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Interim Report, January-June 2009

Higher prices and stable mined production in second quarter

Q2 2009

- Revenues totalled SEK 6,439 million (SEK 7,885 m)
- The operating profit totalled SEK 654 million (SEK 406 m)
- Revaluation of the smelters' process stocks comprises SEK 177 million (SEK -125 m) of this sum
- The operating profit excluding the revaluation of the process stocks totalled SEK 477 million (SEK 531 m)
- Cash flow was stronger compared to the first quarter
- Earnings per share totalled SEK 1.58 (SEK 0.95)

Summary of financial performance

SEK	Q2 2009	Q2 2008	Jan-June 2009	Jan-June 2008
Revenues	6 439	7 885	12 318	17 187
Operating profit (EBIT)	654	406	1 442	1 637
Operating profit ex. revaluation of process stocks	477	531	746	1 457
Profit after financial items	587	354	1 255	1 487
Net profit	432	259	996	1 522
Earnings per share, SEK	1.58	0.95	3.64	5.56
Free cash flow ¹	-97	290	-1 908	1 488
Net debt/equity ratio ² , %	55	39	55	39

¹ Refers to cash flow before financing operations.

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

Q2 2009

Market performance and revenues

Demand for base metals improved slightly in Europe towards the end of the second quarter, partly due to stockpiling by customers ahead of the summer. China's increased demand for base metals had a positive effect on price trends during the quarter.

Boliden's revenues totalled SEK 6,439 million, corresponding to an increase of 10 per cent since the first quarter of the year. Lower sales volumes for copper and gold were compensated for by higher prices for all metals. Revenues declined in comparison with the second quarter of 2008 by 18 per cent, due to lower metal prices and production levels.

Production

Cast zinc production by the smelters was 2 per cent down on levels in the first quarter and 11 per cent down on levels in the second quarter of 2008. Copper production fell by 5 per cent in comparison with the first quarter of the year and was down by 20 per cent in comparison with levels in the second quarter of last year. The decline in copper production since the first quarter of this year is primarily due to maintenance shutdowns at Rönnskär and Harjavalta. The lower levels of zinc and copper production in comparison with last year are the result of the earlier decisions to implement cutbacks in order to adapt production to the reduced demand.

The mines' production remained stable. Zinc production increased by 7 per cent in comparison with the first quarter of the year and by 8 per cent in comparison with the second quarter of 2008. The mines' copper production increased by 6 per cent in comparison with the first quarter but was 6 per cent down on levels during the second quarter of 2008 due to lower production levels in the Boliden Area.

Operating profit

The table below analyses the operating profit trend between the second quarter of 2009 and the corresponding period in 2008, and the first quarter of 2009.

OPERATING PROFIT ANALYSIS			
SEK m	Q2 2009	Q2 2008	Q1 2009
Operating profit	654	406	788
Revaluation of process stocks	177	-125	519
Operating profit ex. process stock revaluation	477	531	269
Analysis of change in operating profit ex. process stock revaluation		Q2 vs. Q2 2008:	Q2 vs. Q1 2009:
Volume effect		-80	-39
Costs		205	70
Prices and terms		-662	386
<i>Metal prices and terms</i>		-857	442
<i>Metal prices and currency hedging</i>		258	-97
<i>TC/RC terms</i>		16	27
<i>Metal premiums</i>		-89	21
<i>Definitive pricing (MAMA)</i>		10	-7
Currency effects		501	-204
<i>Of which translation effects</i>		23	1
Other		-18	-5
Change		-54	208

The operating profit during the second quarter totalled SEK 654 million (SEK 406 m). If the revaluation of the smelters' process stocks is excluded, the profit was SEK 477 million (SEK 531 m).

The second quarter figures include the realised profit on metal price and exchange rate hedging, which totalled SEK 93 million (SEK -165 m).

The effect on the profit for the quarter of definitive pricing (MAMA) totalled SEK 24 million (SEK 14 m).

If the process stock revaluation is excluded, changes in prices and terms had a positive effect on the profit of SEK 386 million in comparison with the first quarter, with the majority of this sum deriving from higher prices. Changes to prices and terms negatively affected the profit to the tune of SEK 662 million in comparison with the second quarter of 2008 as a result of lower metal prices and lower metal premiums. Metal price and currency hedging, which is included in prices and terms, was down by SEK 97 million on the first quarter, but was SEK 258 million higher than the second quarter of 2008.

Cost-cutting measures have principally resulted in lower costs for external services and personnel. Operating costs fell in comparison with last year (excluding raw material purchases) by 1.7 per cent in SEK and by 7.4 per cent in local currencies. In comparison with the first quarter, operating costs fell by 3.2 per cent in SEK and by 2.6 per cent in local currency.

Exchange rate fluctuations – primarily the US dollar's performance – had a negative effect on the operating profit of SEK 204 million in comparison with the first quarter, but had a positive effect of SEK 501 million in comparison with the second quarter of last year.

Net financial items totalled SEK -67 million (SEK -52 m). The deterioration was primarily due to a negative change in the time value of currency options. The increase in interest costs resulting from higher debt was countered by lower interest rates.

The profit before tax totalled SEK 587 million (SEK 354 m). The net profit for the quarter was SEK 432 million (SEK 259 m), corresponding to earnings per share of SEK 1.58 (SEK 0.95).

Cash flow and investments

The cash flow from operating activities totalled SEK 1,449 million (SEK 1,607 m) during the second quarter. Changes in working capital had a positive effect on the cash flow of SEK 371 million (SEK 1,072 m), primarily as a result of reduced stocks.

Investments totalled SEK 1,546 million (SEK 1,316 m). The increase in comparison with the second quarter of 2008 is attributable to the expansion of the Aitik copper mine, where investments during the quarter totalled SEK 1,105 million (SEK 814 m).

The free cash flow totalled SEK -97 million, corresponding to an improvement of SEK 1,714 million in comparison with the first quarter. The reduced working capital and a higher operating profit compensated for the higher level of investment in the Aitik expansion. The free cash flow deteriorated in comparison with the second quarter of 2008 by SEK 387 million, primarily as a result of higher stock levels and higher levels of investment in Aitik.

Financial position

On 30th June 2009, the net debt totalled SEK 8,544 million (SEK 5,137 m) and the net debt/equity ratio at that time was 55 per cent (39%). The average term of Boliden's debt portfolio on 30th June 2009 was 4.3 years (5.4 years) and the average interest rate level within the portfolio at that time was 1.97 per cent (5.63%).

Boliden concluded four-year interest hedging agreements during the second quarter in the form of so-called interest swaps corresponding to 56 per cent of current borrowing. The majority of the debt will consequently have an average fixed interest rate of approximately 3.5 per cent. Interest swaps agreed extend the fixed interest term which, on 30th June 2009, totalled 2.2 years, and will have an effect on Boliden's interest payments and net financial items as of the fourth quarter of the year.

The contribution to shareholders' equity of the net market valuation of currency and raw materials derivatives, after fiscal effects, totalled SEK 1,388 million (SEK -999 m) on 30th June 2009.

Boliden's current liquidity at the end of the second quarter totalled SEK 6,004 million.

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 19 of this Interim Report.

SUMMARY OF BOLIDEN'S PERFORMANCE DURING THE FIRST SIX MONTHS OF THE YEAR

OPERATING PROFIT ANALYSIS		
SEK m	Jan-June 2009	Jan-June 2008
Operating profit	1 442	1 637
Revaluation of process stocks	696	180
Operating profit ex. process stock revaluation	746	1 457
Analysis of change in operating profit ex. process stock revaluation:		
Volume effect	-97	
Costs	233	
Prices and terms	-1 925	
<i>Metal prices and terms</i>	-2 287	
<i>Metal price and currency hedging</i>	666	
<i>TC/RC terms</i>	-9	
<i>Metal premiums</i>	-306	
<i>Definitive pricing (MAMA)</i>	11	
Currency effects	1 101	
<i>Of which translation effects</i>	91	
Other	-23	
Change	-711	

Revenues fell to SEK 12,318 million (SEK 17,187 m) during the first six months of the year. The decline is primarily due to lower prices and reduced production in response to weak demand.

The operating profit fell to SEK 1,442 million (SEK 1,637 m). The operating profit includes a positive effect of SEK 696 million (SEK 180 m) resulting from the revaluation of the smelters' process stocks (primarily copper and zinc).

The period includes the realised profit from metal price and exchange rate hedging, which totalled SEK 283 million (SEK -383 m).

The operating profit, excluding the revaluation of the smelters' process stocks, totalled SEK 746 million (SEK 1,457 m). The table above shows the operating profit trend between the first six months of 2008 and the corresponding period this year.

Net financial items totalled SEK -187 million (SEK -150 m). The deterioration is primarily due to a negative change in the time value of currency options. The increase in interest costs resulting from higher debt was countered by a lower average interest rate.

The cash flow from operating activities totalled SEK 657 million (SEK 3,422 m). Changes in working capital had a negative effect on the cash flow of SEK 1,374 million (SEK +1,285 m). Investments totalled SEK 2,565 million (SEK 1,934 m), with the increased investment level attributable to the Aitik expansion.

MARKET PERFORMANCE

Demand for Boliden's main metals, zinc and copper, is primarily driven by the growth in the construction industry and the transport industry and, in particular, by infrastructural projects. China is the biggest market for base metals. Activity levels rose in the Chinese economy during the second quarter, driven by investments in infrastructure and increased industrial production, and the level of demand in China during the second quarter was as great as the combined demand from the USA and Europe. Demand in mature economies continued to be low, albeit at a somewhat higher level than during the first quarter. Global demand for zinc and copper increased by 7 per cent and 5 per cent, respectively, and in China, by 11 per cent and 7 per cent, respectively, in comparison with the first quarter of this year. In comparison with the second quarter of 2008, global demand for zinc and copper was down by 16 per cent and 13 per cent, respectively. Demand for copper in China increased by 19 per cent in comparison with the corresponding period last year, while demand for zinc fell by 3 per cent. The demand for copper in China is partially attributable to stockpiling.

Zinc

The average price of zinc on the London Metal Exchange (LME) was 26 per cent higher than during the first quarter of the year. The price rose sharply in the beginning of March and continued to rise some way into the second quarter, only to fall again slightly at the end of June. The price of zinc was 30 per cent lower than during the second quarter of 2008.

The lower global demand for zinc has led to closures and cutbacks by both mines and smelters, and hence to lower levels of global production. At the same time, China's share of global demand for zinc metal has risen sharply.

Weak demand for zinc metal in mature economies meant that spot premiums remained low in all regions, but were stable in comparison with the end of 2008. Contract premiums are lower than in 2008.

Remuneration for the smelters' refining of mined concentrate into metal – TC/RC – is controlled by the supply of and demand for mined concentrate between mines and smelters. Spot market TC/RC fell during the first quarter but rose slightly during the second. A high degree of internal zinc concentrate supply is, however, limiting the effect of changes in TC/RC on the Boliden Group's profits as they are redistributed between Smelters and Mines.

Copper

The average price of copper on LME was 36 per cent higher than during the first quarter of this year but 45 per cent lower than during the second quarter of 2008. The price during the second quarter of 2008 was, in historic terms, the highest ever for an individual quarter.

Imports of copper cathodes to China continued to increase during the second quarter at the same time as global production by smelters decreased, resulting in a balanced market. Mined production remained unchanged during the first six months of the year in comparison with 2008.

The continued high levels of copper metal imports to China also improved the balance between supply and demand in Europe, and spot premiums rose to 2009 contract levels.

The limited availability of copper concentrate pushed TC/RC down to low levels in the period up to and including 2008. The reduced demand in mature economies seen since the end of 2008 and throughout the first half of 2009 has resulted in production cuts by the smelting industry. Reduced demand for sulphuric acid, which is a by-product of copper production, has also had a limiting effect on the smelters' production levels.

The slight improvement in concentrate availability in late 2008 and early 2009 resulted in higher TC/RC in the yearly contracts for 2009 – USD 75 (45)/tonne and US\$ 7.5 (4.5)/lb – and a higher spot price. The improved TC/RC are countered by a very low price for sulphuric acid. The increased demand for both copper metal and concentrate in China, coupled with a shortage of copper scrap, has, however, resulted in TC/RC on the spot market coming under pressure during both the first and second quarter of this year.

Sulphuric acid

Sulphuric acid is a by-product of the smelting processes and is primarily used by the artificial fertiliser, pulp, mining and petrochemical industries. Sulphuric acid can only be stored in special tanks and it is consequently vital for smelters to find an outlet for the sulphuric acid they produce and for a balance to obtain between demand for metal and acid.

Demand for sulphuric acid continued weak during the second quarter and has been a limiting factor for the smelting industry.

Other metals

The LME price of lead was an average of 30 per cent higher than in the first quarter of this year and 35 per cent lower than in the second quarter of 2008. Recycled metals meet a high percentage of global lead consumption requirements and, consequently, changes in the supply and demand of lead concentrate do not result in the same volatility as is the case for other base metals. Lower levels of car production worldwide do not affect demand for lead at the same rate, as the aftermarket for batteries is more stable.

Average gold and silver prices rose by 2 per cent and 9 per cent, respectively, in comparison with the first quarter. The price of gold was an average of 3 per cent higher while the price of silver was an average of 20 per cent lower in comparison with the second quarter of 2008.

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 profit performance is affected not only by the spot prices of metals, but by the percentage of 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 metal pricing premiums.

Metal prices (average LME/LBMA)	Q2 2009	Q2 2008	Change in %	Q1 2009	Change in %
Copper (USD/tonne)	4 676	8 448	-45	3 435	36
Zinc (USD/tonne)	1 476	2 115	-30	1 174	26
Lead (USD/tonne)	1 506	2 316	-35	1 160	30
Gold (USD/troy oz)	923	897	3	908	2
Silver (USD/troy oz)	13.76	17.18	-20	12.60	9

Metal prices (average LME/LBMA)	Q2 2009	Q2 2008	Change in %	Q1 2009	Change in %
Copper (SEK/tonne)	37 046	50 581	-27	28 871	28
Zinc (SEK/tonne)	11 693	12 662	-8	9 864	19
Lead (SEK/tonne)	11 931	13 868	-14	9 745	22
Gold (SEK/troy oz)	7 314	5 372	36	7 628	-4
Silver (SEK/troy oz)	109	103	6	106	3

Metal price hedging

The following table is a summary of Boliden's metal price hedging for copper, lead, gold and silver on 30th June 2009 and refers to forecast pricing exposure. 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 profit.

Metal futures					
	Maturity year	Metal price (USD)	Quantity	Market value (SEK m)	Coverage rate ¹ %
Copper (tonnes)	2009	5 810	21 300	138	
	2010	7 606	62 700	1 245	
				1 383	65
Lead (tonnes)	2009	1 213	18 150	-66	
				-66	55
Gold (troy oz)	2009	709	51 000	-91	
	2010	961	105 850	11	
				-80	75
Silver (troy oz)	2009	14.63	2 838 000	14	
	2010	18.46	5 170 000	174	
				188	75
Market value of outstanding contracts, SEK m				1 425	

¹ Approximate coverage rate on outstanding metal positions during the 2009-2010 period in relation to forecast production.

Exchange rates

The majority of Boliden's revenues and the cost of raw materials bought in are in US dollars, but the majority of its other 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 second quarter, the US dollar weakened against the Swedish krona, the Norwegian krone, and the euro, in comparison with the first quarter of 2009. The dollar did, however, strengthen against these currencies in comparison with the second quarter of 2008.

Exchange rate (average)	Q2 2009	Q2 2008	Change in %	Q1 2009	Change in %
USD/SEK	7.92	5.99	32	8.40	-6
EUR/USD	1.36	1.56	-13	1.30	5
EUR/SEK	10.78	9.35	15	10.94	-1
USD/NOK	6.50	5.08	28	6.87	-5

Currency hedging

The following table summarises Boliden's currency futures contracts on 30th June 2009 and refers to forecast currency exposure in USD/SEK. The Boliden Group is otherwise, in every significant respect, exposed to exchange rate fluctuations. The hedging shown below means that changes in the USD/SEK exchange rate have a limited short-term effect on the Group's profit.

Currency futures				
	Maturity year	Forward rate	Amount sold (USD m)	Market value (SEK m)
USD/SEK	2009	8.39	224	156
	2010	8.26	688	394
Market value of outstanding contracts, SEK m				550

SENSITIVITY ANALYSIS

Changes in the market terms for metal prices, in exchange rates and in treatment and refining charges affect Boliden's profit performance. The following table contains an estimate of how changes in market terms from listings on 30th June 2009, calculated on the basis of Boliden's planned production volume, affect the Group's operating profit (EBIT) over the next twelve-month period. 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 USD +10%	Effect on profit SEK m	Change in TC/RC +10%	Effect on profit SEK m
Copper	295	USD/SEK	690	TC/RC Copper	55
Zinc	420	EUR/USD	345	TC Zinc	50
Lead	85	USD/NOK	85	TC Lead	-10
Gold	95				
Silver	75				

Business Area Smelters

Business Area Smelters comprises the Kokkola and Odda zinc smelters, the Rönnskär and Harjavalta copper smelters and the Bergsöe lead smelter. The zinc smelters' production primarily comprises zinc metal, but also includes aluminium fluoride, which is manufactured at Odda. The copper smelters' production primarily comprises copper, gold, silver, lead and sulphuric acid. The copper smelters also recycle metal and electronic scrap and smelt nickel. The lead smelter Bergsöe recycles lead metal, primarily from car batteries.

REVENUES, PROFIT AND INVESTMENTS					
	Q2	Q2	Change	Q1	Change
SEK m	2009	2008	in %	2009	in %
Revenues	6 352	8 043	-21	5 689	12
Operating profit	205	176	17	484	-58
Operating profit ex. revaluation of process stocks	28	301	-91	-35	-
Investments	109	181	-40	76	44
Capital employed	14 624	15 338	-5	15 001	-3

The following table shows Business Area Smelters' operating profit trend between the second quarter of 2008 and the corresponding period in 2009, and the first quarter of 2009.

OPERATING PROFIT ANALYSIS			
SEK m	Q2	Q2	Q1
	2009	2008	2009
Operating profit	205	176	484
Revaluation of process stocks	177	-125	519
Operating profit ex. process stock revaluation	28	301	-35
Analysis of change in operating profit ex. process stock revaluation		Q2 vs. Q2 2008:	Q2 vs. Q1 2009:
Volume effect		-174	-54
Costs		124	49
Prices and terms		-439	141
Currency effects		232	-73
Other		-16	0
Change		-273	63

If the effect of the revaluation of process stocks is excluded, Business Area Smelters' operating profit rose by SEK 63 million in comparison with the first quarter. In comparison with the corresponding period last year, however, the operating profit fell by SEK 273 million. The operating profit excluding the revaluation of process stocks totalled SEK 28 million (SEK 301 m).

Over and above the process stock revaluation, changes to prices and terms had a positive effect on the operating profit of SEK 141 million in comparison with the first quarter of the year, primarily as a result of improved TC/RC terms and metal premiums as well as higher metal prices. Exchange rate fluctuations had a negative effect on the profit of SEK 73 million, while lower volumes affected the profit to the tune of SEK -54 million.

Operating costs fell by 4.0 per cent in SEK and by 3.2 per cent in local currencies in comparison with the first quarter. Costs remained unchanged in Swedish kronor and fell by 7.8 per cent in local currencies in comparison with the second quarter of 2008.

PRODUCTION

	Q2 2009	Q2 2008	Change in %	Q1 2009	Change in %
Zinc, tonnes	100 801	112 648	-11	102 963	-2
Copper, tonnes	68 059	85 533	-20	71 710	-5
Lead, tonnes	2 735	2 850	-4	5 391	-49
Lead alloys, tonnes (Bergsöe)	10 022	10 992	-9	9 451	6
Gold, kg	3 151	3 143	0	3 632	-13
Silver, kg	143 740	94 940	51	133 013	8
Sulphuric acid, tonnes	267 562	303 460	-12	284 996	-6
Aluminium fluoride, ton	8 898	8 565	4	10 542	-16

Information about production at individual units can be found on page 21.

Production of zinc fell by 2 per cent in comparison with the first quarter and by 11 per cent in comparison with the second quarter of 2008. The fall in production in comparison with the second quarter of last year was primarily due to the decision taken to reduce the zinc smelters' metal production as of mid-December 2008 by 60,000 tonnes on a yearly basis, corresponding to 13 per cent of production in 2008. During the third quarter, the zinc smelters will increase production as this can be done profitably, despite the continued weakness in the market.

Copper production was 5 per cent lower than during the first quarter and 20 per cent lower than last year. The reduction since the previous quarter is due to maintenance shutdowns at Rönnskär and Harjavalta. The reduction in comparison with last year is due to the decision to cut production by 68,000 tonnes on a yearly basis, corresponding to 19 per cent of last year's volume. The cutbacks were made in response to the deterioration in market conditions for copper and sulphuric acid. The majority of the production cutbacks have been made in Harjavalta.

The cutbacks at the copper smelters notwithstanding, production levels remained high for precious metals due to the high precious metal grades in copper concentrate bought in. Silver production consequently increased by 8 per cent in comparison with the first quarter of this year.

Maintenance shutdowns at Rönnskär and Harjavalta had a negative effect of SEK 95 million (SEK 100 m) on the Business Area's operating profit. Maintenance shutdowns during the third quarter are expected to impact the operating profit to the tune of SEK -125 million (SEK -100 m).

The agreement with Statkraft in Norway announced in Boliden's press release of 23rd October 2008 was approved and came into force on 1st July 2009, giving Boliden stable and long-term competitive energy costs in Norway. Agreed prices are however higher than the spot market prices.

Business Area Mines

Business Area 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, with variable gold and silver content. Tara produces zinc and lead concentrate.

REVENUES, PROFIT AND INVESTMENTS					
SEK m	Q2 2009	Q2 2008	Change in %	Q1 2009	Change in %
Revenues	1 612	1 332	21	1 457	11
Operating profit	486	201	142	404	20
Investments	1 422	1 135	25	957	49
Capital employed	10 386	6 058	71	9 490	9

The following table shows Business Area Mines' operating profit trend between the second quarter of 2008 and the corresponding period in 2009, and the first quarter of 2009.

OPERATING PROFIT ANALYSIS			
SEK m	Q2 2009	Q2 2008	Q1 2009
Operating profit	486	201	404
Analysis of change in operating profit		Q2 vs. Q2 2008:	Q2 vs. Q1 2009:
Volume effect		95	15
Costs		74	-27
Changes to prices and terms		-155	232
Currency effects		269	-131
Other		2	-7
Change		285	82

Business Area Mines' revenues increased to SEK 1,612 million (SEK 1,332 m). The operating profit rose to SEK 486 million, corresponding to an increase of SEK 82 million in comparison with the first quarter and an increase of SEK 285 million in comparison with the second quarter of 2008. The improvement on the previous quarter is primarily due to the positive trend in metal prices.

Changes to prices and terms collectively had a positive effect on the operating profit of SEK 232 million in comparison with the first quarter. The effect on the profit of the rise in metal prices, which totalled SEK 381 million, was moderated by the negative effects of metal price hedging and increased TC/RC.

Higher volumes had a positive effect of SEK 15 million on the operating profit in comparison with the first quarter. The positive effect of volume variations in comparison with the second quarter of 2008 totalled SEK 95 million, and was due to higher sales volumes for lead and gold, among other things.

Operating costs increased by 2.1 per cent in SEK and by 2.7 per cent in local currencies in comparison with the first quarter. Costs fell by 2.1 per cent in SEK and by 6.5 per cent in local currencies in comparison with the second quarter of 2008. The fall in comparison with last year was primarily due to lower exploration and energy costs.

The action programme designed to enhance efficiency at the Tara zinc mine launched in early 2009 has led to reduced costs and higher production levels. This, combined with higher prices, has resulted in improved profitability and a positive operating profit during the second quarter.

METAL PRODUCTION*

	Q2 2009	Q2 2008	Change in %	Q1 2009	Change in %
Zinc, tonnes	81 608	75 561	8	76 167	7
Copper, tonnes	13 991	14 875	-6	13 165	6
Lead, tonnes	14 916	12 975	15	13 701	9
Gold, kg	701	566	24	700	0
Silver, kg	50 024	53 519	-7	54 826	-9

* Refers to metal content in concentrates.

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

Mined zinc production increased by 7 per cent in comparison with the first quarter of 2009. The majority of the increase in production is due to the substantial improvement in Tara's ore production and the higher throughput at the concentrator, coupled with higher zinc grades. The Business Area's zinc production increased by 8 per cent in comparison with the second quarter of 2008. The positive production trend at Tara and Garpenberg compensated for the Boliden Area's lower production level. Zinc grades at Garpenberg remained high.

Copper production increased by 6 per cent in comparison with the first quarter. At Aitik, higher grades and a high level of capacity utilisation compensated for a slightly lower level of grindability. The Boliden Area's production remained largely on a par with levels in the first quarter of the year but was down by 34 per cent in comparison with the second quarter of 2008. Overall, mined copper production was down by 6 per cent in comparison with the second quarter of last year.

Lead production increased by 9 per cent in comparison with the first quarter and by 15 per cent in comparison with the second quarter of 2008. The increase was primarily due to higher grades at Tara and a higher throughput in the concentrator.

Gold production remained largely on a par with levels during the first quarter of the year and was slightly higher than in the second quarter of 2008. The increase in comparison with last year is due to higher gold grades at Aitik. Silver production fell in comparison with both the first quarter of this year and the second quarter of 2008, mainly due to a lower throughput in the Boliden Area concentrator.

The Aitik expansion

The expansion of Aitik is proceeding on schedule. The project will extend Aitik's lifespan from 2016 to 2027 and will double the amount of mined ore, from 18 to 36 million tonnes per year. The average grade will be lower than current levels in the long-term, but increased ore mining and concentration capacity will mean an increase in copper production.

The increased production capacity is scheduled to come on line in March 2010 and to reach full capacity in 2014.

The total investment sum for the project is estimated at just over SEK 6 billion.

SUSTAINABLE DEVELOPMENT**Employees**

The average number of employees in Boliden at the end of the second quarter was 4,402 (4,600). Of these, 2,410 work in Sweden, 958 in Finland, 688 in Ireland, 332 in Norway and 14 in other countries. This represents a decrease of 206 in comparison with 2008 as a whole, when the average number of employees was 4,608, and a decrease of 198 in comparison with the second quarter of 2008.

The sick-leave rate during the second quarter was 3.9 per cent, corresponding to a decrease in comparison with the first quarter of 2009 of 0.9 percentage points and a decrease of 0.8 percentage points in comparison with 2008 as a whole. Boliden's goal is for the sick-leave rate to be 4.0 per cent or less.

The accident frequency during the second quarter was 4.8 accidents per one million hours worked. This represents an increase in comparison with the first quarter of 2009, when the corresponding figure was 4.5. The figure does, however, represent a decrease in comparison with 2008 as a whole, when the accident frequency was 9.1. Boliden's goal, as of 2009, is for all units to have zero accidents per month. Four of Boliden's nine production units were accident-free during the second quarter.

Environment

Boliden's operations at all of its facilities are subject to licensing requirements and are conducted in accordance with the legislation in the various countries in which they operate. Environmental performance was generally good during the second quarter, in that no limit values were reported to have been exceeded.

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. The global economic climate in general, and global industrial production in particular, affect pricing trends for zinc, copper and other base metals. Uncertainty in the global economic climate may entail increased risks with regard to Boliden's operations and profitability, and to its financial position, including risks that Boliden may come into conflict with loan terms and conditions. For further information on risks and risk management, please see Boliden's 2008 Annual Report under "Risk Management" on page 35.

PREPARATION PRINCIPLES FOR THE INTERIM REPORT

The Consolidated Interim Report has been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU, and with the Swedish Financial Reporting Board recommendation RFR1, complementary accounting rules for Groups, which specifies the supplementary information required in addition to that required under IFRS standards, pursuant to the provisions of the Swedish Annual Accounts Act. This Interim Report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company accounts are prepared in accordance with the Swedish Annual Accounts Act and RFR 2, accounting for legal entities. The Group uses the same accounting principles as those described in the 2008 Annual Report, with the exception of those detailed below.

The revised standard, IAS 1, Presentation of Financial Statements, is applied from 1st January 2009. The standard divides changes in shareholders' equity into those resulting from transactions with owners and other changes. The presentation of changes in shareholders' equity will only contain details of transactions with owners. The "Statement of Comprehensive Income" concept, which shows all income and expense items previously reported under shareholders' equity, is also introduced. Boliden has chosen to present a statement of comprehensive income in a separate report.

IFRS 8 requires information to be presented on the Group's operating segments and replaces the requirement to identify the Group's primary and secondary segments. The implementation of this standard has had no effect on the Group's financial position. The implementation of IFRS 8 has not given rise to any segments other than those reported as primary in accordance with IAS 14.

The Board of Directors and the President certify that the Q2 Interim Report provides an accurate overview of the company's and Group's operations, position and results and that it describes the significant risks and uncertainty factors faced by the company and the companies that make up the Group.

Stockholm, 20th July 2009Anders Ullberg
Chairman

Marie Berglund

Staffan Bohman

Lennart Evrell
President & CEO

Marie Holmberg

Bo Karlsson

Ulla Litzén

Leif Rönnbäck

Matti Sundberg

Anders Sundström

Hans-Göran Ölvebo

The Interim Report for January-June 2009 has not been subject to special review by the company's auditors.

The information provided in the Interim Report comprises the information that Boliden is obliged to present pursuant to the Swedish Securities Market Act and/or the Swedish Financial Instruments Trading Act. The information was released for publication on 20th July.

INTERIM REPORTS

- The Interim Report for January-September 2009 will be published on 26th October 2009
- The Preliminary Financial Statement for 2009 as a whole will be published on 11th February 2010

CONFERENCE CALL AND PRESENTATION

Conference call and online broadcasts (English)

The report will be presented on Monday, 20th July at 15.00 (CET) in the form of a conference call.

To participate in the conference call, please call one of the following telephone numbers a few minutes before the conference starts:

Telephone number from Sweden: 08-5352 6440 (include the area code)

Telephone number from other countries: +44 20 7138 0826

The conference call can also be followed with audio and presentation images via Boliden's website at www.boliden.com.

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CONSOLIDATED INCOME STATEMENTS

SEK m	Q2 2009	Q2 2008	First six months 2009	First six months 2008	July 2008- June 2009	Full year 2008
Revenues	6 439	7 885	12 318	17 187	26 118	30 987
Cost of goods sold	-5 506	-7 166	-10 342	-14 954	-24 220	-28 832
Gross profit	933	719	1 976	2 233	1 898	2 155
Selling expenses	-98	-134	-202	-258	-446	-502
Administrative expenses	-155	-121	-285	-224	-472	-411
Research and development costs	-52	-101	-102	-187	-292	-377
Other operating income and expenses	26	42	54	71	120	136
Results from participations in associated companies	–	1	–	2	1	3
Operating profit	654	406	1 442	1 637	809	1 004
Financial income	2	9	4	16	24	37
Financial expenses	-69	-61	-191	-166	-342	-318
Profit after financial items	587	354	1 255	1 487	491	723
Taxes	-155	-95	-259	35	-81	212
Net profit	432	259	996	1 522	410	935
Net profit attributable to						
The Parent Company's shareholders	431	259	995	1 522	409	935
Minority shareholdings	1	–	1	–	1	–
Earnings and shareholders' equity per share						
	Q2 2009	Q2 2008	First six months 2009	First six months 2008	July 2008- June 2009	Full year 2008
Earnings per share ¹ , SEK	1.58	0.95	3.64	5.56	1.50	3.42
Shareholders' equity per share, SEK	57.22	47.94	57.22	47.94	57.22	58.98
Number of shares	273 511 169	273 511 169	273 511 169	273 511 169	273 511 169	273 511 169
Average number of shares	273 511 169	273 511 169	273 511 169	273 511 169	273 511 169	273 511 169
Average number of own shares held ²	–	–	–	–	–	–

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK m	Q2 2009	Q2 2008	First six months 2009	First six months 2008	July 2008- June 2009	Full year 2008
Net profit	432	259	996	1 522	410	935
Market valuation of financial instruments	-494	361	-1 647	-331	3 271	4 587
Translation differences	-10	-11	2	-9	-30	-41
Tax in relation to other comprehensive income	130	-101	433	93	-848	-1 188
Other net comprehensive income for the period after tax	-374	249	-1 212	-247	2 393	3 358
Total comprehensive income for the period	58	508	-216	1 275	2 803	4 293

Total comprehensive income attributable to:

The Parent Company's shareholders	57	508	-217	1 275	2 802	4 293
Minority shareholdings	1	-	1	-	1	-

Other key ratios	Q2 2009	Q2 2008	First six months 2009	First six months 2008	July 2008- June 2009	Full year 2008
Return on capital employed ¹ , %	10	8	11	17	3	5
Return on shareholders' equity ² , %	11	8	13	23	3	7
Equity/assets ratio, %	49	48	49	48	49	53
Net debt/equity ratio ³ , %	55	39	55	39	55	39
Depreciation, SEK m	402	346	783	708	1 497	1 422
Investments, SEK m	1 546	1 316	2 565	1 934	5 255	4 624
Capital employed, SEK m	26 399	19 727	26 399	19 727	26 399	24 733
Net debt, SEK m	8 544	5 137	8 544	5 137	8 544	6 305

¹ Operating profit divided by average capital employed.

² Profit after tax divided by average shareholders' equity.

³ Net of interest-bearing provisions and liabilities minus financial assets including liquid assets divided by shareholders' equity.

CONSOLIDATED BALANCE SHEETS

SEK m	30 th June 2009	31 st Dec 2008	30 th June 2008
Intangible fixed assets	3 388	3 331	3 188
Tangible fixed assets	19 055	17 192	14 676
Interest-bearing assets	25	22	12
Other financial fixed assets	3	46	48
Inventories	5 045	4 051	5 624
Interest-bearing current receivables	8	7	6
Tax receivables	22	114	33
Other receivables	3 910	4 285	2 643
Liquid assets	718	1 204	982
Total assets	32 174	30 252	27 212
Shareholders' equity	15 650	16 131	13 113
Pension provisions	504	506	505
Deferred tax provisions	2 200	2 410	1 423
Other provisions	1 016	1 018	976
Interest-bearing long-term liabilities	8 476	6 670	4 389
Interest-bearing current liabilities	315	362	1 243
Tax liabilities	25	2	86
Other current liabilities	3 988	3 153	5 477
Total liabilities and shareholders' equity	32 174	30 252	27 212

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

SEK m	30 th June 2009	31 st Dec 2008	30 th June 2008
Opening balance	16 131	12 932	12 932
Dividend	-274	-1 094	-1 094
Minority holding in conjunction with acquisition ¹⁾	8	—	—
Total comprehensive income for the period	-216	4 293	1 275
Closing balance	15 650	16 131	13 113

¹⁾ Refers to KIP Oy, a company for managing shared services within the Kokkola industrial park area.

On 30th June 2009, the market valuation of financial instruments, after fiscal effect, totalled SEK 1,388 million.

CASH FLOW ANALYSIS

SEK m	Q2 2009	Q2 2008	First six months 2009	First six months 2008	Full year 2008
Cash flow from operating activities before changes in operating capital	1 078	535	2 031	2 137	1 576
Cash flow from changes in operating capital	371	1 072	-1 374	1 285	3 894
Cash flow from operating activities	1 449	1 607	657	3 422	5 470
Investment activities					
- Acquisition of tangible fixed assets	-1 546	-1 316	-2 565	-1 934	-4 621
- Other	-	-1	-	-	-12
Cash flow from investment activities	-1 546	-1 317	-2 565	-1 934	-4 633
Cash flow from financing activities	-97	290	-1 908	1 488	837
Dividend	-274	-1 094	-274	-1 094	-1 094
Net borrowing/net amortisation	661	737	1 696	-290	580
Cash flow from financing activities	387	-357	1 422	-1 384	-514
Cash flow for the period	290	-67	-486	104	323
Exchange rate difference on liquid assets	-	-	-	-	3
Change in liquid assets	290	-67	-486	104	326

INCOME STATEMENTS – PARENT COMPANY

SEK m	Q2 2009	Q2 2008	First six months 2009	First six months 2008	Full year 2008
Dividends from subsidiaries	–	1	–	1	768
Profit after financial items	–	1	–	1	768
Taxes	–	–	–	–	–
Profit for the period	–	1	–	1	768

The operations of Boliden AB are, by mutual agreement, conducted on its behalf by Boliden Mineral AB, which means that the profit is reported as part of Boliden Mineral AB.

BALANCE SHEETS – PARENT COMPANY

SEK m	30 th June 2009	31 st Dec 2008	30 th June 2008
Participations in Group companies	3 911	3 911	3 911
Other shares and participations	2	2	0
Long-term financial receivables, Group companies	2 903	3 177	3 179
Current financial receivables, Group companies	1 075	1 120	1 240
Total assets	7 892	8 210	8 330
Shareholders' equity	7 584	7 857	7 090
Current liabilities to credit institutions	308	353	1 240
Total liabilities and shareholders' equity	7 892	8 210	8 330

INFORMATION PER SEGMENT

SEK m	Q2 2009	Q2 2008	First six months 2009	First six months 2008	Full year 2008
SMELTERS					
Revenues	6 352	8 043	12 041	17 465	31 256
Operating profit	205	176	689	903	372
Operating profit ex. revaluation of process stocks	28	301	-6	723	1 162
Depreciation	224	196	447	397	803
Investments	109	181	185	320	737
Capital employed	14 624	15 338	14 624	15 338	13 656
MINES					
Revenues	1 612	1 332	3 069	2 898	5 178
Operating profit	486	201	891	657	734
Depreciation	178	150	336	311	618
Investments	1 422	1 135	2 380	1 613	3 886
Capital employed	10 386	6 058	10 386	6 058	8 292
OTHER/ELIMINATIONS					
Revenues	-1 525	-1 490	-2 792	-3 176	-5 447
Operating profit	-37	29	-138	77	-102
Depreciation	-	-	-	-	1
Investments	15	-	-	1	1
Capital employed	1 389	-1 669	1 389	-1 669	2 785
THE GROUP					
Revenues	6 439	7 885	12 318	17 187	30 987
Operating profit	654	406	1 442	1 637	1 004
Depreciation	402	346	783	708	1 422
Investments	1 546	1 316	2 565	1 934	4 624
Capital employed	26 399	19 727	26 399	19 727	24 733

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

PRODUCTION PER UNIT

SMELTERS	Q2 2009	Q2 2008	First six months 2009	First six months 2008	Full year 2008
KOKKOLA					
Smelted material, tonnes					
Zinc concentrate	137 134	132 050	275 791	278 399	576 239
Production, tonnes					
Zinc, tonnes	68 042	75 598	138 516	147 506	297 722
ODDA					
Smelted material, tonnes					
Zinc concentrate, incl. zinc clinker	58 344	69 942	117 532	140 106	269 820
Production, tonnes					
Zinc, tonnes	32 759	37 050	65 248	73 949	145 469
of which reprocessed zinc	1 281	0	1 281	1 009	1 198
Aluminium fluoride, tonnes	8 898	8 565	19 440	17 119	34 611
Sulphuric acid, tonnes	29 030	32 538	59 260	62 327	112 946
RÖNNSKÄR					
Smelted material, tonnes					
Copper, tonnes					
Primary	126 544	152 584	266 751	302 768	611 202
Secondary	33 425	47 167	67 328	87 804	172 950
Total	159 969	199 751	334 079	390 572	784 152
Production					
Cathode copper, tonnes	44 805	55 786	93 406	114 009	227 774
Lead, tonnes	2 735	2 850	8 126	9 896	14 235
Zinc clinker, tonnes	8 096	11 200	19 347	21 564	40 803
Gold, kg	2 739	2 645	5 901	6 706	13 425
Silver, kg	129 700	83 900	247 018	207 689	429 637
Sulphuric acid, tonnes	113 709	134 111	240 697	284 980	556 863
HARJAVALTA					
Smelted material, tonnes					
Copper concentrate	100 796	125 804	195 063	271 134	529 466
Production, tonnes					
Cathode copper	23 254	29 747	46 363	62 955	121 819
Gold, kg	412	498	882	1 103	2 064
Silver, kg	14 040	11 040	29 735	23 906	58 648
Sulphuric acid, tonnes	124 823	136 811	252 602	308 393	659 095
BERGSÖE					
Production, tonnes					
Lead alloys	10 022	10 992	19 473	22 860	42 577
Tin alloys	123	197	222	345	516

MINES	Q2 2009	Q2 2008	First six months 2009	First six months 2008	Full year 2008
TARA					
Milled ore, ktonnes	684	590	1 279	1 236	2 411
Head grades					
Zinc, %	7.8	8.0	7.8	8.4	7.8
Lead, %	1.6	1.7	1.5	1.6	1.5
Metal production					
Zinc, tonnes	49 919	44 436	92 965	96 695	175 006
Lead, tonnes	6 717	5 232	11 980	12 288	22 631
GARPENBERG					
Milled ore, ktonnes	374	332	726	642	1 365
Head grades					
Zinc, %	7.4	6.7	7.5	6.6	6.9
Copper, %	0.1	0.1	0.1	0.1	0.1
Lead, %	2.7	2.7	2.7	2.6	2.6
Gold, g/tonne	0.2	0.3	0.2	0.3	0.3
Silver, g/tonne	129	127	131	121	130
Metal production					
Zinc, tonnes	24 207	20 056	48 377	38 392	83 938
Copper, tonnes	135	165	269	320	581
Lead, tonnes	7 900	7 284	15 843	13 206	28 514
Gold, kg	49	67	107	124	243
Silver, kg	33 930	32 063	67 606	58 842	130 287
THE BOLIDEN AREA					
Milled ore, ktonnes	271	362	580	774	1 355
Head grades					
Zinc, %	3.9	3.9	4.1	3.8	4.0
Copper, %	1.0	1.1	1.0	1.0	1.0
Lead, %	0.4	0.4	0.5	0.4	0.4
Gold, g/tonne	1.8	1.1	1.8	1.3	1.5
Silver, g/tonne	62	52	73	52	61
Metal production					
Zinc, tonnes	7 482	11 069	16 433	22 836	38 479
Copper, tonnes	1 862	3 131	3 768	6 169	9 413
Lead, tonnes	299	460	794	843	1 896
Gold, kg	289	237	623	587	1 141
Silver, kg	9 309	11 559	23 763	25 137	47 671
AITIK					
Milled ore, ktonnes	4 554	3 924	9 258	8 252	17 813
Head grades					
Copper, %	0.29	0.33	0.28	0.30	0.30
Gold, g/tonne	0.13	0.14	0.13	0.12	0.14
Silver, g/tonne	1.76	3.84	1.92	3.41	2.81
Metal production					
Copper, tonnes	11 994	11 578	23 119	21 700	47 225
Gold, kg	363	262	671	450	1 218
Silver, kg	6 069	9 655	12 558	17 699	32 087

QUARTERLY DATA, THE GROUP

	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009	Q2 2009
Financial performance, the Group								
Revenues, SEK m	8 166	7 290	9 303	7 885	7 513	6 287	5 879	6 439
Operating profit before depreciation (EBITDA), SEK m	1 686	918	1 592	752	208	-127	1 170	1 056
Operating profit (EBIT), SEK m	1 332	590	1 231	406	-142	-491	788	654
Operating profit ex. revaluation of process stocks, SEK m	1 406	867	926	531	125	211	269	477
Profit after financial items, SEK m	1 234	509	1 133	354	-199	-566	668	587
Net profit, SEK m	900	364	1 263	259	-135	-451	564	432
Free cash flow ¹ , SEK m	62	-418	1 198	290	-117	-534	-1 811	-97
Earnings per share, SEK	3.20	1.33	4.62	0.95	-0.49	-1.65	2.06	1.58
Return on capital employed, %	29	12	25	8	-3	-8	12	10
Net debt/equity ratio ² , %	40	43	31	39	37	39	52	55
Metal production, Smelters								
Zinc, tonnes	117 476	112 603	108 807	112 648	112 555	109 181	102 963	100 801
Copper, tonnes	66 605	79 828	91 432	85 533	83 697	88 931	71 710	68 059
Lead, tonnes	4 760	5 791	7 046	2 850	2 255	3 964	5 391	2 735
Lead alloys, tonnes (Bergsöe)	7 986	11 855	11 868	10 992	7 860	11 857	9 451	10 022
Gold, kg	2 998	3 142	4 666	3 143	3 717	3 964	3 632	3 151
Silver, kg	76 502	90 317	136 655	94 940	115 552	141 139	133 013	143 740
Aluminium fluoride, tonnes	7 244	8 223	8 554	8 565	7 879	9 613	10 542	8 898
Metal production, Mines³								
Zinc, tonnes	76 100	81 480	82 362	75 561	67 538	71 963	76 167	81 608
Copper, tonnes	13 675	17 827	13 314	14 875	12 668	16 362	13 165	13 991
Lead, tonnes	13 141	13 537	13 362	12 975	12 791	13 913	13 701	14 916
Gold, kg	570	642	595	566	611	830	700	701
Silver, kg	58 024	63 165	48 789	53 519	52 261	57 115	54 826	50 024
Metal prices								
Zinc, USD/tonne	3 238	2 646	2 426	2 115	1 773	1 189	1 174	1 476
Copper, USD/tonne	7 714	7 239	7 763	8 448	7 693	3 940	3 435	4 676
Lead, USD/tonne	3 141	3 262	2 891	2 316	1 912	1 251	1 160	1 506
Gold, USD/troy oz	679	788	926	897	871	798	908	923
Silver, USD/troy oz	12.70	14.21	17.59	17.18	15.09	10.21	12.60	13.76
Exchange rates								
USD/SEK	6.75	6.42	6.29	5.99	6.31	7.79	8.40	7.92
EUR/USD	1.37	1.45	1.50	1.56	1.50	1.31	1.30	1.36
EUR/SEK	9.27	9.30	9.40	9.35	9.47	10.23	10.94	10.78
USD/NOK	5.76	5.44	5.32	5.08	5.36	6.79	6.87	6.50

¹ Refers to cash flow before financing activities.

² The net of interest-bearing provisions and liabilities minus financial assets including liquid assets divided by shareholders' Equity.

³ Refers to metal content of concentrates.