

**Boliden AB (publ)**

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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<br>2008 | Q3<br>2007 | 9 months<br>2008 | 9 months<br>2007 | Oct 2007 -<br>Sept 2008 | Full year<br>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 <sup>1</sup>                     | -117       | 62         | 1 371            | 1 630            | 953                     | 1 212             |
| Net debt/equity ratio <sup>2</sup> , %          | 37         | 40         | 37               | 40               | 37                      | 43                |
| Return on shareholders' equity <sup>3</sup> , % |            |            |                  |                  | 13                      | 26                |
| Return on capital employed <sup>4</sup> , %     |            |            |                  |                  | 11                      | 29                |

<sup>1</sup> Refers to cash flow before financing activities.

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

<sup>3</sup> Profit after tax divided by average shareholders' equity.

<sup>4</sup> 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**

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

| <b>Operating profit analysis,<br/>SEK m</b> | <b>9 months</b> |
|---|-----------------|
| <b>EBIT 2007</b>                            | 4 838           |
| Exchange rate effects                       | -887            |
| Changes to prices and terms                 | -1 562          |
| Volume variation                            | -414            |
| Costs                                       | -498            |
| Other                                       | 18              |
| <b>EBIT 2008</b>                            | 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<br>2008 | Q3<br>2007 | Change<br>in % | 9 months<br>2008 | 9 months<br>2007 | Change<br>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<br>(USD) | Quantity  | Market value<br>(SEK m) | Coverage rate <sup>1</sup><br>% |
|---|-------------|----------------------|-----------|-------------------------|---------------------------------|
| <b>Copper (tonnes)</b>                              | 2008        | 6 063                | 8 125     | -17                     |                                 |
|   | 2009        | 5 920                | 42 600    | -128                    |                                 |
|   | 2010        | 7 606                | 62 700    | 555                     |                                 |
|   |             |                      |           | <b>410</b>              | 65                              |
| <b>Lead (tonnes)</b>                                | 2008        | 1 230                | 9 525     | -38                     |                                 |
|   | 2009        | 1 252                | 36 300    | -144                    |                                 |
|   |             |                      |           | <b>-182</b>             | 50                              |
| <b>Gold (troy oz)</b>                               | 2008        | 756                  | 24 350    | -24                     |                                 |
|   | 2009        | 702                  | 102 000   | -149                    |                                 |
|   | 2010        | 961                  | 105 850   | 14                      |                                 |
|   |             |                      |           | <b>-159</b>             | 75                              |
| <b>Silver (troy oz)</b>                             | 2008        | 13.64                | 1 830 000 | 8                       |                                 |
|   | 2009        | 14.59                | 5 676 000 | 51                      |                                 |
|   | 2010        | 18.46                | 5 170 000 | 168                     |                                 |
|   |             |                      |           | <b>227</b>              | 75                              |
| <b>Market value of outstanding contracts, SEK m</b> |             |                      |           | <b>296</b>              |                                 |

<sup>1)</sup> 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<br>2008 | Q3<br>2007 | Change<br>in % | 9 months<br>2008 | 9 months<br>2007 | Change<br>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 <sup>1</sup> | Amount sold<br>(USD m) | Market value<br>(SEK m) | Coverage rate <sup>2</sup><br>% |
|---|---------------|-------------------|------------------------|-------------------------|---------------------------------|
| USD/SEK   | 2008          | 6.50              | 97                     | 7                       |                                 |
|   | 2009          | 6.00              | 452                    | 30                      |                                 |
|   | 2010          | 5.30              | 695                    | 30                      |                                 |
|   |               |                   |                        |                         | 45                              |
| <b>Market value of outstanding contracts, SEK m</b> |               |                   |                        | <b>67</b>               |                                 |

<sup>1</sup>) Refers to the average strike rates for currency options.

<sup>2</sup>) 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<br>2008 | Q3<br>2007 | 9 months<br>2008 | 9 months<br>2007 | Full year<br>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 |
|-----------------------------|------|----------|
| <b>EBIT 2007</b>            | 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       |
| <b>EBIT 2008</b>            | -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<br>2008 | Q3<br>2007 | Change<br>in % | 9 months<br>2008 | 9 months<br>2007 | Change<br>in % |
|----------------------------------|------------|------------|----------------|------------------|------------------|----------------|
| 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<br>(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.

| <b>REVENUES, PROFITS AND INVESTMENTS</b> |       |       |          |          |           |
|--|-------|-------|----------|----------|-----------|
| 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.

| <b>Operating profit analysis, Mines</b> |      |          |
|---|------|----------|
| SEK m                                   | Q3   | 9 months |
| <b>EBIT 2007</b>                        | 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        |
| <b>EBIT 2008</b>                        | 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<br>2008 | Q3<br>2007 | Change<br><i>in %</i> | 9 months<br>2008 | 9 months<br>2007 | Change<br><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

Tel: **+46 70 208 32 13**

**INCOME STATEMENTS**

| SEK m   | Q3<br>2008  | Q3<br>2007   | 9 months<br>2008 | 9 months<br>2007 | Oct 2007-<br>Sept 2008 | Full year<br>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           |
| <b>Gross profit</b>                                 | <b>115</b>  | <b>1 568</b> | <b>2 349</b>     | <b>5 561</b>     | <b>3 281</b>           | <b>6 493</b>      |
| 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                 |
| <b>Operating profit</b>                             | <b>-142</b> | <b>1 332</b> | <b>1 495</b>     | <b>4 838</b>     | <b>2 085</b>           | <b>5 428</b>      |
| Financial income                                    | 6           | 11           | 22               | 70               | 202                    | 79                |
| Financial expenses                                  | -63         | -109         | -229             | -221             | -489                   | -311              |
| <b>Profit before tax</b>                            | <b>-199</b> | <b>1 234</b> | <b>1 288</b>     | <b>4 687</b>     | <b>1 798</b>           | <b>5 196</b>      |
| Income tax expense                                  | 64          | -334         | 98               | -1 264           | -48                    | -1 409            |
| <b>Profit for the period</b>                        | <b>-135</b> | <b>900</b>   | <b>1 386</b>     | <b>3 423</b>     | <b>1 750</b>           | <b>3 787</b>      |
| Earnings per share, SEK <sup>1)</sup>               | -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 <sup>2)</sup>             | -           | 14 156 000   | -                | 14 156 000       | -                      | 15 946 000        |

<sup>1)</sup> There are no potential shares and, as a result, no dilution effect.

<sup>2)</sup> 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<br>2008 | Q3<br>2007 | 9 months<br>2008 | 9 months<br>2007 | Oct 2007-<br>Sept 2008 | Full year<br>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           |
| <b>Total assets</b>                               | <b>27 009</b> | <b>26 995</b> | <b>27 231</b> |
| 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         |
| <b>Total liabilities and shareholders' equity</b> | <b>27 009</b> | <b>26 995</b> | <b>27 231</b> |

| 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          |
| <b>Cash flow from operating activities before</b> |              |             |              |               |               |
| <b>changes in operating capital</b>               | -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        |
| <b>Cash flow from operating activities</b>        | <b>1 044</b> | <b>592</b>  | <b>4 466</b> | <b>3 221</b>  | <b>3 730</b>  |
| 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        |
| <b>Cash flow before financing activities</b>      | <b>-117</b>  | <b>62</b>   | <b>1 371</b> | <b>1 630</b>  | <b>1 212</b>  |
| 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        |
| <b>Cash flow for the period</b>                   | <b>-200</b>  | <b>-700</b> | <b>-96</b>   | <b>-2 603</b> | <b>-2 320</b> |
| Exchange rate difference on liquid assets         | 2            | -           | 2            | 1             | 2             |
| <b>Change in liquid assets</b>                    | <b>-198</b>  | <b>-700</b> | <b>-94</b>   | <b>-2 602</b> | <b>-2 318</b> |

## INCOME STATEMENTS – PARENT COMPANY

| SEK m                        | Q3<br>2008 | Q3<br>2007 | 9 months<br>2008 | 9 months<br>2007 | Full year<br>2007 |
|------------------------------|------------|------------|------------------|------------------|-------------------|
| Dividends from subsidiaries  | 1          | 0          | 1                | 0                | 2 350             |
| <b>Profit before tax</b>     | <b>1</b>   | <b>0</b>   | <b>1</b>         | <b>0</b>         | <b>2 350</b>      |
| Taxes                        | –          | –          | –                | –                | –                 |
| <b>Profit for the period</b> | <b>1</b>   | <b>0</b>   | <b>1</b>         | <b>0</b>         | <b>2 350</b>      |

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<br>2008 | 30th Sept<br>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             |
| <b>Total assets</b>                               | <b>8 673</b>      | <b>7 624</b>      |
| Shareholders' equity                              | 7 090             | 6 022             |
| Current liabilities to credit institutions        | 1 583             | 1 480             |
| Other current liabilities                         | –                 | 122               |
| <b>Total liabilities and shareholders' equity</b> | <b>8 673</b>      | <b>7 624</b>      |

**INFORMATION PER SEGMENT**

| SEK m                     | Q3<br>2008 | Q3<br>2007 | 9 months<br>2008 | 9 months<br>2007 | Full year<br>2007 |
|---------------------------|------------|------------|------------------|------------------|-------------------|
| <b>SMELTERS</b>           |            |            |                  |                  |                   |
| 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            |
| <b>MINES</b>              |            |            |                  |                  |                   |
| 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             |
| <b>OTHER/ELIMINATIONS</b> |            |            |                  |                  |                   |
| 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            |
| <b>THE GROUP</b>          |            |            |                  |                  |                   |
| 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.

| <b>SMELTERS</b>                         | Q3<br>2008 | Q3<br>2007 | Change<br>in % | 9 months<br>2008 | 9 months<br>2007 | Change<br>in % |
|---|------------|------------|----------------|------------------|------------------|----------------|
| <b>KOKKOLA</b>                          |            |            |                |                  |                  |                |
| 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             |
| <b>ODDA</b>                             |            |            |                |                  |                  |                |
| Smelted material, tonnes                |            |            |                |                  |                  |                |
| Zinc concentrate, incl. zinc<br>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<br>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             |
| <b>RÖNNSKÄR</b>                         |            |            |                |                  |                  |                |
| 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              |
| <b>HARJAVALTA</b>                       |            |            |                |                  |                  |                |
| 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             |
| <b>BERGSÖE</b>                          |            |            |                |                  |                  |                |
| Production, tonnes                      |            |            |                |                  |                  |                |
| Lead alloys                             | 7 860      | 7 986      | -2             | 30 720           | 32 010           | -4             |
| Tin alloys                              | 112        | 152        | -26            | 457              | 583              | -22            |

| <b>MINES</b>            | Q3<br>2008 | Q3<br>2007 | Change<br>in % | 9 months<br>2008 | 9 months<br>2007 | Change<br>in % |
|-------------------------|------------|------------|----------------|------------------|------------------|----------------|
| <b>TARA</b>             |            |            |                |                  |                  |                |
| 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            |
| <b>GARPENBERG</b>       |            |            |                |                  |                  |                |
| 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             |
| <b>THE BOLIDEN AREA</b> |            |            |                |                  |                  |                |
| 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            |
| <b>AITIK</b>            |            |            |                |                  |                  |                |
| 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 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Financial performance, the Group</b>       |         |         |         |         |         |         |         |         |
| 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 <sup>1</sup>                   | 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      |
| <b>Metal production, Segment Smelters</b>     |         |         |         |         |         |         |         |         |
| 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   |
| <b>Metal production, Segment Mines</b>        |         |         |         |         |         |         |         |         |
| 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  |
| <b>Metal prices</b>                           |         |         |         |         |         |         |         |         |
| 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   |
| <b>Exchange rates</b>                         |         |         |         |         |         |         |         |         |
| 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    |

<sup>1)</sup> 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                      |                        |                         |                       |                         |