



Nexa Resources and its subsidiary Milpo

3Q17 Results

November 13th 2017

nexa

Disclaimer



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Agenda

- **CEO Message**

Tito Martins

- **Milpo Results**

Claudia Torres – CFO Milpo

- **Nexa Results**

Mario Bertoncini – CFO Nexa

- **Closing Remarks**

Tito Martins - CEO





Initial Public Offering

Listed in the New York Stock Exchange (NYSE) and the Toronto Stock Exchange (TSX) under the ticker symbol “NEXA”

35,650,000 common shares

Primary tranche

20,500,000

US\$ 328 million
before
transaction fees

IPO price per share

\$ 16

36% of free float



Ready to Grow

Greenfield and brownfield projects are expected to accelerate, increasing Nexa’s production in zinc equivalents

Near-term investments

~US\$ 210MM

Aripuanã
project
development

~US\$ 93MM

Vazante mine
life extension
and Vertimill

~US\$ 23MM

Cajamarquilla
conversion to
Jarosite process



New Brand

Nexa Resources. From the world of mining to the world of people.



Nexa has brought together the best of both companies – Milpo and Votorantim Metais – and reflects the way in which we believe mining should be practiced: with **financial discipline, responsibility with the communities and environment, respect to the employees and a positive impact to the life of the people.**

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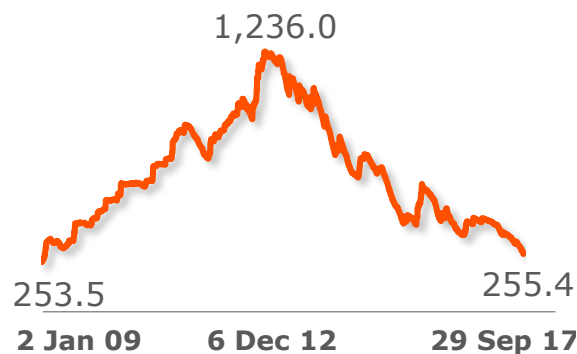
Market Fundamentals

Strong LME prices across base metals markets

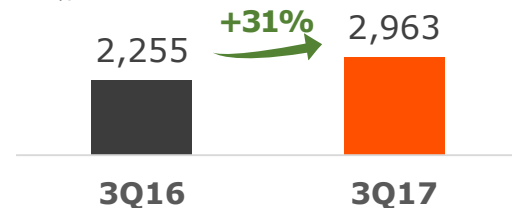


Zinc

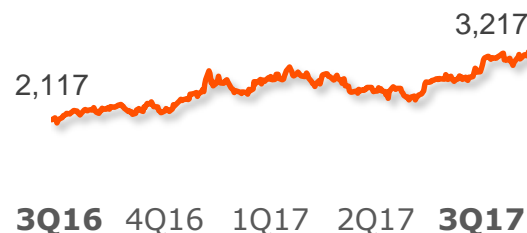
LME stocks¹
kton



LME average price²
US\$/ton



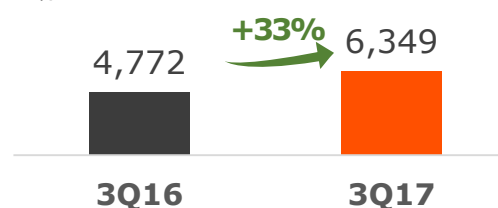
LME price evolution
US\$/ton



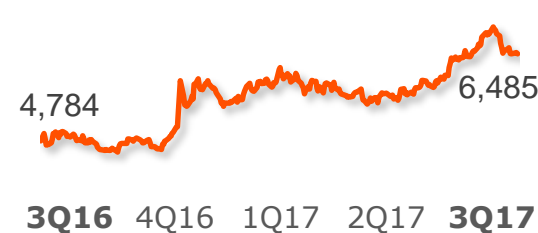
Zinc concentrate tightness persists, impacting smelting production. LME stocks remain at their **lowest levels since January 2009**, favoring higher prices

Copper

LME average price²
US\$/ton



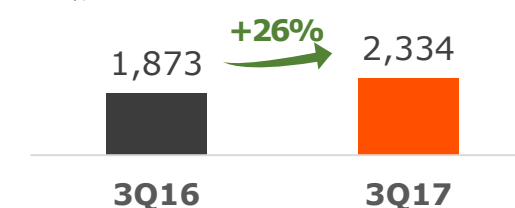
LME price evolution
US\$/ton



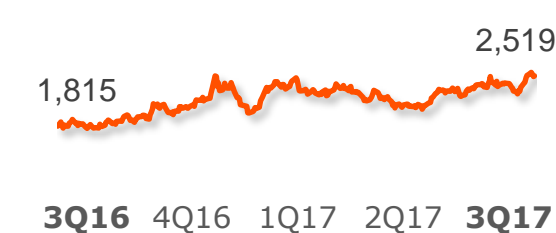
Supply disruptions, stronger than expected demand and a weaker dollar have also influenced **copper** and **lead** prices increase during 3Q17

Lead

LME average price²
US\$/ton



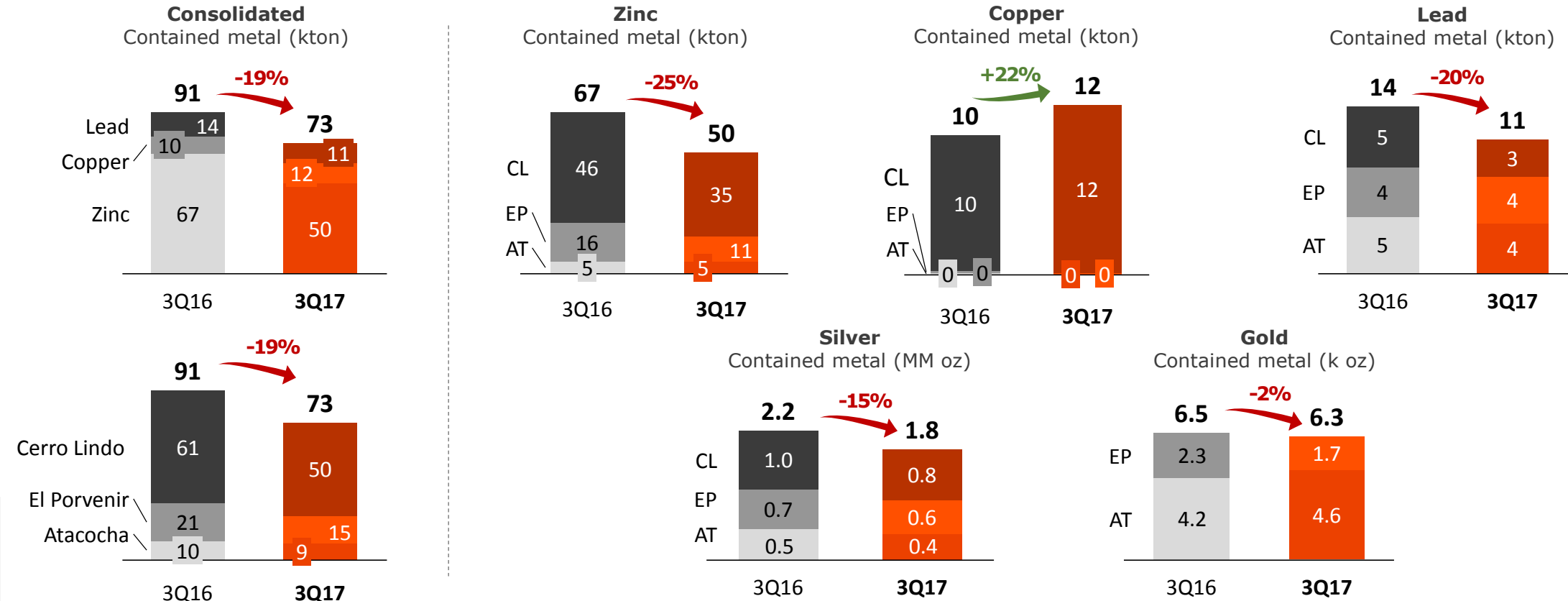
LME price evolution
US\$/ton



Production: Milpo

Volumes of fine zinc and lead content decreased but were partially compensated by higher copper production.

Concentrate production in contained metal (kton)



Contained metal (kton)	9M16	9M17	Δ
Lead	39	32	-17%
Copper	31	33	9%
Zinc	196	157	-20%
Total	265	222	-16%

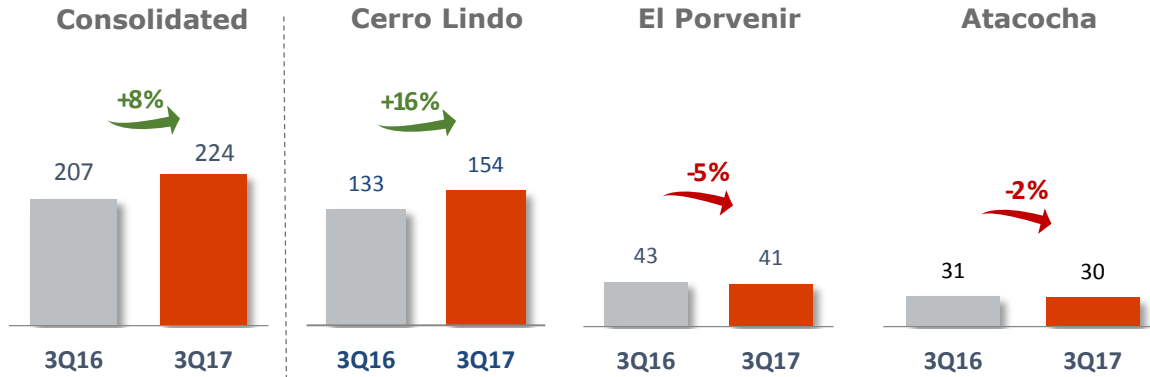
Contained metal (kton)	9M16	9M17	Δ
Cerro Lindo	172	154	-11%
El Porvenir	62	43	-30%
Atacocha	31	25	-20%
Total	265	222	-16%

Operational Results: Milpo

Robust EBITDA allowed strong FCF from operations

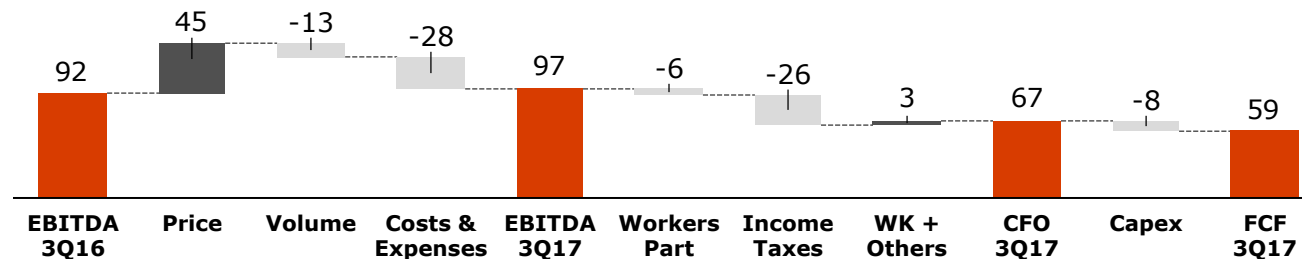
Net Revenues

(US\$ million)



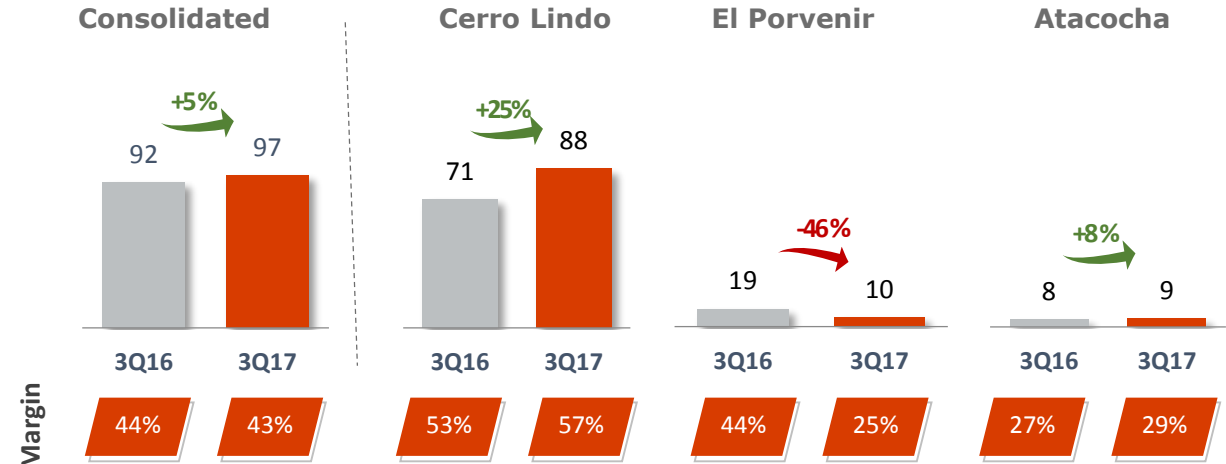
US\$ million	9M16	9M17	Δ
Net Revenues	537	628	17%

Cash flow from operations (CFO)



EBITDA

(US\$ million)



US\$ million	9M16	9M17	Δ
EBITDA	213	264	24%

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Highlights

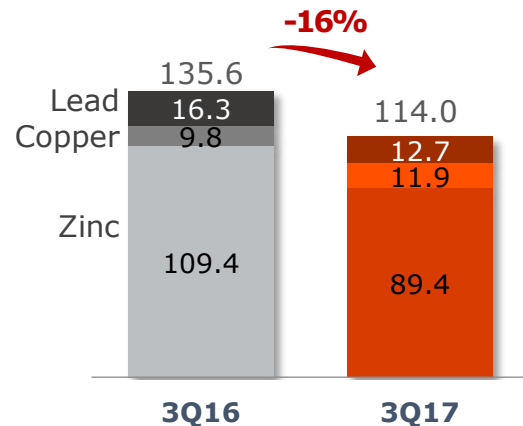
- 
- 1 **Higher copper production** in the 3Q17, 21.7% up when compared to 3Q16, partially offsetting the zinc production decrease of 18.3%
 - 2 **Stable metallic zinc sales volume** in the 3Q17 when compared to 3Q16
 - 3 **Revenue of US\$625.8 million**, 19.7% higher than 3Q16
 - 4 **Adj. EBITDA margin of 25.7%** in the 3Q17
 - 5 **Net Debt/Adj. EBITDA of 0.77x** as of 30 September 2017

Production and Sales

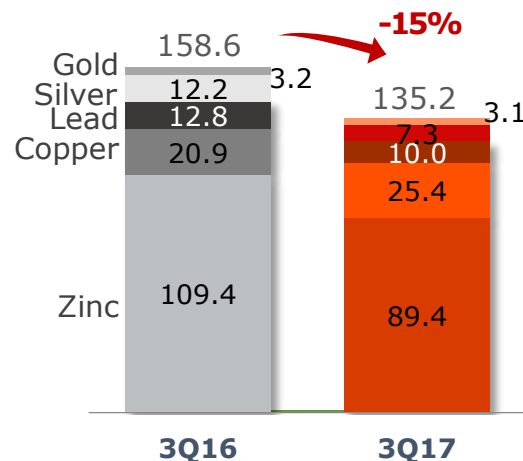
Lower mining production volumes and stable metallic zinc sales

Mining

Concentrate production In contained metal (kton)



Zinc equivalent¹ production In contained metal (kton)

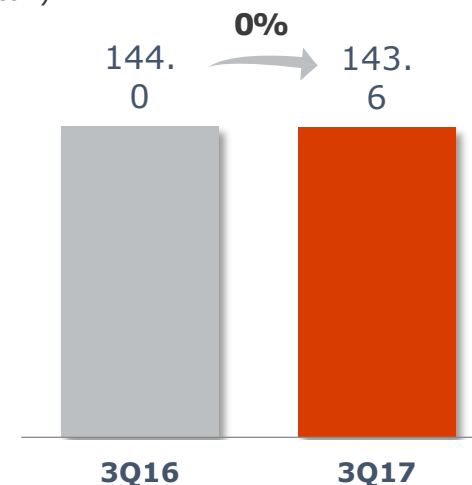


Lower zinc production, 18.3% down due to energy supply disruption in Atacocha and lower grades in Cerro Lindo

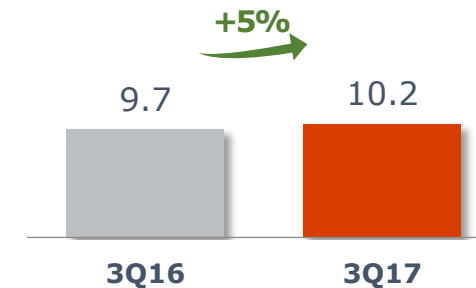
Higher copper production, 21.7% up

Smelting

Metallic zinc sales (kton)



Zinc oxide sales (kton)



Cajamarquilla operated at full capacity in the 3Q17.

Consolidated metallic zinc sales volume was stable when compared to 3Q16

Concentrate prod.	9M16	9M17	Δ
Contained metal	389.2	344.4	-12%

Zinc Eq. prod.	9M16	9M17	Δ
Contained metal	458.8	406.2	-11%

Metallic Zn sales	9M16	9M17	Δ
Product vol.	424.5	410.1	-3%

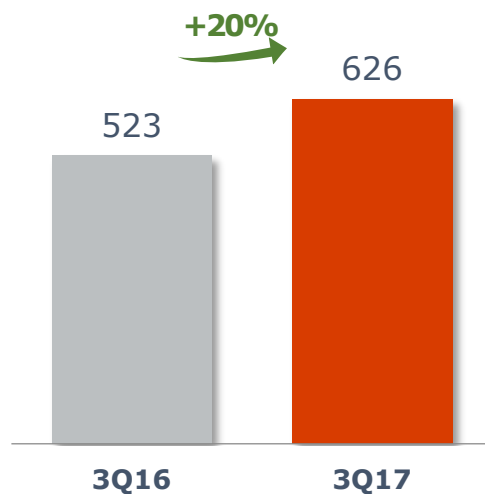
Zn oxide sales	9M16	9M17	Δ
Product vol.	28.0	28.8	3%

Operational Results

Robust EBITDA allowed strong FCF from operations

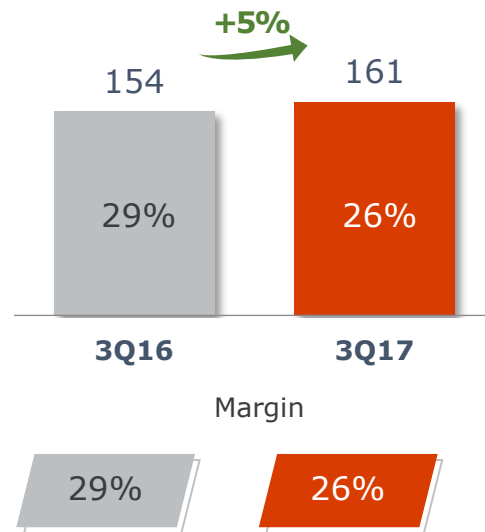
Net Revenues

(US\$ million)



Adjusted EBITDA¹

(US\$ million)

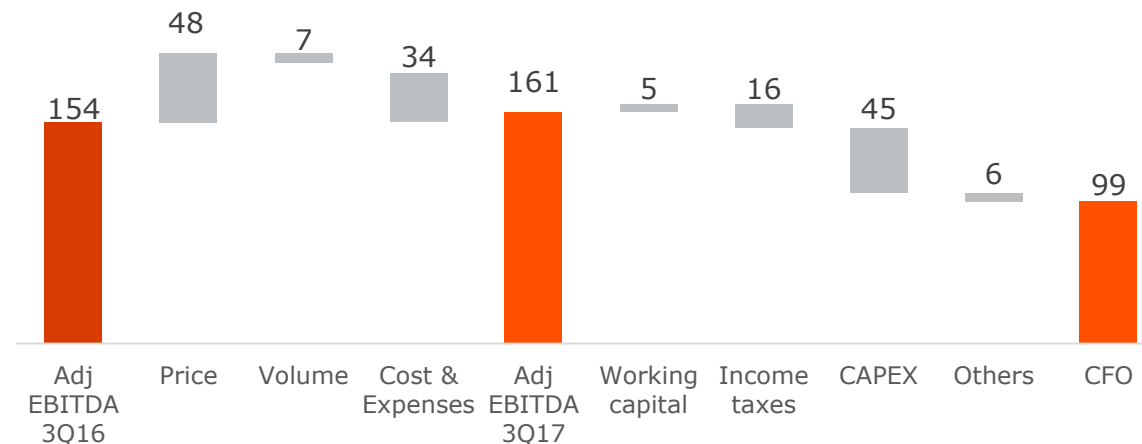


Adjusted EBITDA increased as a result of **higher net revenues**, mostly driven by base metals price performance

US\$ million	9M16	9M17	Δ
Net Revenues	1,386	1,713	24%
Adj. EBITDA	377	445	18%
Margin	27%	26%	-118 bp

Cash flow from operations (CFO)

(US\$ million)



Adjusted EBITDA Reconciliation

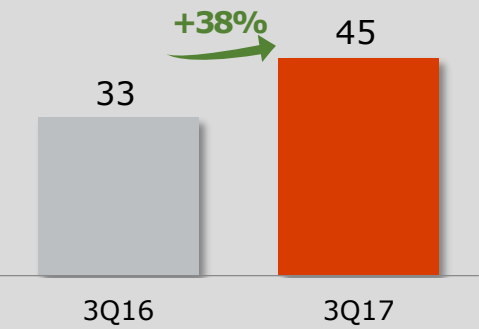
US\$ million	3Q17	3Q16
EBITDA	160.9	153.6
Results of investees	0.0	0.0
Deprec., amort. and depletion	-65.2	-71.2
Net financial results	25.8	-21.6
Taxes on income	-40.5	-12.4
Net Income	81.0	48.4

Investments

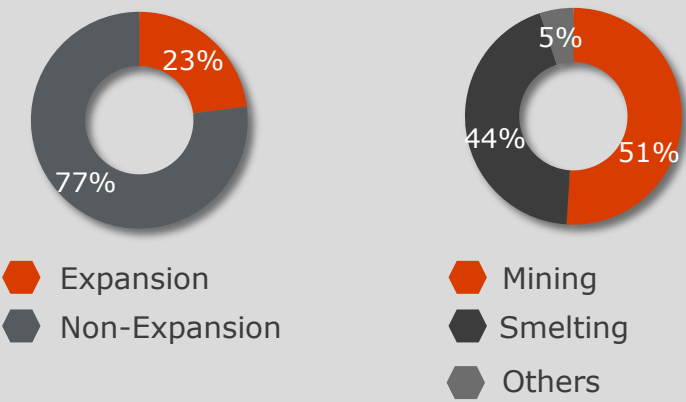
Higher CAPEX aligned with the company's growth strategy

CAPEX

Total capital expenditures
(US\$ million)

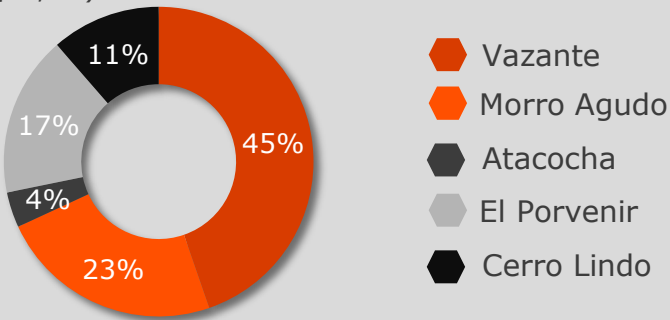


Total capital expenditures, by category
(3Q17, %)



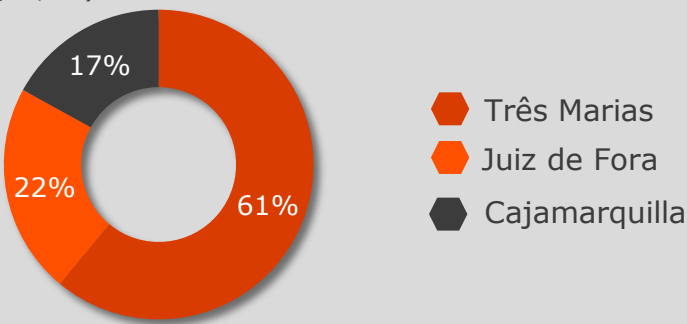
Mining CAPEX

CAPEX per mining operation
(3Q17, %)



Smelting CAPEX











CAPEX per smelting operation
(3Q17, %)



Main Brownfield Opportunities

Low CAPEX opportunities with strong returns



		Projects	CAPEX	Timing
 Cerro Lindo		<ul style="list-style-type: none"> Continued exploration (discovered major new orebodies in each of the last 8 years) Contractor optimization Productivity improvements: fleet upgrade, shotcrete process optimization 	<ul style="list-style-type: none"> OPEX 	<ul style="list-style-type: none"> Next 12-24 months
 Vazante		<ul style="list-style-type: none"> Extend mine life until 2028, mining below current production level Improve zinc recoveries through Vertimill installation in 2019 Potential definition of calamine resources from recent exploration to extend future mine life 	<ul style="list-style-type: none"> US\$ 184MM 	<ul style="list-style-type: none"> 2013 – 2023 (US\$ 93MM in 2018-2019)
 Pasco		<ul style="list-style-type: none"> Integration process underway between Atacocha and El Porvenir Focused on mining, administration, tailings, and energy transmission efficiencies 	<ul style="list-style-type: none"> US\$ 51MM 	<ul style="list-style-type: none"> Completion in 2018
 Morro Agudo		<ul style="list-style-type: none"> Ambrósia Trend Project: surface operation will mine zinc sulphide and lead for delivery to Três Marias smelter; potential to extend mine life through 45 ktpa of zinc concentrate production 	<ul style="list-style-type: none"> US\$ 19MM 	<ul style="list-style-type: none"> Commenced in May 2017
 Cajamarquilla		<ul style="list-style-type: none"> Improve zinc recoveries by 3% (from 93.8% to 96.8%) Convert Cajamarquilla from Goethite process to Jarosite process 	<ul style="list-style-type: none"> US\$ 23MM 	<ul style="list-style-type: none"> Completion by January 2019

We Prioritize Efficient, Safe and Sustainable Operations Through Technology and Automation

Greenfield Projects Pipeline

Our zinc and copper projects are the base for future growth

7 greenfield projects & generative VMS and opportunities

2017E Budget: US\$ 68MM

389km of drilling

Exploration Rights Areas

 **386kHa**

 **2.55MHa**



Zinc Projects	Target Start Up	Capex ¹	Yr. Zn Eq. Production ⁵	Drilling (km)	Status	Measured & Indicated				Inferred		
						Mt	Zn (%)	ZnEq.% ²	Contain. ³	Mt	ZnEq.% ²	Contain. ³
Aripuanã	2020	\$354MM	101 kt	151	PFS	21.8	4.8	8.8	1,918	24.6	8.7	2,144
Shalipayco	2021	\$47MM	51 kt	91	PEA	6.3	5.6	6.9	436	16.9	6.2	1,051
Florida Canyon	TBD	\$214MM	67 kt	117	PEA	3.3	12.2	13.6	444	8.8	11.2	986
Hilarión	NA	NA	NA	282	Exploration	69.4	3.8	5.2	3,577	37.5	5.0	1,877
Caçapava do Sul	2022	NA	NA	127	Exploration	13.0	1.2	3.5	453	13.3	3.3	431
Total zinc projects				758		113.8	4.0	6.0	6,828	101.1	6.4	6,489

Copper Projects	Target Start Up	Capex ¹	Yr. Cu Eq. production ⁵	Drilling (km)	Status	Measured & Indicated				Inferred		
						Mt	Cu (%)	CuEq. (%) ²	Contain. ⁴	Mt	CuEq.%	Contain. ⁴
Magistral	2022	\$555MM	52 kt	102	PEA	205.3	0.5	0.6	1,140	50.6	0.5	231
Pukaqaqa	NA	NA	NA	163	Exploration	309.0	0.4	0.4	1,236	40.1	0.3	136
Total copper projects				266		514.3	0.4	0.5	2,376	90.7	0.4	367

Liquidity and Indebtedness

Extended debt profile and unleveraged position

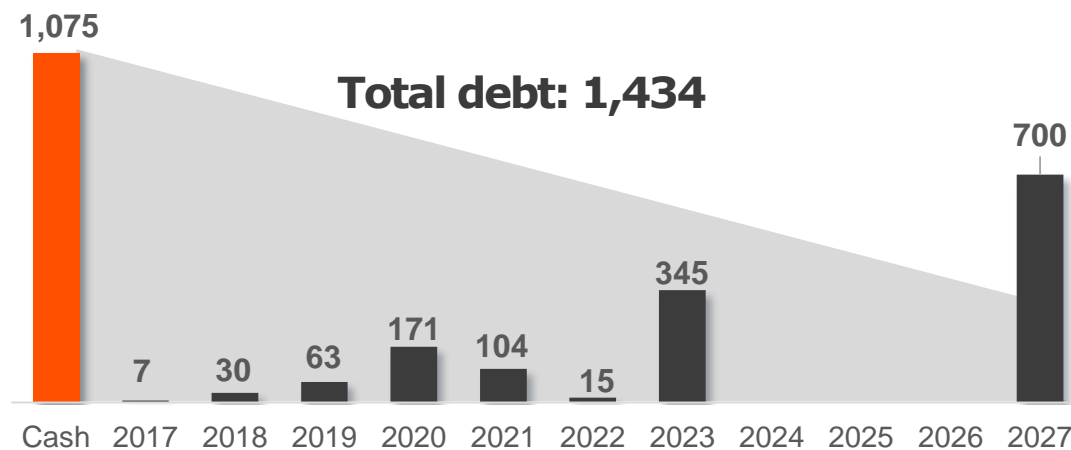


(US\$ million)

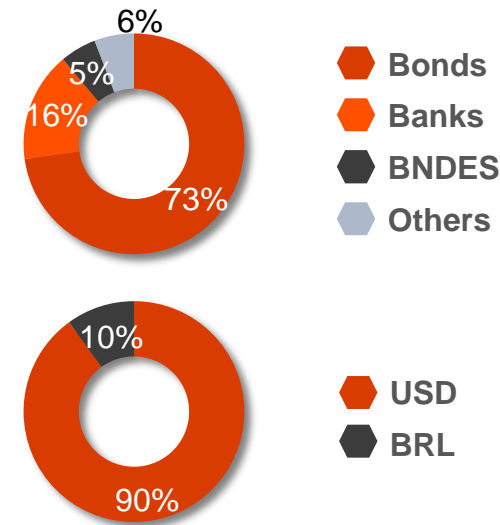
DEBT PROFILE¹ as of Sep17

Debt repayment schedule

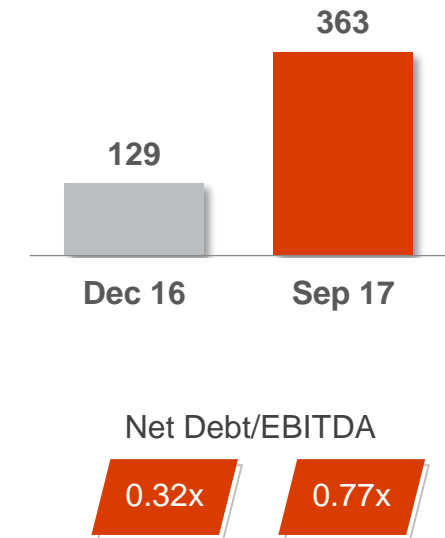
Average debt maturity: 7.1 years



Debt by Category



NET DEBT²



The **pro-forma** Net Debt/Adj. EBITDA ratio considering the primary resources coming from the Initial Public Offering (US\$311.6 million net of fees) is **0.11x Net Debt/Adj. EBITDA**

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Tito Martins

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Claudia Torres – CFO Milpo

- **Nexa Results**

Mario Bertoncini – CFO Nexa

- **Closing Remarks**

Tito Martins - CEO



Closing Remarks



- 1 Rebranded, Nexa Resources starts a new phase of its more than 60 years history: **now a public company, it will pursue growth with responsibility and commitment to local communities**
- 2 First step towards growth is to produce concentrates and metal at maximum capacity: **short-term initiatives in Vazante and Cajamarquilla will allow Nexa to increase production**
- 3 Greenfield projects development are now boosted by the IPO: **Aripuanã is the focus, driving most of the proceeds from the offering**
- 4 Access to global capital markets becomes even more solid after successful IPO: **increased transparency and acknowledgement from markets will be key for future developments**
- 5 **Nexa will continue to chase strong cash flow generation**, not only to support its growth plan, but also committed to its dividend policy and its track record of distribution to shareholders