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Interim Report, January-September 2008

Falling metal prices causes profit decline in third quarter

Q3 2008

- Revenues totalled SEK 7,513 million (SEK 8,166 m).
- The operating profit was SEK -142 million (SEK 1,332 m).
- Earnings per share totalled SEK -0.49 (SEK 3.20).
- The free cash flow totalled SEK -117 million (SEK 62 m).

First nine months, 2008

- Revenues totalled SEK 24,700 million (SEK 25,913 m).
- The operating profit was SEK 1,495 million (SEK 4,838 m).
- Earnings per share totalled SEK 5.07 (SEK 11.96).
- The free cash flow totalled SEK 1,371 million (SEK 1,630 m).

Summary of financial performance

SEK m	Q3 2008	Q3 2007	9 months 2008	9 months 2007	Oct 2007 - Sept 2008	Full year 2007
Revenues	7 513	8 166	24 700	25 913	31 990	33 204
Operating profit (EBIT)	-142	1 332	1 495	4 838	2 085	5 428
Profit before tax	-199	1 234	1 288	4 687	1 798	5 196
Profit after tax	-135	900	1 386	3 423	1 750	3 787
Earnings per share, SEK	-0.49	3.20	5.07	11.96	6.37	13.37
Free cash flow ¹	-117	62	1 371	1 630	953	1 212
Net debt/equity ratio ² , %	37	40	37	40	37	43
Return on shareholders' equity ³ , %					13	26
Return on capital employed ⁴ , %					11	29

¹ Refers to cash flow before financing activities.

² Net of interest-bearing provisions and liabilities minus financial assets including liquid assets divided by shareholders' equity.

³ Profit after tax divided by average shareholders' equity.

⁴ Operating profit divided by average capital employed.

Q3 2008**Revenues**

Boliden's revenues fell to SEK 7,513 million (SEK 8,166 m). The fall was primarily due to lower zinc and lead prices and to the weakening of the US dollar. At the same time, higher precious metal (gold and silver) prices had, to some extent, a positive effect on revenues.

Production

Production of cast zinc by the smelters decreased by 4 per cent in comparison with the corresponding period in 2007, primarily as a result of minor maintenance work at Kokkola and process instability at Odda. Production was on a par with levels during the second quarter this year. Production of copper cathodes increased by 26 per cent in comparison with the corresponding period in 2007 and was slightly down on production during the second quarter this year. Production levels at Harjavalta during the third quarter of 2007 were low as a result of ongoing work on the expansion project.

Mined zinc production fell by 11 per cent in comparison with both the third quarter of 2007 and the second quarter of this year, with the majority of the fall due to the planned and implemented production cutback in the Boliden Area. Mined copper production fell by 7 per cent in comparison with the corresponding period in 2007 and by 15 per cent in comparison with the second quarter of this year, and here too, the fall was due to the cutback in the Boliden Area, and to lower copper grades at Aitik.

Operating profit

Operating profit analysis,	
SEK m	Q3
EBIT 2007	1 332
Exchange rate effects	-34
Changes to prices and terms	-1 356
Volume variation	73
Costs	-153
Other	-4
EBIT 2008	-142

The operating profit (EBIT) fell to SEK -142 million (SEK 1,332 m). The fall in operating profit was mainly due to the fall in the price of zinc, the revaluation of process stocks, and higher operating costs, and to a negative adjustment to the valuation of electronic scrap.

The effect on profits of changes to prices and terms was SEK -1,356 million, with the fall in the price of zinc accounting for the majority of this sum. The operating profit includes SEK -267 million (SEK -74 m) from the revaluation of the smelters' zinc, copper, lead, gold and silver process stocks, corresponding to a net change of SEK -193 million in comparison with last year, with the majority of this sum deriving from the revaluation of the external part of process stocks, corresponding to approximately 17,000 tonnes of zinc and around 32,000 tonnes of copper. An adjustment to the valuation of electronic scrap attributable to previous periods that gave rise to a negative effect on the profit of SEK -117 million (SEK -40 m), corresponding to a net change of SEK -77 million in comparison with last year, has also been charged to the profit. The MAMA effect had a negative effect on the result of SEK -9 million (SEK 77 m), corresponding to a net change of SEK -86 million in comparison with last year. Metal price hedging yielded a combined effect on the operating profit of SEK -141 million (SEK -412 m), corresponding to a net change of SEK 271 million in comparison with the previous year.

Changes in volume had a positive effect on the operating profit of SEK 73 million due to the higher production rate achieved by the copper smelters.

Operating costs, excluding raw material purchases, increased by SEK 153 million, or 7 per cent, in comparison with the corresponding period in 2007. Higher prices for energy, input goods and external services, coupled with higher transport prices and volumes for long-distance freight, account for the majority of the increase. Staff overheads increased, primarily as a result of pay agreements concluded. Operating costs fell by SEK 132 million or 5 per cent in comparison with the second quarter of 2008.

A number of measures are being implemented with the aim of cutting cost and investment levels within the Group. The measures entail reducing the quantity of services bought in, reducing the number of employees, and increasing the efficiency of purchasing processes.

Net financial items during the third quarter totalled SEK -57 million (SEK -98 m). The profit before tax fell to SEK -199 million (SEK 1,234 m).

The profit after tax for the third quarter was SEK -135 million (SEK 900 m), corresponding to earnings per share of SEK -0.49 (SEK 3.20).

Cash flow and investments

The cash flow from operating activities increased to SEK 1,044 million (SEK 592 m) during the third quarter. The working capital fell by SEK 1,085 million, primarily as a result of lower stocks and lower metal prices.

Investments totalled SEK 1,157 million (SEK 530 m). The increase is attributable to the expansion of the Aitik copper mine.

The free cash flow totalled SEK -117 million (SEK 62 m).

The investment in the Aitik 36 project is now expected to total approximately SEK 6 billion compared to the originally anticipated figure of approximately SEK 5.2 billion. The higher level of investment in Aitik 36 will be compensated for by lower levels of investment elsewhere.

FIRST NINE MONTHS, 2008**Revenues**

Boliden's revenues totalled SEK 24,700 million (SEK 25,913 m). The fall in the price of zinc and the weakening of the US dollar had a negative effect, while higher copper and precious metal prices had a positive effect on revenues.

Production

The smelters' production of cast zinc was down 5 per cent in comparison with the corresponding period of 2007, due to a minor maintenance work at Kokkola and process instability at Odda. Copper cathode production increased by 11 per cent, primarily as a result of Harjavalta's increased production capacity and of a less comprehensive maintenance shut-down at Rönnskär during the third quarter than in the same period last year.

Mined production of zinc and copper fell by 10 per cent and 9 per cent, respectively, during the first nine months of the year. The downturns in production are primarily a result of the planned and implemented production cutbacks in the Boliden Area and of ore with lower levels of grindability at Aitik during the first 6 months of the year.

Operating profit

Operating profit analysis, SEK m	9 months
EBIT 2007	4 838
Exchange rate effects	-887
Changes to prices and terms	-1 562
Volume variation	-414
Costs	-498
Other	18
EBIT 2008	1 495

The operating profit (EBIT) fell to SEK 1,495 million (SEK 4,838 m) during the first nine months of 2008 as a result of the fall in the price of zinc, the weakening of the US dollar, lower treatment and refining charges (TC/RC) and lower metal premiums. Lower production volumes resulting from the cutback in the Boliden Area and higher operating costs also had a negative effect on the operating profit. An adjustment to the valuation of electronic scrap has also been charged to the profit.

Exchange rate fluctuations had a negative effect on the profit of SEK 887 million in comparison with the corresponding period in 2007.

The SEK -1,562 million effect on the operating profit of changes to prices and terms in comparison with the first nine months of last year was primarily the result of the falling price of zinc, lower TC/RC and lower metal premiums. The revaluation of the smelters' process stocks had a negative effect of SEK -87 million (SEK 85 m) on the operating profit, corresponding to a net change of SEK -172 million since the previous year and which is a knock-on effect of lower metal prices. An adjustment to the valuation of electronic scrap attributable to previous periods and which gave rise to a negative effect on the operating profit of SEK -51 million (SEK 27 m), corresponding to a net change of SEK -78 million since the previous year, has also been charged to the profit. The MAMA effect was SEK 19 million (SEK -191 m), corresponding to a net change of SEK 210 million since the previous year. Metal price hedging had a combined effect on the operating profit of SEK -524 million (SEK -1,487 m), corresponding to a net change of SEK 963 million since the previous year.

The effect on the operating profit of changes in volume totalled SEK -414 million and resulted from lower levels of mined production.

Operating costs increased by SEK 498 million, or 7 per cent, in comparison with the corresponding period in 2007. Higher prices for energy, input goods and external services, coupled with higher transport prices and volumes for long-distance freight, account for the majority of the increase. Staff overheads increased, primarily as a result of pay agreements concluded.

Net financial items deteriorated to SEK -207 million (SEK -151 m) as a result of higher debt levels than in 2007. The profit before tax fell to SEK 1,288 million (SEK 4,687 m).

On 12th March 2008, the Administrative Court of Appeal granted Boliden a deficit deduction of SEK 1,557 million. This gave rise to a positive tax receipt of SEK 436 million during the first quarter, and the reported tax for the first nine months of the year was, as a result, positive to the tune of SEK 98 million (SEK -1,264 m).

The profit after tax was SEK 1,386 million (SEK 3,423 m), corresponding to earnings per share of SEK 5.07 (SEK 11.96).

Cash flow and investments

The cash flow from operating activities increased to SEK 4,466 million (SEK 3,221 m). The working capital fell by SEK 2,370 million, in comparison with an increase of SEK 1,449 million during the first nine months of 2007.

Investments totalled SEK 3,091 million (SEK 1,591 m). The increase is primarily attributable to the expansion of the Aitik copper mine.

The free cash flow totalled SEK 1,371 million (SEK 1,630 m).

FINANCIAL POSITION

Boliden procured a new credit facility totalling SEK 4,300 million during the second quarter. The agreement has a three-year term and runs, in part, in parallel with existing loan agreements totalling EUR 600 million. The new credit facility expires in 2011, while existing loan agreements expire in 2012-2013. A further seven-year loan for EUR 75 million has also been agreed. By this, Boliden's current liquidity, in the form of liquid assets and unutilised binding credit facilities, increased by a total of approximately SEK 5 billion. The current liquidity totalled SEK 8,421 million at the end of the third quarter.

On 30th September 2008, Boliden's net debt totalled SEK 5,317 million (SEK 4,844 m). The net debt/equity ratio was 37 per cent (40%).

The average term of Boliden's debt portfolio on 30th September 2008 was 5.1 years. The average interest rate level within the portfolio at that time was 5.76 per cent.

The contribution to shareholders' equity of the net market valuation of currency and raw material derivatives, after fiscal effects, totalled SEK 217 million (SEK -1,359 m) on 30th September 2008.

PARENT COMPANY

The Parent Company, Boliden AB, conducts no operations and has no employees. The Parent Company's Income Statements and Balance Sheets can be found on page 20 of this Interim Report.

METAL PRICES AND EXCHANGE RATES

Metal prices

Boliden's revenues are affected by the global market prices of base and precious metals. Base metals are traded daily on the London Metal Exchange (LME), and it is this that forms the basis for the pricing of metal concentrates and finished metals. Precious metal prices are set daily by the London Bullion Market Association (LBMA). Boliden's revenues are affected not only by the metals' spot prices, but also by the payable metal content in the concentrates produced by the mines, by the percentage of so-called free metals produced by the smelters, by the trend in treatment and refining charges, and by pricing premiums.

Metal prices (average LME/LBMA)

	Q3 2008	Q3 2007	Change in %	9 months 2008	9 months 2007	Change in %
Zinc (USD/tonne)	1 773	3 238	-45	2 099	3 452	-39
Copper (USD/tonne)	7 693	7 714	0	7 966	7 089	12
Lead (USD/tonne)	1 912	3 141	-39	2 366	2 373	0
Gold (USD/troy oz)	871	679	28	897	666	35
Silver (USD/troy oz)	15.09	12.70	19	16.60	13.10	27

Metal price hedging

The following table is a summary of Boliden's metal price hedging for copper, lead, gold and silver on 30th September 2008. The Boliden Group is otherwise, in every significant respect, exposed to market prices. The hedging shown below means that changes in the prices of these metals have a limited short-term effect on the Group's operating profit.

Metal futures

	Maturity yr	Metal price (USD)	Quantity	Market value (SEK m)	Coverage rate ¹ %
Copper (tonnes)	2008	6 063	8 125	-17	
	2009	5 920	42 600	-128	
	2010	7 606	62 700	555	
				410	65
Lead (tonnes)	2008	1 230	9 525	-38	
	2009	1 252	36 300	-144	
				-182	50
Gold (troy oz)	2008	756	24 350	-24	
	2009	702	102 000	-149	
	2010	961	105 850	14	
				-159	75
Silver (troy oz)	2008	13.64	1 830 000	8	
	2009	14.59	5 676 000	51	
	2010	18.46	5 170 000	168	
				227	75
Market value of outstanding contracts, SEK m				296	

¹ Approximate coverage rate on outstanding metal positions during the 2008–2010 period in relation to forecast production.

Exchange rates

The majority of Boliden's revenues are in US dollars, but the majority of its costs are in Swedish kronor, euro and Norwegian kroner. The development of the US dollar consequently has a significant effect on the Group's profit.

During the third quarter, the US dollar weakened against the Swedish krona, the Norwegian krone, and against the euro in comparison with the third quarter of 2007. The dollar strengthened against these currencies in comparison with the second quarter of 2008.

Exchange rates (average)

	Q3 2008	Q3 2007	Change in %	9 months 2008	9 months 2007	Change in %
USD/SEK	6.31	6.75	-6	6.19	6.88	-10
EUR/USD	1.50	1.37	9	1.52	1.34	13
EUR/SEK	9.47	9.27	2	9.41	9.24	2
USD/NOK	5.36	5.76	-7	5.26	6.00	-12

Currency hedging

The following table summarises Boliden's currency contracts on 30th September 2008 in respect of forecast currency exposure in USD/SEK. The Boliden Group is, in every significant respect, with regard to other currencies and over more extended periods of time, exposed to market rates.

Currency options (floor)

	Maturity year	Rate ¹	Amount sold (USD m)	Market value (SEK m)	Coverage rate ² %
USD/SEK	2008	6.50	97	7	
	2009	6.00	452	30	
	2010	5.30	695	30	
					45
Market value of outstanding contracts, SEK m				67	

¹) Refers to the average strike rates for currency options.

²) Approximate coverage rate on outstanding currency positions during the 2008–2010 period in relation to forecast production.

Sensitivity analysis

Changes in the market terms for metal prices, in exchange rates and in treatment and refining charges (TC/RC) affect Boliden's profit performance. An analysis of the way in which the Group's operating profit (EBIT) is affected for the subsequent twelve-month period by changes in market terms can be found on page 25.

MARKET PERFORMANCE

Demand for Boliden's main metals, zinc and copper, is primarily driven by growth in the transport industry and the construction industry, and in particular, by infrastructural projects. Production growth in these industries has varied during the third quarter, with weaker growth in North America and certain parts of Europe. Demand has continued to grow in emerging countries, albeit at a slower rate.

Zinc

The fall in the price of zinc intensified towards the end of the third quarter, with the average LME price down 16 per cent on the previous quarter and down 45 per cent in comparison with the third quarter of 2007.

The rate of growth in global zinc production was high in both mines and smelters and continued to outstrip the growth in global consumption. The ready availability of zinc metal meant continued pressure on the European spot market zinc premiums. The availability of zinc concentrate remains good overall. China's increased demand did, however, help ensure that spot TC/RC fell from previously high levels to below the benchmark levels for 2008 by the end of the third quarter.

Current zinc price levels mean that some areas of the mining industry are reporting negative cash flows and that a number of mines have either been closed or are scheduled for closure, which might be expected to result in a lower rate of growth by global mined production.

Copper

Copper prices fell sharply at the end of the third quarter after a period of stable development and high prices during the first half of the year. The average LME price was 9 per cent lower than during the second quarter, but remained unchanged in relation to the average price during the third quarter of 2007.

Growth in both production and consumption slackened off during the quarter. Mined production continued to suffer from disruptions, and as a result, anticipated production increases failed to materialise. The global growth in consumption was powered by demand from China, while growth in the West was slightly negative.

Copper concentrate continued to be in short supply globally, but the situation did improve during the third quarter. TC/RC remained at relatively low levels, but did not suffer further falls. Spot price levels are currently below the market-established contract levels for 2008.

Falling grades and production disruptions at existing copper mines, coupled with delays to new copper projects, have limited the mining industry's supply offering for some time now. The rate at which production disruptions taper off and new mine projects are launched is important in terms of the pricing trend for copper metal.

Lead

The average price of lead fell by 17 per cent in comparison with the second quarter of 2008 and by 39 per cent in comparison with the third quarter of 2007.

The rate of production growth was high, particularly on the mined side, and lead consumption also saw high growth levels during the third quarter. Stock levels fell as a result of high net imports by China. European price premiums for lead continued to fall on the spot market.

Other products

The price of gold rose towards the end of the quarter but the average price was slightly down on the second quarter. The price was, however, 28 per cent higher than during the third quarter last year. The average price of silver fell by 12 per cent in comparison with the second quarter, but was 19 per cent higher than during the third quarter of 2007.

The positive sulphuric acid pricing trend levelled off towards the end of the third quarter. China introduced a higher export tax on fertiliser (which contains sulphuric acid), resulting in reduced Chinese sulphur imports. This, in turn, put pressure on the price of sulphuric acid.

SEGMENT SMELTERS

Segment Smelters comprises the Kokkola and Odda zinc smelters, and the Rönnskär and Harjavalta copper smelters. The zinc smelters primarily produce zinc metal, but also produce aluminium fluoride, which is manufactured at Odda. The copper smelters primarily produce copper, gold, silver, lead and sulphuric acid. The copper smelters also recycle metal and electronic scrap and smelt nickel. The segment also includes the Bergsöe lead smelter, which recycles lead metal, and Business Area Market, which is responsible for sales and purchases of metal concentrates and recycling material from external suppliers.

REVENUES, PROFITS AND INVESTMENTS

SEK m	Q3 2008	Q3 2007	9 months 2008	9 months 2007	Full year 2007
Revenues	7 725	8 492	25 190	27 323	34 704
Operating profit	-117	617	786	2 297	2 297
Investments	142	220	462	692	1 008
Capital employed	14 480	16 589	14 480	16 589	16 738

Segment Smelters' operating profit fell to SEK -117 million (SEK 617 m) during the third quarter. The deterioration in the profit in comparison with that posted for the corresponding period in 2007 is due to the falling price of zinc, lower TC/RC, and revaluation of process stocks. Higher copper sales volumes had a positive effect on the operating profit.

Operating profit analysis, Smelters

SEK m	Q3	9 months
EBIT 2007	617	2 297
Exchange rate effects	-34	-423
Changes to prices and terms	-740	-916
Volume variation	144	142
Costs	-113	-340
Other	9	26
EBIT 2008	-117	786

Changes to metal prices and terms had a negative effect of SEK -740 million on the operating profit in comparison with the third quarter of 2007. The revaluation of the smelters' process stocks accounted for SEK -193 million of the change. The downturn was further exacerbated by lower prices for free metals in zinc concentrates and by an unfavourable development in TC/RC price escalators. An adjustment to the valuation of electronic scrap attributable to previous periods was also charged to the profit, giving rise to a negative effect on the operating profit of SEK -117 million (SEK -40 m), corresponding to a net effect in comparison with the third quarter of 2007 of SEK -77 million.

Collectively, the volume variations had a positive effect of SEK 144 million on the result in comparison with the third quarter of 2007. The segment's production of zinc metal fell as a result of maintenance work at Kokkola and poorer process stability at Odda. Turn out of copper concentrate and production of copper metal increased in comparison with the third quarter of 2007. Production of precious metals increased as a result of higher production levels at Harjavalta and processed concentrates' higher precious metal content.

Operating costs increased by 8 per cent in comparison with those for the third quarter of 2007 as a result of higher prices for energy, input goods and transportation.

Planned maintenance shut-downs were implemented at Rönnskär and Bergsöe during the third quarter. Odda's maintenance shut-down began in September and continued into October. The collective effect on the segment's operating profit was SEK -100 million (SEK -240 m), which was according to plan. The maintenance shut-down at Odda is expected to affect the fourth quarter's operating profit to the tune of approximately SEK -50 million (SEK -100 m).

PRODUCTION, SMELTERS

	Q3 2008	Q3 2007	Change <i>in %</i>	9 months 2008	9 months 2007	Change <i>in %</i>
Zinc, tonnes	112 555	117 476	-4	334 010	349 966	-5
Copper, tonnes	83 697	66 605	26	260 662	235 053	11
Lead, tonnes	2 255	4 760	-53	12 151	20 074	-39
Lead alloys, tonnes (Bergsöe)	7 860	7 986	-2	30 720	32 010	-4
Gold, kg	3 717	2 998	24	11 525	11 734	-2
Silver, kg	115 552	76 502	51	347 146	289 432	20
Sulphuric acid, tonnes	315 341	305 124	3	971 040	915 980	6
Aluminium fluoride, tonnes	7 879	7 244	9	24 998	26 610	-6

Information about production at individual units can be found on page 22.

Production of cast zinc fell by 4 per cent, mainly due to maintenance work of Kokkola's casting process and instability in Odda's production process at the end of the quarter. The cooperation between Kokkola and Odda aimed at improving the stability of Odda's production process is continuing. Zinc production remained at a stable level in comparison with production during the second quarter of this year.

Production of copper cathodes increased significantly in comparison with the third quarter of 2007. This was mainly due to the start-up problems experienced after the implementation of Harjavalta's expansion project last year and to the higher rate of production this year in comparison with the pre-expansion rate. Variable quality and lower metal content of procured copper concentrates continued to have a negative effect on production volumes. Production was slightly down in comparison with the second quarter of this year.

Lead production fell during the quarter. Efforts to optimise stock levels, combined with the fall in the price of lead, resulted in Rönnskär continuing to prioritise turn out of electronic scrap over that of lead.

Production of precious metals rose as a result of higher precious metal content in procured concentrates, coupled with the production increase at Harjavalta.

The smelters' production of sulphuric acid increased in comparison with the third quarter of 2007 and the second quarter of this year, as a result of higher sulphur content and Harjavalta's increased production.

In October Boliden and Norwegian power company Statkraft entered into agreements for the periods 2009-2020 and 2021-2030 for the supply of electricity. The total quantity supplied under both contracts amount to 900 GWh/year. As part of the agreements, Boliden's 39.88 per cent stockholding and the associated electricity rights in the power company AS Tyssefaldene will transfer to Statkraft. The agreements, which require the approval of the Norwegian authorities, among other things, are expected to come into force on 1 January 2009.

SEGMENT MINES

Segment Mines comprises the operations of the Swedish mines, Aitik, the Boliden Area and Garpenberg, and the Tara mine in Ireland. Aitik produces copper concentrate with some gold and silver content. The other Swedish mines produce zinc, copper and lead concentrates, and gold and silver. Tara produces zinc and lead concentrates.

REVENUES, PROFITS AND INVESTMENTS					
SEK m	Q3	Q3	9 months	9 months	Full year
	2008	2007	2008	2007	2007
Revenues	1 168	1 667	4 066	5 831	7 567
Operating profit	74	691	731	2 599	3 135
Investments	1 016	310	2 629	900	1 503
Capital employed	7 073	4 859	7 073	4 859	4 970

Segment Mines' revenues fell by 30 per cent during the third quarter in comparison with the corresponding period in 2007, mainly due to the fall in zinc and lead prices and to lower production volumes. The operating profit fell to SEK 74 million (SEK 691 m) as a result of the negative revenues trend and higher operating costs.

Operating profit analysis, Mines		
SEK m	Q3	9 months
EBIT 2007	691	2 599
Exchange rate effects	0	-464
Changes to prices and terms	-472	-644
Volume variation	-71	-556
Costs	-63	-204
Other	-11	0
EBIT 2008	74	731

Changes to prices and terms had a total negative effect on the operating profit of SEK 472 million in comparison with the third quarter of 2007, the majority of which was due to lower zinc and lead prices.

Lower production volumes had a negative effect of SEK -71 million on the profit, with the majority of the volume effect attributable to the cutback performed in the Boliden Area's production, although lower production levels at Tara and lower grades at Aitik also played a part.

Operating costs increased by 7 per cent in comparison with the third quarter of 2007. Higher staff overheads and the intensification of exploration work accounted for the majority of the increase.

METAL PRODUCTION, MINES

	Q3 2008	Q3 2007	Change <i>in %</i>	9 months 2008	9 months 2007	Change <i>in %</i>
Zinc, tonnes	67 538	76 100	-11	225 461	251 813	-10
Copper, tonnes	12 668	13 675	-7	40 857	44 976	-9
Lead, tonnes	12 791	13 141	-3	39 128	40 629	-4
Gold, kg	611	570	7	1 773	2 192	-19
Silver, kg	52 261	58 024	-10	154 569	178 537	-13

Information about production and metal grades at individual units can be found on page 23.

Production of all metals by Segment Mines was, with the exception of gold, lower than during the third quarter of 2007 and the second quarter of this year.

Zinc production fell in the Boliden Area as a result of the cutback until work is completed on a new tailings pond – the Hötjärn tailings pond. The cutback came into effect in full at the end of the second quarter and the Boliden Area expects to return to full production during the second quarter of 2010.

Zinc production at Tara fell due to the work involved in restoring the balance between the mine's development work, i.e. its extraction of waste rock in order to permit access to the ore deposits, and production. Production is still expected to fall slightly over the next 3 to 6 months.

Production at Garpenberg continued to develop in a positive way. The increase in concentrated tonnage, coupled with high metal grades, led to Garpenberg achieving record production levels for zinc, lead and silver.

Lower metal grades at Aitik had a negative effect on the segment's copper production during the third quarter. The lower grades were due to heavy rain in August and September that resulted in lower parts of the open-pit mine being submerged in water. Ore production was, as a result, moved from areas with above-average grades for the mine to areas with below-average grades. The effect was, however, moderated by increased grindability. Measures aimed at achieving a high and consistent throughput over time in Aitik's concentrator are continuing.

The decline in silver production was mainly due to the production cutbacks in the Boliden Area.

AITIK 36

Work on Aitik 36, the project that will double Aitik's ore mining capacity from 18 million to 36 million tonnes per annum, is proceeding according to plan with the launch date scheduled for March 2010 and full capacity scheduled to be reached in 2014. As a result of a higher level of investment in construction and infrastructure, the investment in the project is expected to total approximately SEK 6 billion, rather than the originally anticipated figure of approximately SEK 5.2 billion.

EXPLORATION

Mine-site exploration

Boliden continued to develop all of its mineral assets during the third quarter. The results continued to be favourable, particularly at Garpenberg and in the Boliden Area. The long-term investigations are continuing at Aitik and Tara.

Field exploration

Boliden's field exploration in Sweden is concentrated on base metal and gold exploration in the Skellefte field and on base metals in Dorotea, Norrbotten and Bergslagen. Some 20 projects are currently being investigated using geochemical sampling, deep-penetrating electromagnetic geophysics and diamond drilling, etc.

In Ireland, where Boliden's exploration work focuses mainly on zinc, investigations have continued in all areas. The aerial survey in the Tullamore area has now been completed.

SUSTAINABLE DEVELOPMENT

Employees

The average number of employees in Boliden at the end of the third quarter was 4,655. Of these, 2,444 work in Sweden, 1,105 in Finland, 694 in Ireland, 399 in Norway and 13 in other countries. This represents an increase of 131 in comparison with 2007 as a whole, when the average number of employees was 4,524.

The sick-leave rate during the third quarter totalled 3.8 per cent, corresponding to a fall in comparison with the second quarter, and a fall in comparison with 2007 as a whole of 0.8 percentage points. Boliden's goal is for the sick-leave rate to not exceed 4.5 per cent by the end of 2008.

The accident frequency during the third quarter was 13 cases per one million hours worked. Calculated over the rolling twelve month period from October 2007 up to and including September 2008, the frequency was 9.5, representing a decrease in comparison with 2007 as a whole, when the corresponding figure was 9.9. Boliden has a zero accidents at work philosophy and its initial subsidiary goal is to reduce the frequency to below 5.0 cases per one million hours worked by the end of 2011.

A fatal accident occurred at the Tara mine on 18th October. Boliden and the relevant Irish authorities have both launched investigations into the circumstances surrounding the accident.

Environment

Boliden's operations at all of its facilities are subject to licensing requirements in the countries in which the company operates. Rönnskär is working on a renewal of its environmental permit, and expects to be ready to submit its application before the end of the year. The Bergsöe lead smelter has begun the application process for the renewal of its environmental permit. Kokkola has requested changes to the water emissions terms of its new environmental permit and the permit has accordingly not, as yet, gained legal force.

Boliden's goal is for all production units to be certified in accordance with the work environment (OHSAS 18001) and external environment (ISO 14001) standards by the end of 2008. By the end of the third quarter, six of Boliden's nine units were environmentally certified and five units were work environment certified.

RISKS AND UNCERTAINTY FACTORS

The Group's and Parent Company's significant risks and uncertainty factors include market and external risks, financial risks, operational and commercial risks, and legal risks. No significant risks, other than those described in Boliden's 2007 Annual Report, are deemed to have arisen.

PREPARATION PRINCIPLES FOR THE INTERIM REPORT

The Interim Report has been prepared in accordance with IAS 34, Interim Reporting. The accounting principles remain unchanged from the annual accounts for 2007. The new or revised IFRS standards or IFRIC interpretations that came into force on 1st January 2008 have had no significant effect on Boliden's financial result or position.

Stockholm, 28th October 2008

Lennart Evrell
President & CEO

AUDITORS' REVIEW REPORT FOR THE INTERIM REPORT**Introduction**

We have reviewed the interim report for the period 1st January 2008 to 30th September 2008 for Boliden AB (publ). The Board of Directors and Chief Executive Officer are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Reports Act. Our responsibility is to express a conclusion on this interim report based on our review.

The focus and scope of the review

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than and the focus is different from that of an audit conducted in accordance with the Standards on Auditing in Sweden (RS) and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not been prepared, in all material respects, in accordance with IAS 34 and with the Swedish Annual Reports Act.

Stockholm, 28th October 2008

Hans Pihl
Authorised Public Accountant

Björn Sundkvist
Authorised Public Accountant

NOMINATION COMMITTEE

The following Members were elected to the Nomination Committee at the Annual General Meeting of the company's shareholders held on 8th May 2008: Anders Algotsson (Chairman of the Nomination Committee) from AFA Försäkring, Lars-Erik Forsgårdh, Michael Gobitschek from Skagen Fonder, Åsa Nisell from Swedbank Robur Fonder, and Anders Ullberg, Chairman of the Board of Boliden.

FINANCIAL CALENDAR

- The 2008 Financial Statement will be published on 13th February 2009.
- The Annual General Meeting will be held on 29th April 2009.
- The Interim Report for January-March 2009 will be published on 29th April 2009.

CONFERENCE CALL AND PRESENTATION**Conference call, online broadcast and presentation (in English)**

The capital market is hereby invited to a presentation of the Interim Report, to be held on 28th October in the World Trade Center, Stockholm. The presentation can also be followed via Boliden's website and by telephone. For further information, please see below.

Date: Tuesday, 28th October

Time: 15.00 CET

Location: World Trade Center, Manhattan Auditorium, Klarabergsviadukten 70 / Kungsbron 1, Stockholm

Telephone no: from Sweden, 08-5051 37 85; from abroad +44 (0) 20 7138 08 26

Contact persons for information:

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Stefan Lundewall, Acting IR contact

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INCOME STATEMENTS

SEK m	Q3 2008	Q3 2007	9 months 2008	9 months 2007	Oct 2007- Sept 2008	Full year 2007
Revenues	7 513	8 166	24 700	25 913	31 990	33 204
Cost of goods sold	-7 398	-6 598	-22 351	-20 352	-28 709	-26 711
Gross profit	115	1 568	2 349	5 561	3 281	6 493
Selling expenses	-115	-106	-374	-297	-483	-406
Administrative expenses	-74	-94	-298	-297	-453	-452
Research and development costs	-98	-70	-285	-214	-393	-322
Other operating income and expenses	29	31	99	82	127	109
Results from participations in associated companies	1	3	4	3	6	6
Operating profit	-142	1 332	1 495	4 838	2 085	5 428
Financial income	6	11	22	70	202	79
Financial expenses	-63	-109	-229	-221	-489	-311
Profit before tax	-199	1 234	1 288	4 687	1 798	5 196
Income tax expense	64	-334	98	-1 264	-48	-1 409
Profit for the period	-135	900	1 386	3 423	1 750	3 787
Earnings per share, SEK ¹⁾	-0.49	3.20	5.07	11.96	6.37	13.37
Shareholders' equity per share, SEK	51.89	44.19	51.89	44.19	51.89	47.28
Number of shares	273 511 169	275 301 169	273 511 169	275 301 169	273 511 169	273 511 169
Average number of shares	273 511 169	281 579 256	273 511 169	286 343 001	275 841 584	283 276 511
Number of own shares held ²⁾	-	14 156 000	-	14 156 000	-	15 946 000

¹⁾ There are no potential shares and, as a result, no dilution effect.

²⁾ During the second quarter 15,946,000 treasury shares were cancelled in accordance with the resolution of the AGM of May 8, 2008.

Other key ratios	Q3 2008	Q3 2007	9 months 2008	9 months 2007	Oct 2007- Sept 2008	Full year 2007
Return on capital employed, %	-3	29	10	35	11	29
Return on shareholders' equity, %	-4	28	14	30	13	26
Equity/assets ratio, %	53	45	53	45	53	47
Net debt/Shareholders' equity, %	37	40	37	40	37	43
Depreciation, SEK m	350	354	1 058	1 049	1 386	1 377
Investments, SEK m	1 157	530	3 091	1 591	4 012	2 512
Capital employed, SEK m	21 310	19 004	21 310	19 004	21 310	20 145
Net debt, SEK m	5 317	4 844	5 317	4 844	5 317	5 524

BALANCE SHEETS

	30th Sept	30th Sept	31st Dec
SEK m	2008	2007	2007
Intangible fixed assets	3 222	3 171	3 197
Tangible fixed assets	15 607	12 786	13 466
Interest-bearing assets	17	23	14
Other financial fixed assets	48	42	46
Inventories	4 952	7 307	6 904
Interest-bearing current receivables	6	7	7
Tax receivables	32	9	143
Other receivables	2 341	3 056	2 576
Liquid assets	784	594	878
Total assets	27 009	26 995	27 231
Shareholders' equity	14 193	12 165	12 932
Pension provisions	510	504	506
Deferred tax provisions	1 779	1 298	1 649
Other provisions	981	1 036	1 031
Interest-bearing long-term liabilities	4 031	3 282	4 434
Interest-bearing current liabilities	1 584	1 681	1 483
Tax liabilities	52	706	183
Other current liabilities	3 879	6 323	5 013
Total liabilities and shareholders' equity	27 009	26 995	27 231

Specification of change in shareholders' equity	30th Sept	30th Sept	31st Dec
SEK m	2008	2007	2 007
Opening balance	12 932	16 089	16 089
Dividend	-1 094	-1 158	-1 158
Share redemption	–	-3 464	-3 464
Buy-back of own shares	–	-2 020	-2 210
Profit for the period	1 386	3 423	3 787
Market valuation of financial instruments, after fiscal effect	978	-701	-104
Translation differences	-9	-4	-8
Closing balance	14 193	12 165	12 932

On 30th September 2008, the market valuation of financial instruments, after fiscal effect, was SEK 217 million.

STATEMENTS OF CASH FLOW

	Q3	Q3	9 months	9 months	Full year
SEK m	2008	2007	2008	2007	2007
Cash flow from operating activities before					
changes in operating capital	-41	1 339	2 096	4 670	4 773
Cash flow from changes in operating capital	1 085	-747	2 370	-1 449	-1 043
Cash flow from operating activities	1 044	592	4 466	3 221	3 730
Investment activities					
- Acquisition of tangible fixed assets	-1 157	-530	-3 091	-1 591	-2 511
- Other	-4	-	-4	-	-7
Cash flow from investment activities	-1 161	-530	-3 095	-1 591	-2 518
Cash flow before financing activities	-117	62	1 371	1 630	1 212
Dividend	-	-	-1 094	-1 158	-1 158
Share redemption	-	-	-	-3 464	-3 464
Buy-back of own shares	-	-1 430	-	-2 020	-2 210
Net borrowing/net amortisation	-83	668	-373	2 409	3 300
Cash flow from financing activities	-83	-762	-1 467	-4 233	-3 532
Cash flow for the period	-200	-700	-96	-2 603	-2 320
Exchange rate difference on liquid assets	2	-	2	1	2
Change in liquid assets	-198	-700	-94	-2 602	-2 318

INCOME STATEMENTS – PARENT COMPANY

SEK m	Q3 2008	Q3 2007	9 months 2008	9 months 2007	Full year 2007
Dividends from subsidiaries	1	0	1	0	2 350
Profit before tax	1	0	1	0	2 350
Taxes	–	–	–	–	–
Profit for the period	1	0	1	0	2 350

The operations of Boliden AB are conducted on commission from Boliden Mineral AB, and hence the results of the operations are reported under Boliden Mineral AB.

BALANCE SHEETS – PARENT COMPANY

SEK m	30th Sept 2008	30th Sept 2007
Participations in Group companies	3 911	3 911
Long-term financial receivables, Group companies	3 179	2 233
Current financial receivables, Group companies	1 583	1 480
Total assets	8 673	7 624
Shareholders' equity	7 090	6 022
Current liabilities to credit institutions	1 583	1 480
Other current liabilities	–	122
Total liabilities and shareholders' equity	8 673	7 624

INFORMATION PER SEGMENT

SEK m	Q3 2008	Q3 2007	9 months 2008	9 months 2007	Full year 2007
SMELTERS					
Revenues	7 725	8 492	25 190	27 323	34 704
Operating profit	-117	617	786	2 297	2 297
Depreciation	198	191	594	578	771
Investments	142	220	462	692	1 008
Capital employed	14 480	16 589	14 480	16 589	16 738
MINES					
Revenues	1 168	1 667	4 066	5 831	7 567
Operating profit	74	691	731	2 599	3 135
Depreciation	152	163	463	471	605
Investments	1 016	310	2 629	900	1 503
Capital employed	7 073	4 859	7 073	4 859	4 970
OTHER/ELIMINATIONS					
Revenues	-1 380	-1 993	-4 556	-7 241	-9 067
Operating profit	-99	24	-22	-58	-4
Depreciation	-	-	1	-	1
Investments	-1	-	-	-1	1
Capital employed	-243	-2 444	-243	-2 444	-1 563
THE GROUP					
Revenues	7 513	8 166	24 700	25 913	33 204
Operating profit	-142	1 332	1 495	4 838	5 428
Depreciation	350	354	1 058	1 049	1 377
Investments	1 157	530	3 091	1 591	2 512
Capital employed	21 310	19 004	21 310	19 004	20 145

Capital employed reported under Other refers, mainly, to market valuations of hedges.

SMELTERS	Q3 2008	Q3 2007	Change in %	9 months 2008	9 months 2007	Change in %
KOKKOLA						
Smelted material, tonnes						
Zinc concentrate	150 499	143 536	5	428 898	431 815	-1
Production, tonnes						
Zinc, tonnes	73 005	77 052	-5	220 511	231 046	-5
ODDA						
Smelted material, tonnes						
Zinc concentrate, incl. zinc clinker	70 016	71 357	-2	210 122	216 286	-3
Production, tonnes						
Zinc, tonnes	39 550	40 424	-2	113 499	118 920	-5
of which reprocessed zinc	0	100		1 009	1 629	
Aluminium fluoride, tonnes	7 879	7 244	9	24 998	26 610	-6
Sulphuric acid, tonnes	27 277	35 517	-23	89 604	95 687	-6
RÖNNSKÄR						
Smelted material, tonnes						
Copper, tonnes						
Primary	150 053	143 669	4	452 821	443 210	2
Secondary	44 144	37 126	19	131 948	116 476	13
Total	194 197	180 795	7	584 769	559 686	4
Production						
Cathode copper, tonnes	55 121	48 228	14	169 130	159 953	6
Lead, tonnes	2 255	4 760	-53	12 151	20 074	-39
Zinc clinker, tonnes	8 753	6 269	40	30 317	24 765	22
Gold, kg	3 329	2 627	27	10 035	9 569	5
Silver, kg	98 369	70 622	39	306 058	264 432	16
Sulphuric acid, tonnes	123 489	128 550	-4	408 469	406 606	0
HARJAVALTA						
Smelted material, tonnes						
Copper concentrate	119 898	115 710	4	391 032	332 643	18
Production, tonnes						
Cathode copper	28 576	18 377	55	91 532	75 100	22
Gold, kg	388	371	5	1 490	2 165	-31
Silver, kg	17 183	5 880	192	41 088	25 000	64
Sulphuric acid, tonnes	164 575	141 057	17	472 967	413 687	14
BERGSÖE						
Production, tonnes						
Lead alloys	7 860	7 986	-2	30 720	32 010	-4
Tin alloys	112	152	-26	457	583	-22

MINES	Q3 2008	Q3 2007	Change in %	9 months 2008	9 months 2007	Change in %
TARA						
Milled ore, ktonnes	573	653	-12	1 809	1 999	-10
Head grades						
Zinc (%)	7.3	7.1	3	8.0	7.9	1
Lead (%)	1.5	1.4	7	1.6	1.5	7
Metal production						
Zinc, tonnes	39 293	43 204	-9	135 988	147 223	-8
Lead, tonnes	4 948	6 050	-18	17 236	19 815	-13
GARPENBERG						
Milled ore, ktonnes	367	319	15	1 009	927	9
Head grades						
Zinc (%)	6.5	6.0	8	6.6	6.1	8
Copper (%)	0.1	0.1	0	0.1	0.1	0
Lead (%)	2.5	2.4	4	2.5	2.4	4
Gold (g/tonne)	0.2	0.3	-33	0.3	0.3	0
Silver (g/tonne)	141	124	14	128	125	2
Metal production						
Zinc, tonnes	21 445	17 562	22	59 837	51 258	17
Copper, tonnes	131	196	-33	451	524	-14
Lead, tonnes	7 401	6 291	18	20 608	18 189	13
Gold, kg	59	78	-24	184	193	-5
Silver, kg	36 692	29 545	24	95 534	86 701	10
THE BOLIDEN AREA						
Milled ore, ktonnes	193	479	-60	967	1 389	-30
Head grades						
Zinc (%)	4.6	4.0	15	3.9	4.8	-19
Copper (%)	1.0	0.6	67	1.0	0.8	25
Lead (%)	0.6	0.5	20	0.4	0.5	-20
Gold (g/tonne)	2.0	1.5	33	1.5	1.6	-6
Silver (g/tonne)	72	60	20	56	67	-16
Metal production						
Zinc, tonnes	6 800	15 334	-56	29 635	53 332	-44
Copper, tonnes	1 446	2 026	-29	7 615	8 878	-14
Lead, tonnes	441	800	-45	1 285	2 625	-51
Gold, kg	257	258	0	844	1 126	-25
Silver, kg	9 114	17 494	-48	34 251	60 261	-43
AITIK						
Milled ore, ktonnes	4 510	4 097	10	12 762	13 412	-5
Head grades						
Copper (%)	0.28	0.32	-13	0.29	0.31	-6
Gold (g/tonne)	0.13	0.14	-7	0.12	0.14	-14
Silver (g/tonne)	2.03	3.87	-48	2.92	3.58	-18
Metal production						
Copper, tonnes	11 091	11 453	-3	32 791	35 573	-8
Gold, kg	295	235	26	745	874	-15
Silver, kg	5 886	10 191	-42	23 585	30 144	-22

**CONSOLIDATED QUARTERLY
DATA**

	Q4 2006	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008
Financial performance, the Group								
Revenues	9 728	8 455	9 292	8 166	7 290	9 303	7 885	7 513
Operating profit before depreciation (EBITDA)	2 551	1 637	2 564	1 686	918	1 592	752	208
Operating profit (EBIT)	2 225	1 286	2 220	1 332	590	1 231	406	-142
Profit before tax	2 185	1 261	2 191	1 234	509	1 133	354	-199
Profit for the period	1 750	921	1 602	900	364	1 263	259	-135
Free cash flow ¹	2 376	1 117	451	62	-418	1 198	290	-117
Earnings per share, SEK	6.04	3.18	5.56	3.20	1.33	4.62	0.95	-0.49
Return on capital employed, %	51	28	49	29	12	25	8	-3
Net debt/Shareholders' equity, %	-1	-8	27	40	43	31	39	37
Metal production, Segment Smelters								
Zinc, tonnes	112 073	114 759	117 731	117 476	112 603	108 807	112 648	112 555
Copper, tonnes	90 653	90 072	78 377	66 605	79 828	91 432	85 533	83 697
Lead, tonnes	7 765	8 229	7 085	4 760	5 791	7 046	2 850	2 255
Lead alloys, tonnes (Bergsöe)	12 025	12 062	11 962	7 986	11 855	11 868	10 992	7 860
Gold, kg	4 535	4 512	4 224	2 998	3 142	4 666	3 143	3 717
Silver, kg	102 989	108 253	104 677	76 502	90 317	136 655	94 940	115 552
Aluminium fluoride, tonnes	7 631	8 980	10 386	7 244	8 223	8 554	8 565	7 879
Metal production, Segment Mines								
Zinc, tonnes	82 040	89 031	86 682	76 100	81 480	82 362	75 561	67 538
Copper, tonnes	19 515	14 703	16 598	13 675	17 827	13 314	14 875	12 668
Lead, tonnes	13 606	13 288	14 200	13 141	13 537	13 362	12 975	12 791
Gold, kg	1 198	739	883	570	642	595	566	611
Silver, kg	55 977	62 303	58 210	58 024	63 165	48 789	53 519	52 261
Metal prices								
Zinc (USD/tonne)	4 194	3 460	3 664	3 238	2 646	2 426	2 115	1 773
Copper (USD/tonne)	7 087	5 941	7 635	7 714	7 239	7 763	8 448	7 693
Lead (USD/tonne)	1 622	1 787	2 182	3 141	3 262	2 891	2 316	1 912
Gold (USD/oz)	614	650	668	679	788	926	897	871
Silver (USD/oz)	12.58	13.29	13.33	12.70	14.21	17.59	17.18	15.09
Exchange rates								
USD/SEK	7.08	7.01	6.87	6.75	6.42	6.29	5.99	6.31
EUR/USD	1.29	1.31	1.35	1.37	1.45	1.50	1.56	1.50
EUR/SEK	9.13	9.19	9.26	9.27	9.30	9.40	9.35	9.47
USD/NOK	6.41	6.23	6.01	5.76	5.44	5.32	5.08	5.36

¹⁾ Refers to cash flow before financing activities.

Sensitivity analysis

The following table shows an estimate of the effect over a 12-month period on the Group's operating profit (EBIT) of changes in market terms on 30th September 2008, based on Boliden's planned production volume. The sensitivity analysis does not take into account the effects of metal price hedging, currency hedging, contracted TC/RC, or stock exposure in the smelters.

Change in metal prices, +10%	Effect on profit, SEK m	Change in in USD, +10%	Effect on profit, SEK m	Change in TC/RC, +10%	Effect on profit, SEK m
Zinc	400	USD/SEK	550	TC/RC Copper	60
Copper	250	EUR/USD	340	TC Zinc	60
Lead	80	USD/NOK	80	TC Lead	-10
Gold	65				
Silver	60				