedging: Assets	**10.0**	11.1
Forward exchange contracts held for trading: Assets	**11.0**	57.2
	512.1	555.6

The maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was:

	December 2008 €m	December 2007 €m
Domestic euro-zone countries	**98.8**	225.5
Asia	**11.5**	23.4
United States	**27.5**	20.3
Other European countries	**30.8**	1.7
Other regions	**25.5**	17.6
	194.1	288.5

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	December 2008 €m	December 2007 €m
Wholesale customers	**153.0**	274.4
End-user customers	**41.1**	14.1
	194.1	288.5

Ageing analysis

The aging of trade and other receivables at the reporting date was:

	December 2008 €m	December 2007 €m
Not past due	**173.0**	236.6
Past due 0-30 days	**13.5**	49.2
Past due 31-120 days	**5.4**	2.3
Past due 121 days – one year	**-**	-
More than one year	**2.2**	0.4
	194.1	288.5

26 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 principal be irrevocable, confirmed with approved financial institutions.

Credit risk arising from dealings in financial instruments is controlled by a strict policy of credit approvals, limits and monitoring procedures.

b. Liquidity risk management

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount €m	Contractual cash flows €m	6 months or less €m	6-12 months €m	1-2 years €m	2-5 years €m
31 December 2008						
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)	-	-	-
Embedded derivatives	-	-	-	-	-	-
31 December 2007						
Non-derivative financial liabilities						
Finance lease liabilities	(1.3)	(1.3)	(0.4)	(0.4)	(0.5)	-
Loans and borrowings	(332.8)	(332.8)	(19.5)	(2.0)	(162.0)	(149.3)
Trade and other payables	(241.6)	(241.6)	(241.6)	-	-	-
Derivative financial liabilities						
Commodity contracts – fair value hedges	(9.0)	(9.0)	(7.9)	(1.0)	(0.1)	-
Fair value of underlying hedged risk	(2.0)	(2.0)	(2.0)	-	-	-
Commodity contracts – held for trading	(0.5)	(0.5)	1.0	(1.5)	-	-
Foreign exchange contracts – held for trading	(5.9)	(5.9)	(5.8)	(0.1)	-	-
Embedded derivatives	(2.1)	(2.1)	-	(2.1)	-	-

26 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 2008				31 December 2007			
	EURO €m	**USD €m**	**AUD €m**	**Other €m**	EURO €m	USD €m	AUD €m	Other €m
Trade and other receivables	**96.3**	**90.1**	**6.9**	**0.8**	194.8	82.1	11.6	-
Loans and borrowings	**(150.0)**	**-**	**-**	**-**	(312.5)	(0.7)	(20.9)	(19.6)
Trade and other payables	**(115.8)**	**(27.1)**	**(13.4)**	**(0.4)**	(159.5)	(37.2)	(40.6)	(4.3)
Gross balance sheet exposure	**(169.5)**	**63.0**	**(6.5)**	**0.4**	(277.2)	44.2	(49.9)	(23.9)
Foreign exchange contracts	**151.1**	**(174.3)**	**27.5**	**(1.8)**	-	526.2	(226.9)	-
Commodity contracts	**-**	**(13.4)**	**-**	**-**	-	149.2	-	-
Net exposure	**(18.4)**	**(124.7)**	**21.0**	**(1.4)**	(277.2)	719.6	(276.8)	(23.9)

The following significant exchange rates applied during the year:

	Average rate		Reporting date spot rate	
	Dec 2008	Dec 2007	**Dec 2008**	Dec 2007
Euro: USD	**1.4707**	1.4119	**1.3917**	1.4721
Euro: AUD	**1.7416**	1.6245	**2.0274**	1.6757

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.

	December 2008 €m	December 2007 €m
USD	**10.7**	12.0
AUD	**(4.0)**	(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.

	December 2008 €m	December 2007 €m
USD	**(10.7)**	(12.0)
AUD	**4.0**	4.0

26 Financial instruments (continued)

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.

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$ per tonne	6 months or less €m	6-12 months €m	12-18 months €m	18 months + €m	Total €m
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

The following table sets out a summary of the face value of derivative contracts hedging commodity price risks at 31 December 2007.

31 December 2007	Average Price US$ per tonne	6 months or less €m	6-12 months €m	12-18 months €m	18 months + €m	Total €m
Zinc						
Contracts purchased	2,734	(111.7)	(19.4)	(0.4)	(0.1)	(131.6)
Contracts sold	2,518	209.6	0.1	-	-	209.7
Net position		97.9	(19.3)	(0.4)	(0.1)	78.1
Lead						
Contracts purchased	2,678	(0.2)	-	-	-	(0.2)
Contracts sold	2,964	71.4	-	-	-	71.4
Net position		71.2	-	-	-	71.2

26 Financial instruments (continued)

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 € 17.0 million (31 December 2007: € 18.7 million) and € 0.6 million respectively (31 December 2007: € 2.1million). This analysis assumes that all other variables, in particular exchange rates, remain constant.

e. Financial instruments by category

Assets per balance sheet	31 December 2008 Loans and receivables €m	Assets at fair value through profit and loss €m	Derivatives used for hedging €m	Total €m	31 December 2007 Loans and receivables €m	Assets at fair value through profit and loss €m	Derivatives used for hedging €m	Total €m
Derivative financial instruments	**-**	**32.5**	**45.9**	**78.4**	-	97.6	11.1	108.7
Trade and other receivables excluding prepayments	**194.1**	**-**	**-**	**194.1**	288.5	-	-	288.5
Cash and cash equivalents	**297.0**	**-**	**-**	**297.0**	198.8	-	-	198.8
Total	**491.1**	**32.5**	**45.9**	**569.5**	487.3	97.6	11.1	596.0

Liabilities per balance sheet	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	31 December 2007 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)	**-**	**-**	**(149.8)**	**(149.8)**	-	-	(311.3)	(311.3)
Finance lease liabilities	**-**	**-**	**(0.5)**	**(0.5)**	-	-	(0.6)	(0.6)
Derivative financial instruments	**(32.6)**	**(10.2)**	**-**	**(42.8)**	(8.5)	(11.0)	-	(19.5)
Trade and other payables	**-**	**-**	**(157.0)**	**(157.0)**	-	-	(241.6)	(241.6)
Total	**(32.6)**	**(10.2)**	**(307.3)**	**(350.1)**	(8.5)	(11.0)	(553.5)	(573.0)

26 Financial instruments (continued)

f. Interest rate risk management

Nyrstar's exposure to interest rate risk, 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:

					Sensitivity Analysis			
					Income statement		Equity	
Interest rate risk exposures	Note	Floating interest rate €m	Fixed interest rate €m	Total €m	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2008								
Financial assets								
Cash	17	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								
Unsecured loan facility	20	(150.0)	-	(150.0)	(1.5)	1.5	(1.5)	1.5
Lease liability	20	-	(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				
31 December 2007								
Financial assets								
Cash	17	198.8	-	198.8	0.2	(0.2)	0.2	(0.2)
Related party receivables	16	16.4	-	16.4	-	-	-	-
		215.2	-	215.2	0.2	(0.2)	0.2	(0.2)
Financial liabilities								
Unsecured loan facility	20	(312.0)	-	(312.0)	(3.0)	3.0	(3.0)	3.0
Loan facility	20	(19.6)	-	(19.6)	(0.2)	0.2	(0.2)	0.2
Lease liability	20	-	(1.3)	(1.3)	-	-	-	-
Related party payables	23	(56.0)	-	(56.0)	-	-	(0.2)	0.2
		(387.6)	(1.3)	(388.9)	(3.2)	3.2	(3.4)	3.4
Net interest bearing financial assets/(liabilities)		(172.4)	(1.3)	(173.7)				

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 and replaced a pre-existing bridge financing facility which was cancelled.

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 suffers 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.

26 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 2008		31 December 2007	
	Carrying Amount €m	Fair Value €m	Carrying Amount €m	Fair Value €m
Trade and other receivables	194.1	194.1	288.5	288.5
Cash and cash equivalents	297.0	297.0	198.8	198.8
	491.1	491.1	487.3	487.3
Forward exchange contracts used for hedging: Assets				
Commodity contracts – fair value hedges	1.0	1.0	1.9	1.9
Fair value of underlying hedged risk	9.0	9.0	9.2	9.2
Commodity contracts – held for trading	6.5	6.5	15.1	15.1
Foreign exchange contracts – held for trading	4.5	4.5	42.1	42.1
Embedded derivative	57.4	57.4	40.4	40.4
	78.4	78.4	108.7	108.7
Forward exchange contracts used for hedging: Liabilities				
Commodity contracts – fair value hedges	(8.7)	(8.7)	(9.0)	(9.0)
Fair value of underlying hedged risk	(1.5)	(1.5)	(2.0)	(2.0)
Commodity contracts – held for trading	(23.2)	(23.2)	(0.5)	(0.5)
Foreign exchange contracts – held for trading	(9.4)	(9.4)	(5.9)	(5.9)
Embedded derivative	-	-	(2.1)	(2.1)
	(42.8)	(42.8)	(19.5)	(19.5)
Unsecured bank loans	(150.0)	(150.0)	(332.8)	(332.8)
Finance lease liabilities	(0.3)	(0.3)	(1.3)	(1.3)
Loan from associate	-	-	(19.6)	(19.6)
Trade and other payables	(157.0)	(157.0)	(241.6)	(241.6)
	(307.3)	(307.3)	(595.3)	(595.3)

27 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.

	December 2008 €m	December 2007 €m
Within one year	25.1	19.2
Later than one year but not later than five years	-	0.7
	25.1	19.9

28 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.

	December 2008 €m	December 2007 €m
Within one year	**4.2**	6.0
Later than one year but not later than five years	**7.7**	9.0
	11.9	15.0

Lease rentals for the period ended 31 December 2008 amounting to € 3.7 million (31 December 2007: € 1.6 million) relating to the lease of property and machinery respectively, have been included in the consolidated income statement.

29 Contingencies

Guarantees

	December 2008 €m	December 2007 €m
Guarantees provided by Nyrstar		
Workers' compensation	**5.5**	6.2
Environmental	**22.3**	41.6
Supplier	**17.4**	9.1
Other	**0.2**	-
	45.4	56.9
Guarantees received by Nyrstar		
Supplier	**0.4**	-
Other	**0.1**	-
	0.5	-

Legal actions

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. However, nothwithstanding these contributions, Umicore remains a party to certain Galveco proceedings.

There are a number of legal proceedings in Germany, Belgium and France related to Galveco that directly or indirectly involve Nyrstar.

- Germany: Four legal proceedings are pending before the Regional Court (Landgericht) in Kaiserslautern, Mannheim and Zweibrücken and concern evidence hearing proceedings to determine the causes of cracks discovered in the steel construction of a football stadium roof in Kaiserslautern, a freight cargo hall in Ramstein, a parking facility in Ramstein and a roof in Bruchmühlbach-Meisau. These proceedings are still ongoing and the experts' final findings and conclusions are not yet known. Umicore/Nyrstar are involved in these proceedings through demands for intervention from the German galvaniser Verzinkerel Rhein-Main GmbH and Co KG (VRM).
  Another legal proceeding in Germany is a € 50,000 damages claim, which was initiated by another galvaniser, Rietbergwerke GmbH and Co KG on 29 December 2006, before Regional Court in Bielefeld and which involves Umicore/Nyrstar. This proceeding was dismissed by the Court on 10 December 2008 for Rietbergwerke's lack of legal interest and as its claims are time-barred.
  The remaining legal proceeding in Germany is a € 950,000 damages claim, which was initiated on 19 December 2007 by VRM and four other galvanisers belonging to the VRM group before Regional Court in Essen and which involves Umicore/Nyrstar. On 22 October 2008, the Court ordered that this proceeding be divided into five separate proceedings and referred these proceedings to the Regional Courts in Darmstadt, Siegen, Bochum, Würzburg and Saarbrücken.
- Belgium: The legal proceeding in Belgium was initiated on 27 December 2007 by VRM and four other galvanisers belonging to the VRM group before the Brussels Commercial Court and which involves Umicore/Nyrstar. The claimed damages are provisionally estimated at (approximately) € 5.8 million. This proceeding is currently inactive.
- France: On 22 January 2009 Nyrstar was summoned to appear on 6 February 2009 before the President of the Commercial Court in Douai (France) to intervene in a pending expert investigation between a number of French galvanisers, a galvanising kettle manufacturer and a steel manufacturer to determine the cause of cracks discovered in a steel galvanising kettle. This proceeding is ongoing and the experts' final findings and conclusions are not yet known.

29 Contingencies (continued)

A number of other claims have been received in relation to cracks that have been discovered in steel constructions in Germany and France. In two of these cases, the claimed damages are (respectively) € 725,053 and € 532,563. The amounts for the other claims have not been quantified.

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, indemnifies 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.

30 Related parties

a) Transactions with related parties

For the period to 29 October 2007, Zinifex Limited and Umicore SA/NV were the parent entities of the Nyrstar Group. These consolidated financial statements include transactions with the former parent entities such as the sale and purchase of inventory as well as corporate services for the period presented. Although Zinifex and Umicore ceased to be a related party upon selling their controlling interest in Nyrstar, the disclosed amounts of transactions with related parties relates to the full six month period to 31 December 2007.

The following balances are outstanding at the balance sheet date in relation to transactions between related parties:

	Note	**December 2008 €m**	December 2007 €m
Receivables	16	**-**	16.4
Payables	23	**-**	(56.0)
Revenue		**-**	138.1
Purchases		**-**	(402.1)
Administration expenses		**-**	(7.5)

b) Key management compensation

	December 2008 €m	December 2007 €m
Board of Directors		
Salaries and other compensation:		
- Fixed portion	**0.6**	0.2
- Variable portion	**-**	-
Number of shares held	**-**	-
Senior Management Team		
Salaries and other compensation:		
- Fixed portion	**2.7**	1.2
- Variable portion	**0.9**	-
Other benefits	**1.3**	0.7
Number of shares held	**5,150**	5,150

Other benefits comprised of relocation-related allowances, housing allowances and pension contributions.

31 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:

	December 2008 €'000	December 2007 €'000
Audit services		
PWC	**571.3**	452.6
KPMG	**685.6**	396.9
Non audit services		
PWC	**223.3**	227.4

32 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 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%
Genesis Recycling Technology (BVI) Ltd		British Virgin Islands	50%
Genesis Alloys Ltd		Hong Kong	50%
Genesis Alloys (Ningbo) Ltd		China	50%
Nyrstar Belgium NV	RPR 0865.131.221	Belgium	100%
Zinc Alloys International NV	RPR 0890.085.856	Belgium	100%
Nyrstar France SAS		France	100%
Galva 45 S.A		France	66%
GM-Metal SAS		France	100%
Nyrstar Germany GmbH		Germany	100%
Nyrstar Yunnan Zinc Alloys Co., Ltd		China	60%
Föhl China Co., Ltd		China	50%
Nyrstar Pte Ltd		Singapore	100%
Nyrstar NV	RPR 0888.728.945	Belgium	100%
Nyrstar Finance International NV	RPR 0889.716.167	Belgium	100%
Nyrstar UK Pty Ltd		United Kingdom	100%
Nyrstar Spain and Portugal		Spain	100%
Nyrstar Trading GmbH		Austria	100%
Nyrstar Italy S.R.L.		Italy	100%

33 Subsequent events

On 3 February 2009, 7,791,622 ordinary shares of Nyrstar owned by OZ Minerals Holdings Limited were sold for proceeds of approximately A$33 million. The 7.8% stake was acquired by Glencore Holding AG, through its subsidiary Glencore Investments BV, making Glencore the largest shareholder of Nyrstar.

On 16 February 2009, Paul Fowler resigned as Chief Executive Officer of Nyrstar and was succeeded by non-executive Director Roland Junck in this role with immediate effect.

Report of the joint statutory auditors

to the general meeting of shareholders of Nyrstar NV on the consolidated financial statements as of and for the year ended 31 December 2008

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 consolidated balance sheet as of 31 December 2008 and the consolidated statements of income, recognised income and expense and 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 balance sheet amounts to € 1,339.8 million and the consolidated statement of income shows a loss for the year of € 594.7 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 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 2008 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, 26 February 2009
Joint Statutory Auditors

KPMG
Bedrijfsrevisoren / Réviseurs d'Entreprises
Represented by

Benoit Van Roost
Réviseur d'Entreprises

PricewaterhouseCoopers
Bedrijfsrevisoren / Réviseurs d'Entreprises
Represented by

Peter Van den Eynde
Bedrijfsrevisor

Nyrstar NV summarised (non-consolidated) financial statements as at 31 December 2008

The annual accounts prepared under Belgian GAAP are presented below in summarised form. In accordance with the Belgian Company Code, the annual accounts of Nyrstar NV together with the management report and the statutory auditors' report will be deposited with the National Bank of Belgium.

These documents may also be obtained on request from: Nyrstar NV, Zinkstraat 1, B-2490 Balen (Belgium)

The Joint statutory auditors, Klynveld Peat Marwick Goerdeler – Reviseurs d'Enterprises represented by Benoit Van Roost, and PricewaterhouseCoopers Reviseurs d'Enterprises represented by Peter Van den Eynde have expressed an unqualified opinion on the annual statutory accounts of Nyrstar NV.

Balance sheet € thousands	**As at 31 December 2008**	As at 31 December 2007
ASSETS		
Non-current assets	**1,943,352**	2,569,118
Formation expenses	**8,355**	12,166
Intangible assets	**686**	1,176
Property, plant and equipment	**7,678**	3,365
Financial assets	**1,926,633**	2,552,411
Current assets	**24,518**	142,823
Total assets	**1,967,870**	2,711,941
LIABILITIES		
Shareholders' equity	**1,494,532**	2,216,731
Issued share capital	**2,000,000**	2,000,000
Share premium	**194,875**	194,875
Legal reserve	**3,093**	3,093
Undistributable reserves	**679**	-
Available reserves	**1,054**	-
Retained earnings	**(705,169)**	18,763
Provisions for risks and charges	**2,902**	-
Liabilities	**470,436**	495,210
Non-current liabilities	**150,000**	312,000
Current liabilities	**320,436**	183,210
Total equity and liabilities	**1,967,870**	2,711,941

Income Statement € thousands	**As at 31 December 2008**	As at 31 December 2007
Operating income	**57,136**	17,092
Operating charges	**(65,255)**	(21,174)
Operating result	**(8,119)**	(4,082)
Financial income	**3,769**	75,216
Financial charges	**(25,878)**	(9,278)
Ordinary result before taxes	**(30,228)**	61,856
Exceptional result	**(691,600)**	-
Income taxes	**(371)**	-
Net result	**(722,199)**	61,856
Result allocation		
Retained earnings from prior year	**18,763**	-
Addition to the legal reserves	**-**	3,093
Addition to the other reserves	**1,733**	-
Dividends to be distributed	**-**	40,000
Profit / (loss) to be carried forward	**(705,169)**	18,763

Important note

in relation to the presentation of financial information

Nyrstar was formed out of the former zinc and lead smelting and alloying business of Zinifex Limited (the 'Zinifex Carve-out Group)' acquiring the zinc smelting and alloying business of Umicore SA/NV (the 'Umicore Carve-out Group') on 31 August 2007. Under IFRS 3 *Business Combinations*, this was considered a reverse acquisition. The comparative information set out within the consolidated financial statements (pages 42 to 88) for the year ended 31 December 2008 is for the six-months ended 31 December 2007 and reflects the results of:

- The Zinifex Carve-out Group for July and August 2007; and
- Nyrstar for the period 1 September 2007 to 31 December 2007.

To provide more meaningful information to aid analysis and understanding of Nyrstar's operating result, Nyrstar produced unaudited modified pro forma consolidated financial information for the twelve-months ended 31 December 2007 as if the business combination took effect on 1 January 2007. This unaudited modified pro forma consolidated financial Information is derived from:

- Unaudited pro forma consolidated financial information for the twelve-months ended 31 December 2007; and
- Management adjustments to illustrate management's view of the Company's performance for the twelve-months ended 31 December 2007.

Management adjustments to the pro forma consolidated financial information reflect the hypothetical application of Nyrstar's transactional hedging policies and eliminate the results of the structural hedging policy employed by the Umicore Carve-out Group from 1 January 2007. For the twelve-months ended 31 December 2007, the application of Nyrstar's transactional hedging policies and the elimination of the structural hedging policy increased the pro forma result from operating activities by € 133 million and € 104 million respectively.

Greater detail on the basis of preparation of the modified pro forma financial information is set out on page 93 of this Annual Report and refers the user to previously published information that sets out the bridges from the:

- IFRS Consolidated Income Statement for the six-months ended 31 December 2007 to the pro forma consolidated financial information for the 12-months ended 31 December 2007. The joint statutory auditors of the Company issued a separate ISAE 3000 report on the pro forma consolidated financial information, which is included in the 2007 Annual Report; and
- Pro forma consolidated financial information to the modified pro forma consolidated financial information for the twelve-months ended 31 December 2007.

By their nature, both the pro forma consolidated financial information and modified pro forma consolidated financial information are based on hypothetical situations and should therefore not be interpreted as reflecting what would have happened in past periods and may not be comparable to any similar information presented by other companies.

Unless stated otherwise, the comparative financial information included in this Annual Report is based on the modified pro forma consolidated financial information. This information is presented solely to facilitate a review of our operating result.

Both the pro forma consolidated financial information and the modified pro forma consolidated financial information are unaudited.

Modified pro forma consolidated financial information

In € millions	Note	IFRS Consolidated financial statements 31 December 2008	Modified pro forma 31 December 2007
Revenue		**2,409.7**	3,815.2
Result from operating activities before depreciation and amortisation		**137.1**	541.3
Depreciation and amortisation		**(79.7)**	(74.8)
Result from operating activities before exceptional items (a)		**57.4**	466.5
Restructuring expenses	4	**(24.1)**	-
Impairment losses	4	**(615.0)**	-
Result from operating activities		**(581.7)**	466.5
Share of profit / (loss) of equity accounted investees		**6.9**	18.4
Loss on sale of equity accounted investees	4	**(17.7)**	-
Result before net financing costs and income tax		**(592.5)**	484.9

Other information			
Other information includes:			
Gross profit		**880.8**	1,218.6
Employee benefits expense		**(226.9)**	(202.0)
Energy expenses		**(261.7)**	(175.7)
Other expenses		**(255.1)**	(299.6)
Total operating costs		**(743.7)**	(677.3)
Capital expenditure and major cyclical maintenance		**(116.4)**	(102.2)

(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 the modified pro forma consolidated financial Information.

Notes to the modified pro forma consolidated financial information

1 Reporting entity

Nyrstar NV ("Nyrstar" or the "Company") was formed on 13 April 2007 in the context of the subsequent signing of the Business Combination and Shareholders' Agreement between Nyrstar, Zinifex Limited ("Zinifex") and Umicore SA/NV ("Umicore") on 23 April 2007. 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 (the "Zinifex Carve-out Group") and the zinc smelting and alloying business of Umicore (the "Umicore Carve-out Group").

2 Basis of preparation

a. Modified pro forma consolidated financial information

For the purpose of Nyrstar's listing on the Eurolist of Euronext, Brussels and to assist users of its financial statements to understand the historical performance of the combined group, the Company prepared consolidated financial information as if the business combination between Nyrstar, the Zinifex Carve-out Group and the Umicore Carve-out Group took effect as of 1 January 2007.

Nyrstar prepared both "pro forma consolidated financial information" and "modified pro forma consolidated financial information". The pro forma consolidated financial information was prepared having regard to the principles set out in Annex II of the Commission Regulation (EC) No. 809/2004. This consolidated financial information was adjusted by management to illustrate management's view of the Company's performance over the periods disclosed producing "modified pro forma consolidated financial information".

Both the pro forma consolidated financial income statement and modified pro forma consolidated financial income statement were provided only to the level of profit before net financing costs and income tax. The tax profile and gearing of Nyrstar differed substantially from those of the Zinifex Carve-out Group and the Umicore Carve-out Group, which, historically, were operated under different corporate structures and, therefore, a comparison of historical interest and tax expense is not considered to be meaningful, appropriate or representative.

A review of the pro forma consolidated financial information for the twelve months ended 31 December 2007 was carried out by Nyrstar's joint statutory auditors PwC and KPMG in accordance with International Standard on Assurance Engagements 3000. This information and the accompanying report for the year ended 31 December 2007 is set out within the appendices of Nyrstar's Annual Report 2007. The modified pro forma consolidated financial information presented for the year ended 31 December 2007 is unaudited.

b. Underlying financial information

The financial information presented for the twelve months ended 31 December 2008 is consistent with the information set out in the accompanying IFRS consolidated financial statements. The information has been set out in such a way to provide the user with additional information relating to the Company's gross profit and operating costs.

The comparative modified pro forma consolidated financial information for the period ending 31 December 2007 is based on:

- Pro forma consolidated financial information set out within the appendices of Nyrstar's Annual Report 2007; and
- Management adjustments to illustrate management's view of the Company's performance over the periods disclosed as set out within the appendices of Nyrstar's Annual Report 2007.

c. Limitation of information

The modified pro forma consolidated financial information has been prepared for the twelve months ended 31 December 2007 giving pro forma effect to the acquisitions of the Zinifex Carve-out Group and the Umicore Carve-out Group by Nyrstar as if the acquisitions had occurred on 1 January 2007. The information has been prepared and is intended for illustrative purposes only and addresses a hypothetical situation and therefore does not purport to represent the results of operations that the Company would actually have obtained during the period presented and is not necessarily indicative of the results the Company expects in future periods. The information is modified to the extent it is adjusted to show management's view on the Company's performance over the periods disclosed.

In this respect, the modified pro forma consolidated financial information, for all information relating to the period prior to 1 September 2007 (the date Nyrstar first traded as a combined entity), amongst other things:

- Does not reflect net financing costs and income tax expense as the tax profile and gearing of Nyrstar differ substantially from those of the Zinifex Carve-out Group and the Umicore Carve-out Group;
- Does not reflect the strategies and corporate structure that Nyrstar may have employed had the smelting businesses been operating as a combined group;
- Does not reflect the fact that the contractual terms between Nyrstar and its customers and suppliers may have been different had the smelting businesses been operating as a combined group;
- Does not reflect the operating risks that Nyrstar may have been subject to had the smelting businesses been operating as a combined group;
- Does not reflect the results of any financial risk management, such as transactional hedging, that Nyrstar may have employed; and
- Does not reflect international accounting standards to the extent of the modifications made by management.

In addition, as has been noted above, the modified pro forma consolidated financial information has been provided only to the level of profit before net financing costs and income tax.

2 Basis of preparation (continued)

d. Nature of management adjustments

The modified pro forma consolidated financial information for the twelve months ended 31 December 2007 has been modified to reflect management's view of the Company's performance. The management adjustments apply Nyrstar's transactional hedging policies and eliminate the results of the Umicore Carve-out Group's structural hedging policy. The modified pro forma adjustments are based on estimates, available information and certain assumptions that management believes are reasonable.

3 Segment reporting

The segment information reported below has been prepared on the basis of the segments described in the consolidated financial statements.

Segment information for the twelve months ended 31 December 2008

IFRS Consolidated financial statements 31 December 2008	Auby Smelter €m	Balen Smelter €m	Budel Smelter €m	Clarksville Refinery €m	Hobart Smelter €m	Port Pirie Smelter €m	Chinese Operations €m	Other Operations €m	Total €m
Income / (cost)									
Revenue to external customers	210.7	585.6	389.1	206.3	371.2	541.9	60.2	44.7	2,409.7
Intersegment revenue	44.2	154.6	36.3	-	1.2	1.1	-	5.3	242.7
Result from operating activities before depreciation and amortisation	**6.6**	**44.6**	**31.9**	**11.6**	**25.5**	**29.0**	**(5.1)**	**(7.0)**	**137.1**
Depreciation and amortisation	(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)	(24.1)
Impairment losses	-	-	-	-	-	-	-	(615.0)	(615.0)
Result from operating activities	**(8.9)**	**24.2**	**25.1**	**8.1**	**8.0**	**16.6**	**(6.0)**	**(648.8)**	**(581.7)**
Share of profit / (loss) of equity accounted investees	-	-	-	-	-	-	0.6	6.3	6.9
Loss on sale of equity accounted investees	-	-	-	-	-	-	-	(17.7)	(17.7)
Result before net financing costs and income tax	**(8.9)**	**24.2**	**25.1**	**8.1**	**8.0**	**16.6**	**(5.4)**	**(660.2)**	**(592.5)**
Other Information									
Other information includes:									
Gross profit	83.1	221.3	178.6	66.5	140.3	160.1	11.8	19.1	880.8
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)
Other expenses	(35.4)	(63.9)	(43.5)	(21.6)	(45.2)	(59.6)	(4.0)	18.1	(255.1)
Total operating costs	(76.5)	(176.7)	(146.7)	(54.9)	(114.8)	(131.1)	(16.9)	(26.1)	(743.7)
Capital expenditure and cyclical maintenance	(24.6)	(21.8)	(12.1)	(5.7)	(21.4)	(21.5)	(1.1)	(8.2)	(116.4)

3 Segment reporting (continued)

Segment information for the twelve months ended 31 December 2007

Selected modified pro forma financial information 31 December 2007	Auby Smelter €m	Balen Smelter €m	Budel Smelter €m	Clarksville Refinery €m	Hobart Smelter €m	Port Pirie Smelter €m	Chinese Operations €m	Other Operations €m	Total €m
Income / (cost)									
Revenue to external customers	347.4	969.2	673.5	332.4	646.4	643.4	136.8	66.1	3,815.2
Intersegment revenue	52.4	413.6	23.3	3.6	8.6	1.4	-	14.6	517.5
Result from operating activities before depreciation and amortisation	**58.9**	**169.6**	**117.2**	**23.8**	**128.8**	**45.3**	**0.8**	**(3.1)**	**541.3**
Depreciation and amortisation	(13.8)	(17.8)	(6.8)	(5.3)	(15.4)	(12.8)	(1.6)	(1.3)	(74.8)
Result from operating activities	**45.1**	**151.8**	**110.4**	**18.5**	**113.4**	**32.5**	**(0.8)**	**(4.4)**	**466.5**
Share of profit / (loss) of equity accounted investees	-	-	-	-	-	-	(0.2)	18.6	18.4
Result before net financing costs and income tax	**45.1**	**151.8**	**110.4**	**18.5**	**113.4**	**32.5**	**(1.0)**	**14.2**	**484.9**
Other Information									
Other information includes:									
Gross profit	132.3	329.1	254.3	85.0	196.8	184.2	17.5	19.4	1,218.6
Employee benefits expense	(21.7)	(45.9)	(27.6)	(14.6)	(27.8)	(36.6)	(3.1)	(24.7)	(202.0)
Energy expenses	(23.2)	(48.6)	(58.6)	(15.8)	13.0	(31.6)	(9.3)	(1.6)	(175.7)
Other expenses	(28.5)	(65.0)	(50.9)	(30.8)	(53.2)	(70.7)	(4.3)	3.8	(299.6)
Total operating costs	(73.4)	(159.5)	(137.1)	(61.2)	(68.0)	(138.9)	(16.7)	(22.5)	(677.3)
Capital expenditure and cyclical maintenance	(11.7)	(18.2)	(10.4)	(10.0)	(23.0)	(23.9)	(1.0)	(4.0)	(102.2)

4 Reconciliation to underlying results

Underlying EBITDA

The following table sets out the reconciliation between the “Result from operating activities before depreciation and amortisation” to the Company’s “EBITDA” and “Underlying EBITDA”.

EBITDA includes the result from operating activities before depreciation and amortisation plus Nyrstar’s share of the profit or loss of equity accounted investees.

Underlying EBITDA is an additional measure of earnings, which is reported by the Group to provide greater understanding of the underlying business performance of its operations. Underlying EBITDA excludes non-recurring items related to restructuring measures, impairment losses, material income or expenses arising from embedded derivatives recognised under IAS 39 and other items arising from events or transactions clearly distinct form the ordinary activities of Nyrstar.

In € millions		**IFRS Consolidated financial statements 31 December 2008**	Modified pro forma 31 December 2007
Result from operating activities before depreciation and amortisation		**137.1**	541.3
Share of profit / (loss) of equity accounted investees		**6.9**	18.4
Restructuring expenses	(a)	**(24.1)**	-
Impairment losses	(b)	**(615.0)**	-
Loss on disposal of equity accounted investees	(c)	**(17.7)**	-
EBITDA		**(512.8)**	559.7
Underlying adjustments			
Add back:			
Restructuring expenses	(a)	**24.1**	-
Impairment losses	(b)	**615.0**	-
Net loss on disposal of equity accounted investees	(c)	**17.7**	-
Net loss / (gain) on Hobart Smelter embedded derivatives	(d)	**8.7**	(49.5)
Unhedged inventory	(e)	**-**	36.7
Underlying EBITDA		**152.7**	546.9

4 Reconciliation to underlying results (continued)

The items excluded from the “Result from operating activities before depreciation and amortisation” in arriving at “Underlying EBITDA” are as follows:

(a) The Group announced two restructuring programs during 2008.

Balen restructuring program - In October 2008, Nyrstar announced its intention to reduce the number of roles at the Balen and Overpelt plants by 205 positions as part of a strategic plan to enhance the Group’s operational and financial performance in the face of difficult economic conditions. The restructuring program is aimed at preserving the long-term future of the Balen operation and employment in response to increasing energy and high labour costs. As at 31 December 2008, an accurate classification of the provision between current and non-current was not determinable. Therefore, although it is anticipated that the staff reductions will occur over a 24 month period concluding in 2010, the provision is classified as current.

Global Marketing and Services restructuring program - In December 2008, the Company demonstrably committed to a plan to restructure its Global Marketing and Services team which will lead to staff reductions within the team and generate future cost savings. It is anticipated that the plan will be completed in 2009.

The cost of both restructuring programs has been reversed from EBITDA for the purpose of calculating the Group’s underlying EBITDA.

(b) As a result of the of the fall in the Company’s market capitalisation below its net asset value coupled with the adverse market conditions in the second half of 2008, all cash generating units (CGUs) were tested for impairment.

The result of the impairment test led to an impairment charge of € 575.4 million, adding to the € 39.6 million impairment charge recognised on the Nyrstar Yunnan assets, bringing the total impairment charge to € 615.0 million for the year. Of this amount € 607.8 million is attributed to the equity holders of the Group and € 7.2 million to the minority equity holders of Nyrstar Yunnan.

The assets impaired comprised of the entire Group’s goodwill of € 254.8 million, intangible assets at Nyrstar Yunnan 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.

The cost of all impairments has been reversed from EBITDA for the purpose of calculating the Group’s underlying EBITDA.

(c) Nyrstar divested its 24.9% minority shareholding in Padaeng Industry Public Company Limited in April 2008 which resulted in a loss for the year ended 31 December 2008 of € 17.7 million. This loss has been reversed from EBITDA for the purpose of calculating the Group’s underlying EBITDA.

(d) The Hobart Smelter electricity contract with its electricity supplier contains an embedded derivative which has been designated as a qualifying cash flow hedge. To the extent that the hedge is effective, changes in its fair value are recognised directly in equity, whilst to the extent the hedge is ineffective changes in fair value are recognised in the consolidated income statement. As the hedge is partially ineffective, the negative change in fair value of € 8.7 million (31 December 2007: € 49.5 million gain) on the ineffective portion of the hedge was recorded as a cost in energy expenses within the consolidated income statement. The impact on the income statement has been reversed from EBITDA for the purpose of calculating the Group’s underlying EBITDA.

(e) As at 31 August 2007, Nyrstar inherited an unhedged metal at risk position. Parent company approval for the hedging of this position was received on 13 September 2007. During this period in which the metal was not hedged, both the price of zinc and US dollar fell against the Euro resulting in a negative impact on the result from operating activities of approximately € 24.7 million. Subsequently, an additional 19,000 tonnes of metal was determined to be exposed and was successfully hedged by mid December. The impact of this exposure was to reduce the result from operating activities by € 12.0 million. These impacts have been reversed and increase EBITDA for the purpose of calculating the Group’s underlying EBITDA.

Underlying gross profit and operating expenses

The below tables set out the underlying gross profit and operating expenses based on the underlying adjustments identified in note 4 (a) to (e) above.

In € millions	**December 2008**	December 2007
Gross profit		
Reported modified pro forma gross profit	**880.8**	1,218.6
Adjustment for unhedged inventory	**-**	36.7
Underlying gross profit	**880.8**	1,255.3

	31 December 2008		31 December 2007	
In € millions	**Energy costs**	**Total operating costs**	Energy costs	Total operating costs
Operating costs				
Reported modified pro forma costs	**(261.7)**	**(743.7)**	(175.7)	(677.3)
Adjustment for embedded derivatives	**8.7**	**8.7**	(49.5)	(49.5)
Underlying operating costs	**(253.0)**	**(735.0)**	(225.2)	(726.8)

Note adjustments (a) to (c) are reported below the Result from operating activities before depreciation and amortisation in the modified pro forma consolidated financial information.

Glossary

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.
Base Metal	Non precious metal, usually refers to copper, lead, zinc, aluminium and tin.
BEL 20	The BEL 20 is the benchmark stock market index of the NYSE Euronext Brussels Stock Exchange.
Blast furnace	A tall shaft furnace used to smelt sinter and produce crude lead bullion and a slag.
Brook Hunt	A leading metals industry consultancy.
Cadmium	A soft bluish-white ductile malleable toxic bivalent metallic element; occurs in association with zinc ores.
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.
Cathode	Negatively charged electrode in electrolysis; in zinc and cadmium electrolysis, the cathode is a flat sheet of aluminium.
Cell house	The location in the production process where zinc metal is electrolytically plated onto aluminium cathodes.
CGG	Continuous Galvanizing Grade zinc; contains alloying agents such as aluminium, lead and selenium in specific qualities desired by customers; used in continuous strip galvanizing plants.
Concentrate	Material produced from metalliferous ore by mineral processing or benefication; 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.
Copper sulphate	A copper salt made by the action of sulphuric acid on copper oxide.
Die casting	A process for producing parts in large quantities, by injecting molten metal under pressure into a steel die.
EBIT	Earnings before interest and tax.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
Galvanizing	Process of coating steel sheet or fabricated products with a thin layer of zinc for corrosion protection.
Goethite	FeO.OH., hydrated iron oxide: as a zinc production by-product it contains some zinc, lead, silver and other impurities.
Germanium	A brittle grey crystalline element that is a semiconducting metalloid (resembling silicon).
HSEC	Health Safety Environment Community.
IFRS	International Financial Reporting Standards.
Indium	A rare, soft silvery metallic element.
ISO	International Standards Organisation.

Glossary (continued)

Jarosite	An iron sulphate mineral often formed as zinc smelter waste.
LME	London Metal Exchange.
LTR	Lost Time Injury Rate per million hours worked.
Modified pro forma	Pro Forma financial information which has been modified to reflect Nyrstar's current transactional and structural hedging policies.
Ore	Mineral bearing rock.
Oxide washing	Process to remove halides from zinc secondaries.
RLE process	Roast Leach Electrowin; technology used for the production of zinc and which combines the roasting, leaching and electro winning processes.
Secondaries / Secondary 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; traded on the LME.
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.
Smelting	Chemical reduction of a metal from its ore by fusion.
Treatment Charges (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.
Troy ounce	1 troy ounce = 1.097 ounces

Shareholder information

Trading information
Nyrstar's stock trades under the symbol NYR on the NYSE Euronext Brussels Stock Exchange.

Financial calendar [1]

27 February 2009	2008 Full Year Results
29 April 2009	Annual and Extraordinary General Meeting
29 April 2009	First Interim Management Statement
26 May 2009	Second Extraordinary General Meeting (if required)
26 August 2009	2009 Half Year Results
28 October 2009	Second Interim Management Statement

1 Dates are subject to change, please check the Nyrstar website for financial calendar updates

Contact
Michael Morley
Director, Legal and External Affairs
Phone: +44 (0)20 7408 8100
Email: investors@nyrstar.com

Annual Report
This report is also available in Dutch and French and can be downloaded from the Nyrstar website: www.nyrstar.com

Registered office
Nyrstar NV
Zinkstraat 1
B-2490 – Balen
Belgium
Phone: +32 (0)14 44 95 00
Fax: +32 (0)14 81 05 31

Website: www.nyrstar.com

Email: info@nyrstar.com

Company number: RPR Turnhout 0888.728.945

VAT No: BE 0888.728.945

Design & production: www.landmarks.be

Nyrstar NV
Zinkstraat 1
B-2490 Balen
Belgium
www.nyrstar.com