Annual Report 2004

NEW BOLIDEN

Computers, mobile phones, cars, buildings, bridges. Metals form an important part of many of the things that we regard as necessary to make modern life work. Boliden's task is to meet society's demand for high quality base and precious metals. We do this through innovative and cost-effective exploration, mining, smelting and recycling. Every aspect of our operations is guided by society's demands for safety, environmental protection and ethical business practice.

2004 – one of the best years in Boliden's history

Results

- Net sales increased to SEK 17,928 million (SEK 9,545 m)
- Operating profit rose to SEK 1,666 million (SEK -19 m)
- The profit after financial items improved to SEK 1,200 million (SEK -251 m)
- Net profit increased to SEK 1,055 million (SEK 13 m)
- Earnings per share rose to SEK 4.31 (SEK 0.12)
- Cash flow from operating activities totalled SEK 1,552 million (SEK 956 m)
- The net debt/equity ratio was halved to 74 percent (147%)

Operations

- The refinancing of the company's bank loans totalling EUR 840 million was completed in October
- Two new rights issues, both of which were over-subscribed, were completed during the year
- The goal of operational synergy savings of at least SEK 270 million on a yearly basis will be achieved in full as of 2006
- A good platform for internal and external growth was created
- Increased production of the majority of Boliden's main metals
- Increasing global market prices for all metals that Boliden produces

Outlook for 2005

- Continued healthy results after financial items and a substantial improvement of the free cash flow are expected in 2005, due to, amongst other things, improved efficiency and an expected continuation of the strong market in 2005
- Boliden aims to pay a share dividend as of the 2005 fiscal year

Contents

Stronger and more attractive after a record year

Few years in Boliden's history have been more eventful than 2004. Our first year as new Boliden has included two new rights issues, a refinancing and a streamlining of operations, and the simultaneous launch of a comprehensive and successful process of integration. These measures, coupled with rising metal prices, have helped to transform new Boliden into a stronger company with a better balance sheet and increased potential to take advantage of internal and external opportunities for growth.

A stronger company with every possibility of becoming one of the world's leading producers of zinc and copper. That is the picture for new Boliden after a record year for both results and major changes. We are already Europe's leading company in our sector, and the measures that we have implemented during the past year have enabled us to lay a solid base for continued growth.

Even when we completed the structural deal with Outokumpu, whereby we combined our mining and smelting holdings, we knew that the new company would have world class skills and assets. New Boliden's first year has not only shown that we were correct in this belief but, in addition, that the coordination benefits that we initially envisaged may well turn out to be even greater than anticipated.

We are also pleased to announce that the integration between the various units has gone smoothly and with a total absence of personal prestige to hamper the work – due largely, of course, to the positive response to the changes among our staff. The copper smelters in Harjavalta and Rönnskär, which are already – for all practical purposes – functioning as a single unit, is a prime example of this attitude.

Financial successes

We have, in principle, achieved all of the goals that we set out for the new company's first year of operations. We have completed two successful new rights issues; which were among the biggest in Sweden that year. Both were oversubscribed.

The rights issues not only strengthened our balance sheet, they also allowed us to achieve our goal of broadening the ownership base with a number of major new international investors. Futhermore, they enabled us to increase the liquidity of our share – turnover in the Boliden share has quadrupled. At the same time, our biggest owner, Outokumpu, has reduced its holding from around 49 percent to approximately 16 percent.

The refinancing of Boliden's loans was another important event last year. The tough loan conditions that Boliden was forced to accept in conjunction with the financial crisis that the company suffered in 2000 and 2001 have burdened operations during the past few years. The refinancing of loans for a total of EUR 840 million, which was completed in October 2004, has led to a normalisation of the loan conditions. This will allow, among other things, the payment of a share dividend to our shareholders in the future.

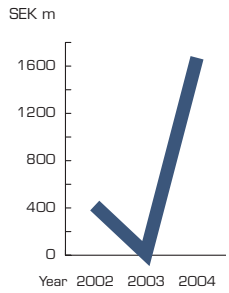
Boliden's successful currency hedging, whereby a significant part of our dollar sales were hedged at a high level, was yet another positive factor in the financial sphere, counteracting the weakening of the US dollar against the krona and the euro during the year.

Operational successes

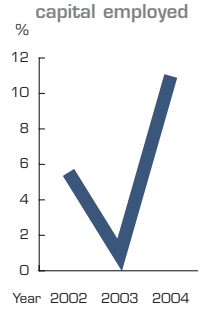
This was also a successful year in an operational sense. The Business Area Mining Operations increased the production of concentrate for the majority of metals that Boliden produces – mainly zinc, lead and gold – in comparison with 2003. The sale of the Canadian mine, Myra Falls, was completed in July, and Boliden's operations are hence now concentrated in northern Europe. The sale is just one example of the operational streamlining currently taking place.

Production at the smelters developed positively in 2004, with both the Rönnskär copper smelter and the Kokkola zinc smelter reporting production records, while Harjavalta reported high levels of copper production. The Odda zinc smelter was modernised and is now one of the most modern zinc smelters in the world. The Bergsöe lead smelter achieved a record result in 2004, despite slightly lower production levels than last year.

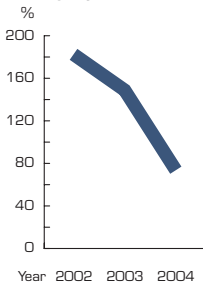
Operating result (EBIT)



Return on capital employed



Net debt/ equity ratio



"We have, in principle, achieved all of the goals that we set for the new company's first year of operations."

The planned sale of this smelter was halted in January 2005 and Bergsöe will henceforth be integrated into the Production Area Copper.

One of Boliden's strengths is the balance between our zinc mining and smelting operations, which allows us to produce metal from our own concentrate. The balance also has positive effects on the company's long-term profitability as we earn money at more stages of the economic cycle – we have a natural hedge against changes in treatment charges and receive the full benefit of changes in metal prices.

We are also striving to increase the balance between mining and smelting operations for copper. Last year, for example, we improved the availability of copper concentrate for the copper smelters through the long-term partnership agreement signed with the Canadian mining company EuroZinc Mining Corporation for deliveries of copper concentrate from the Portuguese Neves Corvo mine.

Positive market trend

The formation of new Boliden occurred at an advantageous point in the business cycle, something which has provided a real boost for the new company. Metal price trends were extremely healthy during the last year after a number of years of falling prices. Substantial price increases for copper, lead, silver and gold were followed during the latter half of the year by a rise in the price of zinc. Global consumption of copper and zinc increased faster than production, and stocks have fallen accordingly. Copper stocks are currently at critically low levels, while zinc stocks did not start to decline until the end of 2004.

The volume of copper concentrate in the market increased in 2004, causing a rise in spot treatment charges. Boliden, which is a net purchaser of copper concentrate, benefits from high treatment charges.

The positive trend in the metals market is driven by a strong demand from Asia in general and China in particular, where industrial production grew by a massive 16 percent in 2004. The growth is strongest in transport and infrastructure – two sectors that consume large volumes of copper and zinc.

In the USA, industrial production rose by 4.5 percent, and this, too, helped increase demand, while the corresponding figure for Europe was a modest 1.7 percent.

The future and financial goals

We see no signs, as yet, of a slowing down in last year's positive metals market trend. The combination of operational improvements, increased synergy benefits, current

metal prices and rising treatment charges are expected, by and large, to outweigh the effects of the ongoing weakness of the US dollar.

Accordingly, we anticipate further strong results in 2005, and expect a substantial improvement in the non-restricted cash flow.

"Boliden aims to deliver added value for its shareholders – both through growth in value and through yield."

In 2004, Boliden's Board of Directors set new financial goals for the operations. One of the overriding goals is for Boliden to deliver added value for its shareholders – both through growth in value and through yield. The target for return on capital employed is to exceed 10 percent over a business cycle. The net debt/equity ratio goal is 0.50-0.75. The Board also decided to set a goal of paying a dividend as of the 2005 fiscal year.

Result

The positive market trend, coupled with high production levels both by mining and smelting operations as well as the coordination benefits from the structural deal with Outokumpu, enabled Boliden to report its best result in modern history. Operating profit for 2004 as a whole increased to SEK 1,666 million, in comparison with SEK -19 million for the previous year. The profit after financial items simultaneously rose to SEK 1,200 million, in comparison with SEK -251 million.

Continued focus on growth

The future also looks bright for Boliden. The all-embracing changes carried out in 2004 – from the structural deal with Outokumpu to the refinancing and new rights issues – have given the company an excellent starting point for playing an active part in the ongoing structural transformation of the industry, where takeovers and partnerships mean that the market will increasingly be dominated by a few large players. We are now focusing on continued growth, both organically and by playing an active part in the ongoing process of consolidation.

This will mean, among other things, an increased focus on exploration with the aim of finding new mineral resources and expanding our ore reserves. The focus on exploration applies both to mine-site exploration and new projects, possibly in partnership with other companies.

We also have a number of potential internal growth projects in the areas of mining and smelting of both copper and zinc. One of Boliden's important principles is that all growth in production must be achieved through the application of the latest technology, which is also the most environmentally friendly. The environmental know-how within the company provides a competitive advantage that we intend to develop even further.

We also intend to explore the potential for new partnerships and acquisitions. Boliden has been a strong brand name for many years, and we are already seeing the effects of the merger with Outokumpu's mines and smelters on the further strengthening of our brand name.

Boliden's vision and mission, our core values and identity, are documented under our brand name platform, entitled "The New Boliden Way". This lays down the direction in which Boliden is going and it is designed to guide every Boliden employee towards achieving the goals that the company has set for its future.

The challenges we face in the year ahead include exploiting the excellent potential that has been generated for Boliden and ensuring that the coordination benefits already identified are genuinely realised. The enthusiasm which our employees and shareholders have shown for developments over the past year gives me every hope that we will succeed.

Stockholm, March 2005

Jan Johansson
President and CEO

Increased liquidity and broader international ownership

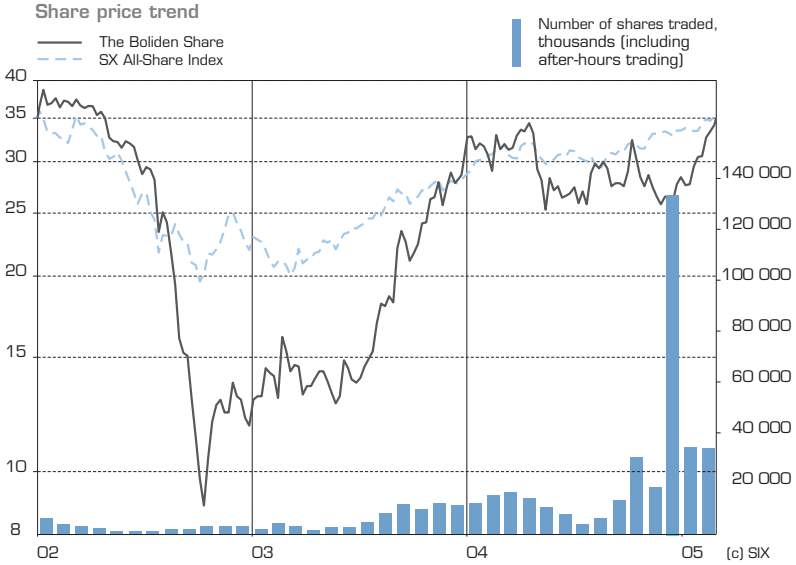
Boliden carried out two new rights issues in 2004, both of which were oversubscribed. The rights issues generated increased liquidity in the share and the average turnover per trading day in the Boliden share more than quadrupled during the year – an increase that was paralleled by an international broadening of the ownership base.

The Boliden share is listed on the O-list of the Stockholm Stock Exchange and is also traded on the Toronto Stock Exchange (TSX), where it has a secondary listing.

Trading and price trend

Since January 2004, the Boliden share has been traded on "Attract 40", where shares with the O-list's highest turnover rate are traded. A total of 273 million (62.5 m) Boliden shares were traded on the Stockholm Stock Exchange in 2004, corresponding to a turnover rate of 180 percent (73%). The average trade in the Boliden share quadrupled to 1,100,000 (250, 000) shares per trading day. A full lot corresponds to 500 shares. In 2004, the share price fell from SEK 32.73 (adjusted for issues) at the beginning of the year to SEK 28.40 at the end of the year – a fall of 13 percent. The Stockholm Stock Exchange's SAX index noted a rise of 18 percent (30%). The Boliden share is included in the Stockholm Stock Ex-change's SX 15 Materials industry index, which noted a rise of 2 percent (15%) during the year. The highest price paid during the year was SEK 35.10 (5th April) and the lowest, SEK 24.60 (17th May). At the end of 2004, Boliden's market value had increased to SEK 8.2 billion (SEK 6.5 b).

Share price trend



Rights issues

Boliden carried out two new rights issues in 2004, both of which were oversubscribed. In April 2004, an underwritten rights issue was carried out as an integral part of the structural deal with Outokumpu, and generated SEK 1,361 million for Boliden. A directed rights issue of 37 million shares for Swedish and international institutional shareholders was carried out in December. The subscription price for the new shares was SEK 25 per share. The directed rights issue generated SEK 889 million for Boliden and was designed to further improve Boliden's financial position, to broaden its ownership, and to improve the share liquidity.

Ownership structure

Boliden's ownership structure has been broadened in 2004 and early 2005 thanks to an increase in the number of Swedish and international institutional investors. This broadening of the ownership was made possible partly by the directed rights issue of 37 million new Boliden shares and partly by the reduction by Outokumpu, Boliden's principal owner, of its holding in the company by 47 million shares. In March 2005, Outokumpu reduced its holding in Boliden further from 26.6 percent to 16.2 percent of the company. The biggest directly registered owners in Boliden at the beginning of March were Outokumpu (16.2 percent), Skandia (3.6%), the Odin group (2.7%), SEB investment funds (2.7%) and Nordea investment funds (2.4%). As of 11th March, Boliden had 70,091 (72,448)

Shareholders

	No. shares and votes	% of shares and votes
For. nominee acc.	81 671 798	28.22
Outokumpu	46 839 712	16.19
Skandia	10 207 697	3.53
Royal Trust Corp.[1]	8 550 050	2.95
Odin group	7 781 983	2.69
SEB invest. funds	7 661 000	2.65
Nordea invest. funds	7 071 142	2.44
Carl Bennet AB	6 436 365	2.22
Afa Försäkring	5 128 500	1.77
GLG Capital	4 593 435	1.59
Robur funds	4 447 750	1.54
Catella funds	4 016 500	1.39
Total, biggest	**194 405 932**	**67.18**
Other	**94 981 237**	**32.82**
Total	**289 387 169**	**100.00**

[1] Royal Trust Corporation of Canada
Source: VPC as of 11th March 2005

Distribution of shares, as of 11th March 2005

	No. shareholders	% of no. of shareholders, %	No. shares owned	% of share capital
1–1 000	62 420	89.0	13 418 728	4.6
1 001–5 000	6 178	8.8	14 129 802	4.9
5 001–10 000	766	1.1	5 855 797	2.0
10 001–50 000	479	0.7	9 645 618	3.3
50 001–100 000	74	0.1	5 423 868	1.9
100 001–	174	0.3	240 913 356	83.3
Total	**70 091**	**100.00**	**289 387 169**	**100.00**

Key ratios per share

SEK (unless otherwise indicated)	2004	2003	2002
Shareholders' equity			
Before dilution	30.96	36.25	30.18
After dilution	30.91	36.16	30.05
Earnings			
Before dilution	4.31	0.12	1.54
After dilution	4.30	0.12	1.53
Cash flow	-2.06	5.67	-0.16
Dividend	–	–	–
P/E ratio, multiple[1]	6.59	258	7.54
Share prices[1]			
Year's highest	35.10	31.12	39.75
Year's lowest	24.60	11.61	7.66
At year-end	28.40	30.96	11.61
Market capitalisation, SEK m	8 219	6 461	1 236
Turnover rate, %[1]	180	73	33
No. of shareholders[2]	70 091	72 448	72 717

[1] Recalculated for the bonus issue effect of the rights issue
[2] As of 11th March 2005

shareholders, making the share one of the most widely held on the Stockholm Stock Exchange. Foreign ownership totalled 62 percent (65%) of votes and capital, and the combined institutional ownership totalled approximately 71 percent (46%).

Share capital

The company's Articles of Association state that Boliden's share capital shall be no less than SEK 150 million and no more than SEK 600 million. Each share represents one vote and grants equal entitlement to the company's profit and assets.

Dividend policy

Boliden's Board of Directors intends to propose to the General Meeting of shareholders that no dividend be paid for the 2004 financial year. Boliden's Board of Directors has established a dividend policy whereby approximately 1/3 of the profit after tax shall be paid in dividends over the course of an economic cycle. The Board of Directors takes the company's developmental and investment requirements into account in its annual dividend proposal. The Board's goal is to propose to the General Meeting that a dividend be paid, in accordance with this policy, as of the 2005 financial year.

Shareholder information

Boliden's homepage, www.boliden.com provides constantly updated information on Boliden, the Boliden share, metal prices, quarterly reports and Annual Reports, along with details of how to contact Boliden's Investor Relations.

Europe's leading mining and smelting company – aiming for world leadership in the industry

The launch of new Boliden on 1st January 2004 created one of Europe's biggest mining and smelting companies. Much work has been done during the past year to draw up strategic guidelines for the new company. As a result, Boliden has decided to focus on developing and strengthening its existing operations, i.e. its mining and smelting operations within the fields of its main metals; zinc and copper. The goal is to become one of the world's leading companies in this sector.

A summary of how Boliden plans to achieve this is presented below.

New Boliden runs copper and zinc mining and smelting operations. The company also produces and sells lead, precious metals, sulphur products, and lead- and tin alloys. The operations are concentrated on the early processing stages of the metal industry's value chain, i.e. on exploration, mining, smelting, and refining. Recycling of metals also comprises a growing part of the business.

Boliden has mines at Aitik, the Boliden Area and Garpenberg in Sweden, and at Tara in Ireland. The company has two zinc smelters, one at Kokkola in Finland and one at Odda in Norway. Boliden also has two copper smelters, one at Harjavalta in Finland and one in Sweden, at Rönnskär, together with a lead smelter at Bergsöe in Sweden. The head office is located in Stockholm. The company has around 4,500 employees. Its share is listed on the O-list "Attract 40", of the Stockholm Stock Exchange, and has a secondary listing on the Toronto Stock Exchange in Canada.

Business concept

Boliden's business concept is to extract minerals and produce high-quality metals in a cost-effective and environmentally-friendly way, and to exploit the commercial opportunities that the market offers, thereby creating value for shareholders, customers and employees.

Market position

Boliden is one of Europe's leading integrated producers of zinc and copper. According to information supplied by industry analyst company Brook Hunt, the company is the largest producer of mined zinc in Europe (sixth largest in the world) and the third largest zinc smelting company in Europe (number five in the world). Boliden is also the third largest copper smelting company in Europe (fourteenth in the world), and the European market leader in the rapidly growing metal recycling industry.

Boliden's operational goals

- to be a leading integrated mining and smelting company
- to improve the balance between its mining and smelting operations
- to be one of the industry's most cost-effective companies

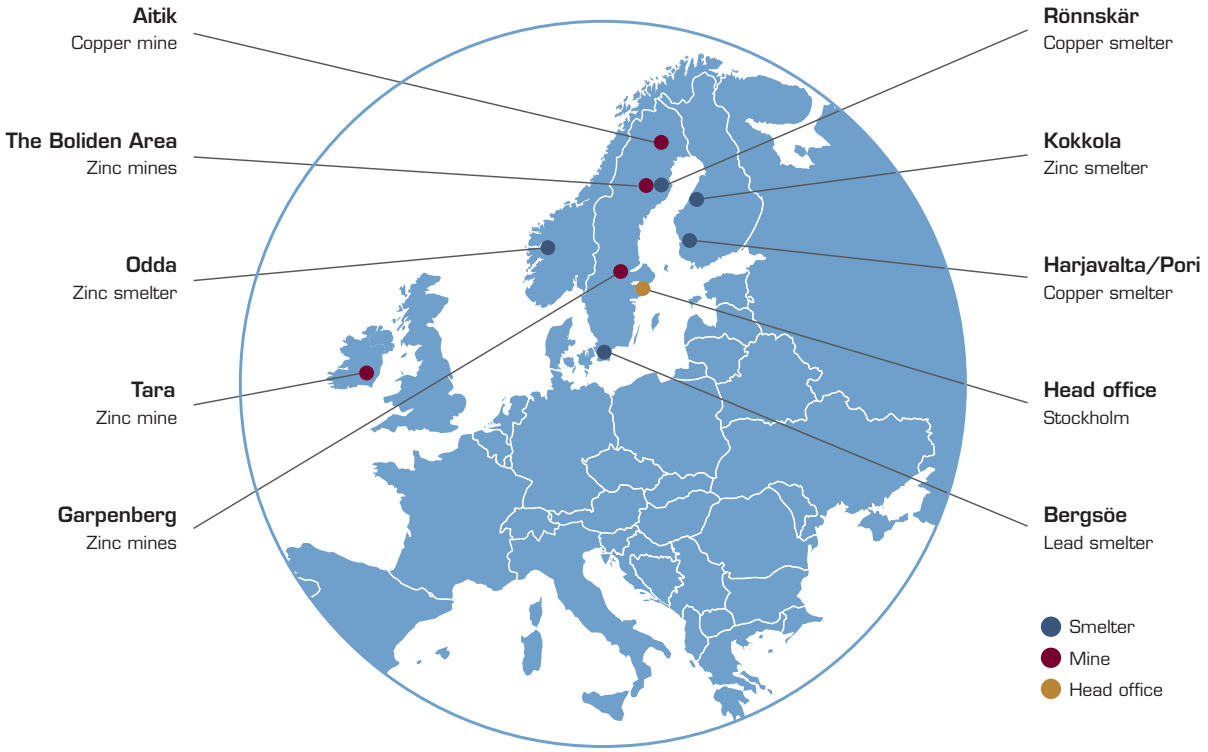
Boliden's financial goals

- to deliver added value for its share holders via growth in value and yield
- to generate a return on capital invested exceeding 10 percent over an economic cycle
- to achieve a net debt/equity ratio of 50-75 percent
- to pay dividends as of the 2005 financial year

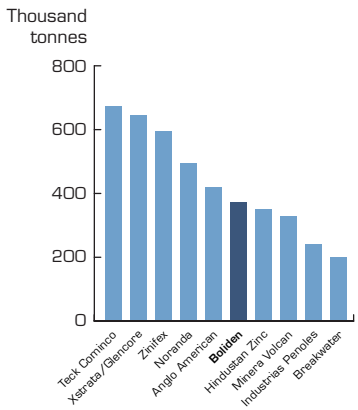
Strategies

Boliden's goal of becoming a leading integrated mining and smelting company will be achieved through a combination of organic growth and participation in the consolidation of the industry. Boliden has established a unique and strong position

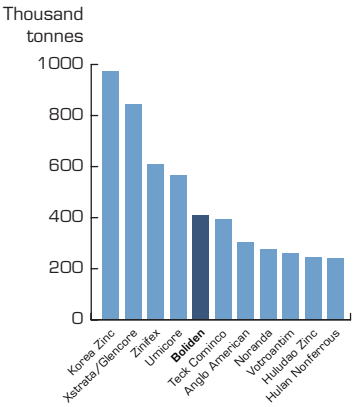
Boliden has production units in Sweden, Finland, Norway and Ireland



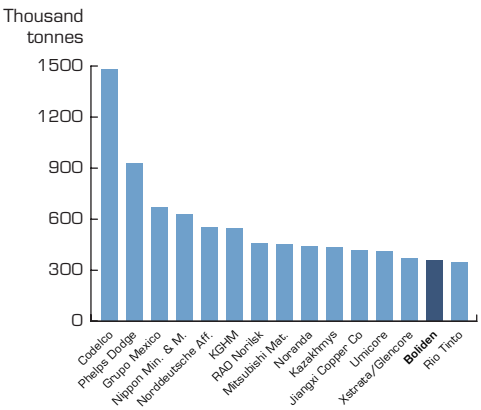
Zinc mining – global production, 2004



Zinc smelting – global production, 2004



Copper smelting – global production, 2004



Source: Brook Hunt

in zinc and copper, primarily in Europe. This position gives Boliden an advantage and an important platform for exploiting the external strategic opportunities generated by the ongoing consolidation of the industry.

Boliden also aims to improve the balance between its mining and smelting operations in order to optimise a continuous generation of value throughout the economic cycle of metals.

Economies of scale are key with regard to cost cutting and efficiency-boosting. Boliden will optimise the use of the latest technology currently installed in Boliden's smelters.

Boliden will achieve its goals by implementing the following measures:

ONGOING OPERATIONAL EFFICIENCY-ENHANCEMENTS

- Raising of cost-effectiveness and increased productivity through continuous improvements and economies of scale

DEVELOPMENT OF EXPLORATION

- Priority to mine-site exploration to develop and strengthen the ore reserve base
- Active search for potential new mining projects, focusing on copper
- Cooperation with exploration partners

IMPROVEMENT OF THE BALANCE IN THE MATERIALS FLOW BETWEEN MINING AND SMELTING OPERATIONS

- Expansion of metal recycling
- Long-term supply agreements, coupled with strategic alliances (such as the Neves Corvo mine in Portugal), or minority holdings
- Commercial partnerships
- Acquisitions designed to secure the availability of concentrate

ORGANIC GROWTH OPPORTUNITIES

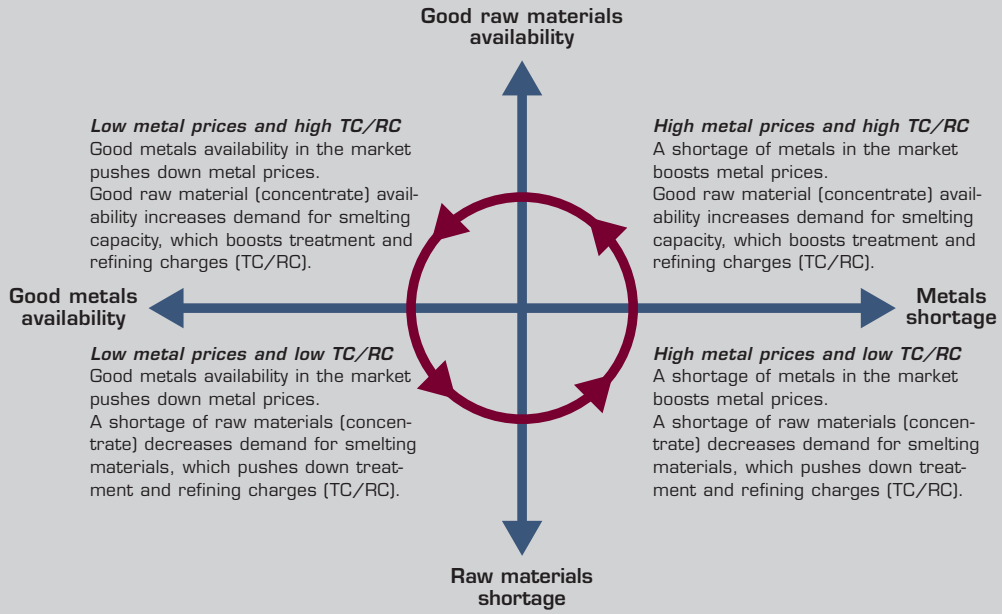
- Expansion of Aitik and Garpenberg
- Coordination and expansion of copper smelting operations
- Expansion of the zinc smelter capacities at Odda and Kokkola

EXPLOITATION OF THE POTENTIAL ARISING FROM ONGOING CONSOLIDATION OF THE MINING AND SMELTING INDUSTRY

- Boliden has excellent potential for playing an active part in the ongoing consolidation of the industry, thanks to its global position in the zinc and copper mining and smelting industry

The business cycle of metals

The diagram below illustrates how Boliden's main metals, zinc and copper, behave throughout the business cycle and how the availability or shortage of metals and raw materials (concentrate) affect metal prices and treatment and refining charges (TC/RC).



Vision: Boliden – a world class metals partner

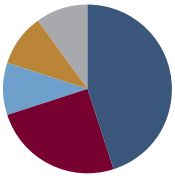
By world class, Boliden means leadership in the areas that are important to its customers and other interested parties. Boliden aims to be an industry leader with regard to:

– Responsibility
– Reliability
– Customer satisfaction
– Performance

Mission: Boliden – produces metals that make our modern life work

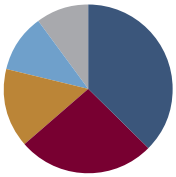
In order to satisfy the requirements of the public sector, as well as industrial and private consumption – and in order to contribute to the functioning of modern society – Boliden produces high quality base metals and precious metals through exploration, mining, smelting and recycling. Boliden's processes are innovative and cost-effective. At every stage of the operations, the utmost is done to meet society's demands for safety, environmental protection and ethical business practice.

Increased demand shrinks stocks



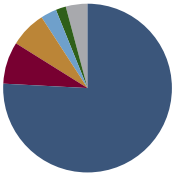
ZINC
Western world. Source: Brook Hunt

Construction industry	45 %
Transport	25 %
Industrial machinery	10 %
Consumer products	10 %
Other	10 %



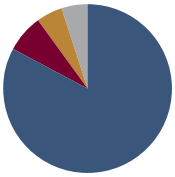
COPPER
Western world. Source: Brook Hunt

Constuction industry	37 %
Electrical/electronics industry	26 %
Industrial machinery	15 %
Transport	11 %
Consumer products	11 %



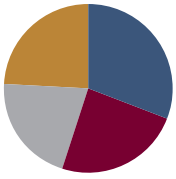
LEAD
Western world. Source: Brook Hunt

Batteries	76 %
Pigments/chemical products	8 %
Rolled/extruded products	7 %
Alloys	3 %
Protective cable sheathing	2 %
Other	4 %



GOLD
Whole world. Source: CRU, GFMS

Jewellery	83 %
Electronics	7 %
Dental products	5 %
Bar collecting	5 %



SILVER
Whole world. Source: CRU

Jewellery/silverware	31 %
Photographic products	24 %
Electrical/electronics industry	21 %
Other	24 %

Increasing prices and shrinking stocks characterised the metals market in 2004. The trend was mainly driven by China, the world's biggest consumer of copper and zinc, where the ongoing expansion of the transport system and infrastructure is consuming large quantities of both metals.

Global consumption of metals is expected to grow by around 3 percent per annum over the next 10 years. Around 40 percent of this growth is expected to take place in China. The forecast is based on the enormous growth that has taken place in the Chinese economy in recent years. In 2004 alone, industrial production in China increased by 16 percent.

The upturn in metal prices in 2004 can largely be explained by developments in China – China consumes around 20-25 percent of all zinc produced globally, for example. During the past year, for the first time ever, the country was a net importer of the metal, substantial domestic levels of zinc production notwithstanding. China's mining of zinc ore was, however, negatively affected by disruptions of electricity supplies, something which also affected Chinese smelters.

Other parts of the world also showed good economic growth, benefiting metal price trends. In the USA, for example, industrial production rose by 4.5 percent. Europe, however, reported a considerably more modest growth of around 1.7 percent.

Driving forces

Several factors influence the price of base metals, the most important being changes in industrial supply and demand. One of the biggest buyers of both zinc and copper is the construction industry, and prices are hence heavily influenced by economic fluctuations. The activities of dominant financial players in the metals market also have an important effect. The price of precious metals is, furthermore, determined to some extent by political factors.

Base metal prices are set daily on the London Metal Exchange (LME), whilst the price of precious metals is set by the London Bullion Market Association (LBMA). The price of the metal concentrate produced by the mines is set by taking the current global market price for the payable metal content, less treatment and refining charges, making any adjustments required for quality.

Treatment and refining charges are the remuneration received by the smelters for processing the metals. They are negotiated annually by the major players in the mining and smelting industry. Mines benefit from high metal prices and low treatment charges, whilst smelters benefit from high treatment charges.

A majority of the trade on the LME – around 65 percent – is conducted by investment funds, banks and other players outside of the metals industry.

Zinc

The biggest consumers of zinc are the construction and automobile industries – zinc is used to galvanise steel and there-


工美珠宝首饰行
春秋
西服公司

by prevent corrosion. These industries collectively account for around 70 percent of total consumption.

China, Australia, Peru, Canada and the USA are among the world's biggest mining producers of zinc, while the massive steelworks in China, the USA, Japan and Germany are among its biggest consumers.

The trade in zinc concentrate – what the mines produce, in other words – is global, while sales of zinc metal – the end product of the smelters – usually take place in the vicinity of the smelters, due to the high cost of transportation. Price is the primary means of competition, although factors such as quality and ability to deliver also play a part.

The zinc market is relatively fragmented with numerous players. This is equally true with regard to mine and smelter ownership. This has resulted in poor discipline when it comes to adapting production to demand. The high cost associated with closing down mining and smelting production has helped to ensure that the majority of zinc producers have opted to maintain operations, even during periods when this entails making a loss.

The long-lasting recession for zinc over the past decade has led to increasing industry consolidation, with takeovers, mergers and reduced mine production. At the same time, demand for the metal has increased, driven not least by the strong developmental trend in China. This has resulted in stocks of zinc concentrate falling dramatically, primarily over the past year, and in the smelters experiencing a shortage of the raw material. This shortage of zinc concentrate is expected to continue for the next few years.

The imbalance in the zinc market has led to a rise in the price of zinc. The increase was particularly marked during the last quarter of 2004 and the first few months of 2005. At the same time, treatment charges continued to come under pressure due to the shortage of concentrate.

Boliden's current production of zinc metal accounts for around 17 percent and 4.1 percent of the total European and global production, respectively. The company's mining production of zinc accounts for 43.8 percent and 3.9 percent of the total European and global production, respectively. A total of approximately 10.4 million tonnes of zinc with a combined value of approximately SEK 80 billion were consumed worldwide in 2004.

Copper

Copper is excellent at conducting heat and electricity, and is consequently used in electric power distribution systems, electrical equipment and heat exchangers, etc. The construction of new infrastructure currently in progress in China is consequently consuming vast amounts of copper. The biggest consumers of the metal are, in other words, the construction, electrical and electronics industries. Copper is also an important component of cars and white goods, for example.

The biggest producers of copper are Chile, China, Japan, the USA, Russia, Germany, Poland and Peru, while the biggest consumers, apart from China, include the USA, Japan, Germany and South Korea.

The copper metal market is dominated by a few large integrated mining and smelting companies. There are also a number of independent smelters in Japan and Europe, whose raw material supplies come from a variety of mining companies. The smelters are often located in the vicinity of the major producers of semi-finished goods in the industrial countries of western Europe, Asia and the USA.

The trade in both copper concentrate and copper metal is global. The last 20 years have seen a gradual increase in the over-production of copper, due to the launch of several new large production units and the simultaneous introduction of new and efficient extraction technology. This has resulted in stocks building up and prices falling for several years in succession. The market has, however, adapted to these conditions in the past few years, and production has been cut at the same time as demand for copper has increased, leading to a reduction in stocks. In 2004, the LME stocks of copper fell by around 80 percent, while copper prices rose by 60 percent.

Treatment and refining charges for copper have fluctuated greatly since 1997, reaching their lowest levels ever, calculated in real terms, in early 2004. During the second quarter of 2004, however, a substantial recovery began and this upturn has continued in early 2005.

Boliden's mining production of copper accounts for around 9.6 percent of the

total European production. Boliden also accounts for 14.4 percent and 2.3 percent of the total European and global production of copper metal, respectively. A total of approximately 16.9 million tonnes of copper with a combined value of approximately SEK 335 billion were consumed worldwide in 2004.

Other metals

Lead is primarily used to produce lead batteries. Lead concentrate has been in very short supply in recent years. As a result of low lead prices over a long period, there are scarcely any true lead mines left. The lead concentrate produced today is primarily a by-product of zinc and silver mines. The major mining producers of lead include China, Australia, the USA and Peru.

Rather than using concentrate, lead smelters use secondary lead to a very large extent, primarily from lead batteries. The market for secondary lead is fragmented, with many small suppliers feeding the lead smelters. Recycling levels for lead batteries are high in the industrial countries at over 90 percent. Boliden's lead smelter Bergsöe, which had a 3 percent share of the European lead market in 2004, is the biggest purchaser of used lead batteries in the Nordic region.

There has been a downward trend in the global production of lead concentrate for several decades, but this has been compensated for by an up-turn in the production of secondary lead. The reduction in lead consumption for environmental reasons has, instead, been compensated for by an increase in batteries for energy storage, where recycling is simple and environmentally friendly. Lead production and consumption levels in China have also been high for some time. The lead market is heavily dependent on car production levels, primarily in Europe and the USA. The price of lead has varied considerably more than those of copper and zinc in the past 20 years, but as with these metals, the lead price rose markedly in 2004 – by a massive 72 percent on the previous year's levels.

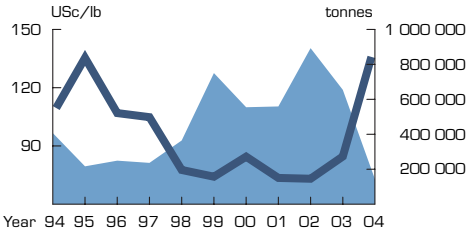
Gold is not only present in complex ores, it is also extracted at smelters from electronic waste, etc. The primary areas of use are in the manufacture of precious objects, ornamental items, jewellery, electrical contacts and connectors in the telecommunications technology and electronics industries. The biggest producer of gold is South Africa, accounting by itself for approximately 15 percent of the total global gold mining production.

The price of gold remained consistently low during the period from 1998 to 2001, but in 2002, it returned to the high levels 1997. This was due to gold once again beginning to attract investors as the US dollar weakened and both global political uncertainty and inflationary fears increased. But the considerable fluctuations in the price of gold in 2003 notwithstanding, the trend was clearly upwards. In the autumn, the price reached its highest level in seven years. The trend continued in 2004 and by the end of the year, the price of gold had risen by 13 percent on the previous year's levels.

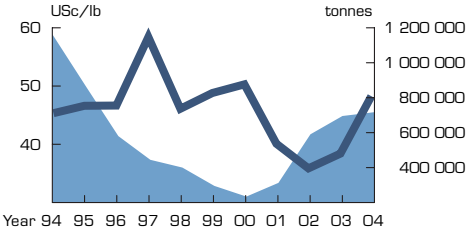
Photographic film is one of the main uses for silver, but the metal is also used in electrical conductors, advanced electrical equipment, and the manufacture of jewellery. The world's biggest silver producers include Mexico, Peru, Australia and China.

The price of silver is affected by actual supply and demand to a greater extent than that of gold. Demand has outstripped supply in recent years, pushing the price upwards. In 2004, the price of silver rose by 36 percent following a 20 percent increase in the previous year.

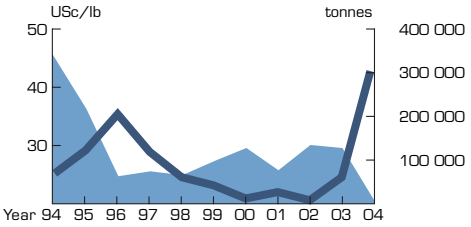
Copper – price and stocks



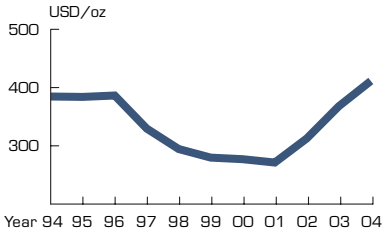
Zinc – price and stocks



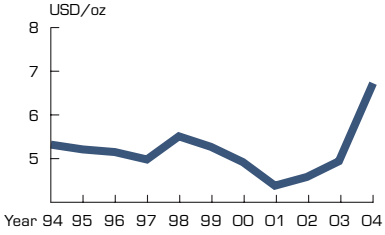
Lead – price and stocks



Gold – price



Silver – price



Source: Ecowin

Task: identifying new business opportunities

Purchases of raw materials for smelters and sales of the output from Boliden's mines and smelters are coordinated by the Business Area Marketing & Sales. Its tasks include securing the supply of materials for the smelters and handling risk management and logistics. A single shared organisation, close to the customers, also facilitates the discovery – and exploitation – of business opportunities.

Marketing & Sales is divided into two areas – one for zinc, Zinc Commercial, and one for copper, Copper Commercial. The reason for this division is that the markets – and the commercial arrangements applied in those markets – are different for these two metals. Staff functions such as accounts, risk management and logistics, are, however, shared.

Zinc Commercial has offices in Rotterdam in the Netherlands, Stockholm in Sweden, and Espoo in Finland. Boliden adopted a similar methodology for its copper trading in early 2004, with Copper Commercial located close to the Swedish copper smelter at Rönnskär and in Espoo, Harjavalta and Pori in Finland. Lead trading will also be integrated into this unit during 2005.

The Business Area Marketing & Sales does not work exclusively with these main products, however; it also coordinates sales of sulphuric acid.

The Business Area has a total of 35 employees at present, but this figure will rise with the transfer of certain personnel to Marketing & Sales from Mining Operations and Smelting Operations.

Goals

The overall goal of the operations is to strengthen competitiveness by ensuring that the company's resources are used in the best possible way – and by ensuring that the focus is always on the company's overall profitability. This can involve, for example, selling the raw material produced in-house when it is most profitable to do so and using it for the company's own smelters when that yields the highest margins.

The coordination is designed to improve our exploitation of the business opportunities offered – and thereby bring about a faster decision-making process and an optimisation of revenues.

Other objectives include ensuring that Boliden's smelters have access to raw materials and optimising logistics. Substantial amounts of both concentrate and sulp-

huric acid pass through the company and the coordination of transports is thus an important area for cost-cutting.

Over and above these duties, the Business Area Marketing & Sales also works alongside Boliden's Treasury department in the field of risk management with regard to metal and currency hedging.

Customer structure

The zinc metal produced by Boliden's smelters is primarily sold as a protection against corrosion. The biggest customer group comprises steelworks, which use the metal for galvanisation in order to prevent the steel from corroding. In terms of volume, the biggest markets are the UK and Germany, as well as Boliden's domestic markets, Finland and Sweden. The Business Area has around 200 customers, the biggest of which are the Arcelor Group and Rautaruukki. There are considerably fewer customers for copper – around ten. The biggest of these are the Swedish firm, Elektrokoppar, and Outokumpu in Finland. Other customers are primarily located in the UK and France. Purchases and sales, of both copper and zinc, are usually based on long-term agreements, with some of the conditions being renegotiated once a year. Close and amicable customer relationships hence have a high priority, providing a good insight into planned operational changes on the part of suppliers and customers alike allowing Boliden to adapt its production accordingly.

The marketing department in Rotterdam directs the zinc trade:

Using logistics to generate satisfied customers and maximum profitability

From the Red Dog mine in Alaska, via the Boliden Kokkola smelter in Finland, to the steelworks in Germany. Zinc is often transported over large stretches of the globe as it moves from being a raw material to an end-product. This logistical and planning challenge is handled at Boliden by the Marketing Department in Rotterdam. There are two overriding goals: satisfied customers and good profitability, based on reliable deliveries coupled with a minimum of tied-up capital.

Boliden sells a large proportion of the zinc metal produced by the company to the major steelworks throughout Europe, which in turn use it in the production of galvanised steel for the car industry, for instance. Steelworks are very demanding when it comes to getting the right quality metal in the right quantities – right when they need it. Delivery reliability is, in other words, one of Boliden's most important competitive weapons. At the same time, it is important for Boliden that stocks are kept low and that the capital is tied up for as short a time as possible.

The right production – at the right time

Boliden Commercial AB in Sweden is the customers' contractual partner, or principal, but it is Boliden's Marketing Department in Rotterdam that is tasked with ensuring that both the customers' and the company's profitability goals with regard to the zinc trade are met in practice. Approximately fifteen people work with market analysis and procurement, through sales, to logistical planning. The challenges include ensuring that the right quantities are produced – and that the deliveries from the company's smelters, Boliden Kokkola in Finland and Boliden Odda in Norway, are made at the right time. The group also works, together with Boliden's Treasury department, with risk management, including metal and currency hedging.

"We monitor the customers' development work closely in order to identify new business opportunities. One of the advantages of having sections of the marketing operations located in Holland is our geographical proximity to many of our

customers," says Kim Ventin, Operations Manager at Boliden Zinc Commercial.

Smelting processes are choosy

It's not only the customers that are demanding – zinc smelters are choosy too. If the processes are to function optimally, they must be fed with exactly the right composition of raw material, i.e. the zinc concentrates. The concentrates that the mines worldwide produce contain different percentages of metals – the amount of zinc varies, as does the amount of other metals, such as iron and copper. No mine contains an optimum blend – which means that raw materials must be bought from different mines and mixed before being added to the smelting processes.

The stocks of the Boliden Kokkola and Odda smelters contain black heaps of concentrate from, for instance, the Red Dog mine in Alaska – the world's biggest zinc mine – side by side with heaps of the powder-like raw material from Antamina in Peru and Boliden's own mines. Electrolytic manufacturing processes transform the zinc concentrates into a metal – either SHG (Special High Grade) or CGG (Continuous Galvanising Grade). SHG is the bulk product, while CGG, which is alloyed with aluminium, is a specialist product.

European customers

As one vessel leaves port at Kokkola or Odda, another docks. The raw material shipments arrive from all over the world at the same time as Boliden Kokkola is loading two time-chartered vessels with zinc metal, which are shipped on to customers in Germany, Belgium and France, etc.

"All of the major steelworks in northern and central Europe buy zinc metal from Boliden – the main restriction on selling the metal outside of this area is the high transport costs," says Kim Ventin.

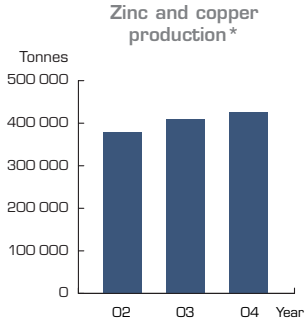
The ships sail on two week routes and dock in a number of ports in northern Europe, where the zinc ingots are reloaded onto trucks.

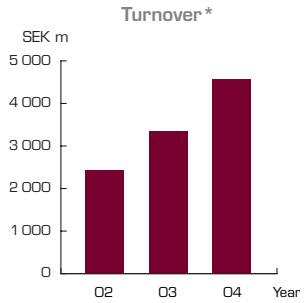
Deliveries are planned every autumn

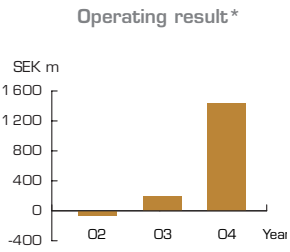
The strategy for raw materials procurement entails having long-term agreements that cover the raw material requirement for a minimum of the next two or three years. Boliden Kokkola and Boliden Odda supply around 280,000 tonnes and approximately 160,000 tonnes of zinc metal per annum, respectively, to the total of approximately 200 customers. This requires massive amounts of raw material. Every autumn, raw material deliveries for the coming year are planned in order to guarantee a good concentrate mix and, at the same time, to minimise raw material stocks. The content of the concentrates that the world's mines produce is carefully analysed and as soon as a new mine is established, this is also included in the complicated optimisation system.

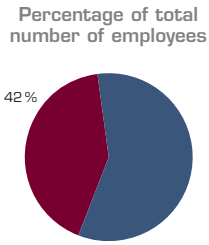
"Our goal is to deliver an end product of the right quality, in the right quantity, at the right time – and with maximum profitability. And we are constantly working on refining our methodology to increase our success even further, says Kim Ventin.

Increased exploration and efficient operations for continued success









* Unrevised pro forma figures for 2002 and 2003

Increased production, mainly of zinc, lead and gold, coupled with a sharp rise in metal prices, all helped to ensure a positive performance by the Business Area Mining Operations in 2004. New Boliden's main strength in the context of its mining operations is competitive cost levels (cash cost). The challenges it faces include developing this advantage – while ensuring that it continuously creates the conditions for establishing new ore reserves through efficient exploration.

Operations

New Boliden's most important metals are zinc and copper, but the company also mines both lead and the precious metals, gold and silver. The mining operations are conducted in three areas in Sweden – Aitik, the Boliden Area and Garpenberg – and at Tara in Ireland. All of Boliden's mines are underground mines, with the exception of Aitik and Maurliden. Maurliden is part of the Boliden Area.

Aitik

Aitik, outside Gällivare, is one of Europe's biggest copper mines and has been operational since 1968. The mine comprises an almost 3 km long and 330 m deep open-pit. Approximately 18 million tonnes of ore containing copper, gold and silver are mined and milled every year at Aitik. The facility produces just over 200,000 tonnes of copper concentrate annually, which are transported by rail to the Rönnskär smelter, 400 kms to the south.

Ore availability is not an immediate problem for Aitik, but the exploration work in and around the mine area has been intensified in recent years with the aim of increasing Boliden's identified mineral resources in the area, thereby enabling the company to create the conditions necessary for an increase in production.

Aitik has approximately 380 employees.

Boliden Area (BAO)

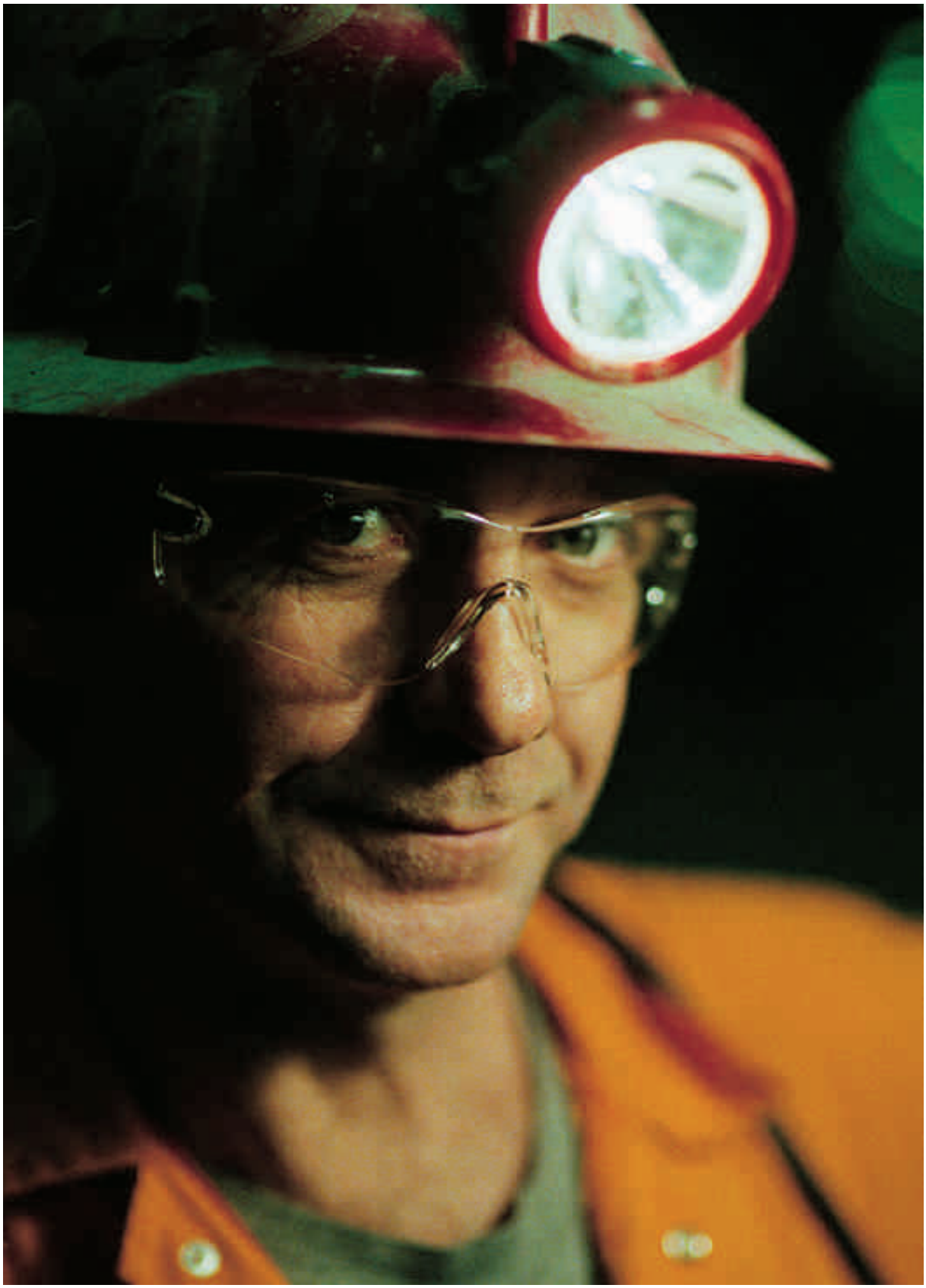
The Boliden Area comprises the Kristineberg, Renström, Petiknäs and Maurliden mines. The original Boliden mine was depleted in 1967. Boliden also operates the Storliden mine, which is owned by North Atlantic Natural Resources, (NAN). Boliden sold its 37 percent holding in NAN in December 2004, but continues to act as a contractor at the Storliden mine.

The town of Boliden lies around 30 kms west of Skellefteå. The concentrator at Boliden is nowadays used to treat ore from the five mines in the area. There is also a gold leaching facility connected to the concentrator.

All of the mines currently in operation in the Boliden Area mine complex ores comprising zinc, copper, lead, gold and silver.

Kristineberg, which at 1,170 m is Sweden's deepest mine, became operational in 1940. In 2004, the mine produced around 550,000 tonnes of ore. The Renström mine, where mining began in 1952, produced around 215,000 tonnes, while the Petiknäs mine, operational since 1992, produced around 290,000 tonnes. The


BOLIDE



Maurliden mine, which opened in 2000, mined approximately 250,000 tonnes in 2004. The concentrator in Boliden treats ore from the NAN-owned Storliden mine, which produced approximately 290,000 tonnes in 2004.

Around 1.6 million tonnes of ore from these mines are treated every year into concentrates containing zinc, copper and lead, together with the precious metals, gold and silver. The copper and gold concentrates are shipped to the Rönnskär copper smelter, while much of the zinc concentrate is delivered to Boliden's zinc smelters at Kokkola in Finland and Odda in Norway. The rest of the zinc concentrate is sold, along with the lead concentrate, to smelters throughout Europe.

Boliden is currently engaged in extensive exploration work in the area in order to secure future mineral resources. The area is thought to contain significant, unidentified resources, and historically speaking, has continually yielded new mineralisations.

The Boliden Area employs a total of approximately 430 people.

Garpenberg Area

Boliden operates the Garpenberg and Garpenberg Norra mines near Hedemora, 200 kms west of Stockholm. Boliden bought the Garpenberg mine in 1957, but mining operations have been conducted in the area for hundreds of years. Operations began at Garpenberg Norra in 1972. The mines have been linked to one another since 2004 via a connecting drift.

Garpenberg's ore bodies contain zinc, lead and silver, together with some copper and gold. The ore from the Garpenberg mines is treated at the area's concentrator, which has a capacity in excess of one million tonnes a year. The main products are zinc and lead concentrates, but copper and precious metals concentrates are also produced. Zinc production currently totals around 55,000 tonnes a year.

The copper, lead and precious metals concentrates are shipped to the Rönnskär smelter, while the zinc concentrate is delivered to Boliden's Kokkola and Odda smelters and to external smelters in Europe.

As a result of intensive exploration work, Boliden has discovered an extensive mineralisation, known as Lappberget and located between the two mines in the area. The results of the exploration work to date have been encouraging, with indications of extensive zinc, lead and silver mineralisations. The task of identifying and categorising the resources in Lappberget is in progress. Mining in the area began in 2004 and Lappberget is expected, in future, to account for the biggest percentage of total production in the area.

An extension of the already identified Dammsjö mineralisation from the connecting drift between the Garpenberg mine and Garpenberg Norra was discovered around the 800 m level during the year. Investigations of the zone are continuing, and production has already begun.

The Garpenberg area employs around 270 people.

Tara

Tara is a zinc and lead mine located near Navan, 50 kms north-west of Dublin in Ireland. Tara is Europe's biggest zinc mine. Drilling work began in the area in 1970 and production started in 1977.

Tara is an underground mine. The ore body has been successively expanded through exploration and acquisitions in the Bula/Nevinstown area, where mining began in 2004. The Tara concentrator, which has a capacity of 2.8 million tonnes per year, produces zinc and lead concentrates that are shipped to Boliden's Kokkola and Odda smelters and sold to other European customers. Tara has the capacity to produce 400,000 tonnes of zinc concentrate a year, and in 2004, the zinc metal content of the concentrate reached an historically high level at over 213,000 tonnes.

Production at Tara has increased to around 2.5 million tonnes of ore per year as a result of efficiency-boosting programmes and investments totalling around EUR 100 million in recent years. These measures have also reduced the operating costs per unit, allowing Tara to report a positive result for 2004. Additional production increases are expected at Tara over the next few years.

Tara employs around 660 people.

Exploration

Exploration is fundamental to the mining industry, as the operations depend on the addition of new deposits. Exploration work was intensified in 2004 and additional resources will be invested in the years ahead. Boliden invested around SEK 120 million in exploration in 2004, compared with approximately SEK 60 million (excluding Tara) in the previous year. In 2005, this sum is expected to rise to about SEK 147 million.

Of the SEK 120 million invested in 2004, approximately SEK 80 million went to mine-site exploration and the rest to field exploration. This ratio illustrates Boliden's exploration strategy, which prioritises mine-site exploration. New discoveries close to an existing mine mean that the time from discovery to production can be reduced. Mine-site exploration work is currently being conducted in the vicinity of all of the existing mines in Sweden and in Ireland, with particular emphasis on Garpenberg and the Boliden Area.

The primary objective of field exploration is to secure mineral resources in the medium and long term. The interval between a discovery and a mine becoming operational is usually 5-10 years, sometimes longer. Field exploration in recent years has been concentrated on a small number of areas, where it now has been intensified. The most important area for field exploration is currently the Skellefte field, as it is important to add new mineral resources. Field exploration is also being conducted in Ireland and in Bergslagen, with work in the latter area being carried out in partnership with the Canadian mining company, Inmet Mining.

The agreement with Inmet Mining was extended during the year until 2009, and additional exploration partnerships may be implemented in the future.

The exploration work in 2004 resulted, for instance, in new deposits being found at all of our existing mines, the most interesting being at Kristineberg in the Boliden Area and at Garpenberg and Aitik. An application to enlarge the exploitation concession at Aitik was submitted in early 2005. The positive price trend for gold, which Boliden estimates will be long-term, has justified the resumption in 2004 of studies of the gold mineralisation at Åkulla, which was discovered in 1997 and is part of the Boliden Area. It is envisaged that, by the end of 2005, the data thus acquired will be sufficient to enable a decision to be taken on whether to mine the mineralisation.

Boliden's ore reserves and mineral resources are shown in tables on p. 88-89.

Competition

The end product from the mines is concentrate, which is sold to smelters for refining into metal. An increasing percentage of the mined production goes to Boliden's own smelters.

Cost (cash cost) is the most important competitive factor in the mining industry, although factors such as delivery reliability and quality also play a part. The market is currently undergoing a restructuring. The trend is towards fewer, but larger players.

Five major mining companies dominate the market for mined copper production, namely Codelco (Chile), Phelps Dodge (USA), BHP Billiton (Australia, UK), Anglo American (UK) and Rio Tinto

(UK). Boliden accounts for approximately 0.6 percent of global mined production of copper and is hence ranked 19th in the world.

The zinc mining market is still relatively fragmented, but five of the world's biggest producers currently account for almost 30 percent of the global production of concentrate. The three biggest producers of mined zinc are Teck Cominco (Canada), Zinifex, formerly known as Pasminco (Australia), and Anglo American (UK). Boliden is the sixth largest global producer of mined zinc.

Production and technical development

One of Boliden's strengths is its in-depth experience of the mining industry. This know-how is utilised both in the context of efforts to find new deposits and with regard to the development of existing mining production as well as measures aimed at improving its efficiency. This is critical in terms of the company's ability to continue to generate positive results, even when metal prices are low.

Ongoing efficiency-boosting work has contributed to production increases in 2004 in comparison with the previous year for most of the metals that Boliden produces. Cost levels (cash cost) at Boliden's mines are now competitive and it is estimated that further improvement will be possible in this area in the year ahead.

Boliden has highly developed technology for processing low-grade ores. Another area in which the company has world-leading technology is that of production control, known as flow-control production, which is important to the productivity of both Boliden's underground and open-pit mines. Mining methods for deep-seated deposits are another prioritised development area. Some of Boliden's mines operate at depths in excess of 1,000 m, which means strict demands on planning and technology as a result of in-creasing rock pressure, for instance. Development at the concentrators is primarily focused on process automation.

Investments in the Business Area Mining Operations totalled SEK 699 million in 2004, in comparison with SEK 745 million in the previous year. SEK 352 million (SEK 427 m) of this total is attributable to the preparation work required to mine ore deposits.

Metal production*

	2004	2003	Change in %
Copper (t)	86 692	88 398	-2
Zinc (t)	374 950	339 708	10
Lead (t)	54 458	48 160	13
Gold (kgs)	5 691	4 677	22
Silver (kgs)	238 569	260 137	-8

*Unrevised pro forma figures for 2003

Important events during the year

- Investments in exploration increased dramatically
- Sharply rising metal prices – the average price of copper rose by 60 percent during the year, by 26 percent for zinc, by 74 percent for lead, by 13 percent for gold, and by 36 percent for silver
- Total production of the majority of Boliden's metals increased
- Production of zinc increased at Tara, primarily as a result of higher head grades in the ore mined from, for instance, the new Nevinstown ore body, which was gradually brought into production during the latter half of the year
- Continued good production levels at Garpenberg
- Total copper production was on a par with last year
- The result for the Boliden Area improved, despite lower production levels
- Aitik's result improved due to higher copper and gold head grades

Turnover and result

Turnover from Boliden's mining operations totalled SEK 4,568 million for the year as a whole, in comparison with SEK 3,346 million the previous year. At the same time, the operating result improved substantially to SEK 1,395 million (SEK 192 m), corresponding to an operating margin of 30.5 percent (5.7%).

The operating result was positively affected by higher metal prices, higher production and lower treatment and refining charges, and by the sale of land at the Tara mine (SEK 175 million). The result was, at the same time, negatively affected by reduced revenues resulting from a deterioration in the US dollar exchange rate in comparison with last year.

Mines*

SEK m	2004	2003	Change in %
Turnover	4 568	3 346	37
Operating profit	1 395	192	627
Depreciation	469	474	-1
Investments	699	745	-6
Capital employed	3 361	3 086	9

*Unrevised pro forma figures for 2003

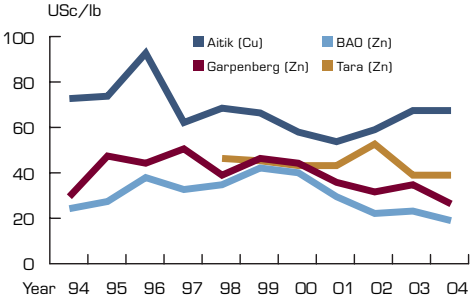
Outlook for the future

The long-term investments in exploration and measures designed to boost the efficiency of the mining operations mean that the future looks bright for the company's mining operations.

Cost levels (cash cost) in Boliden's mines are competitive from an international standpoint and the ongoing investments will see a further development of this competitive advantage.

A further improvement in cost levels is expected this year, and metal prices are also expected to continue their positive trend.

Cash cost



“Synergies are achieved between people – not machines”



“One of the main driving forces behind the formation of new Boliden was the opportunity to achieve coordination benefits. And in one year, we have come a great deal further than anyone expected, with regard to both cutting costs and increasing income. The focus now is on such areas as procurement,” says Tom Niemi, Vice President and responsible for the synergy effort within new Boliden.

Since Boliden and Outokumpu decided to merge their mining and smelting operations, the new company has been working intensively to secure the synergy benefits that both companies hoped could be realised through the merger. It was envisaged that the benefits would be achieved by factors such as larger volumes, the introduction of best practice, operational coordination, and the cutting of administration costs. After just over one year as a single company, the progress made in these areas has been greater than anyone expected.

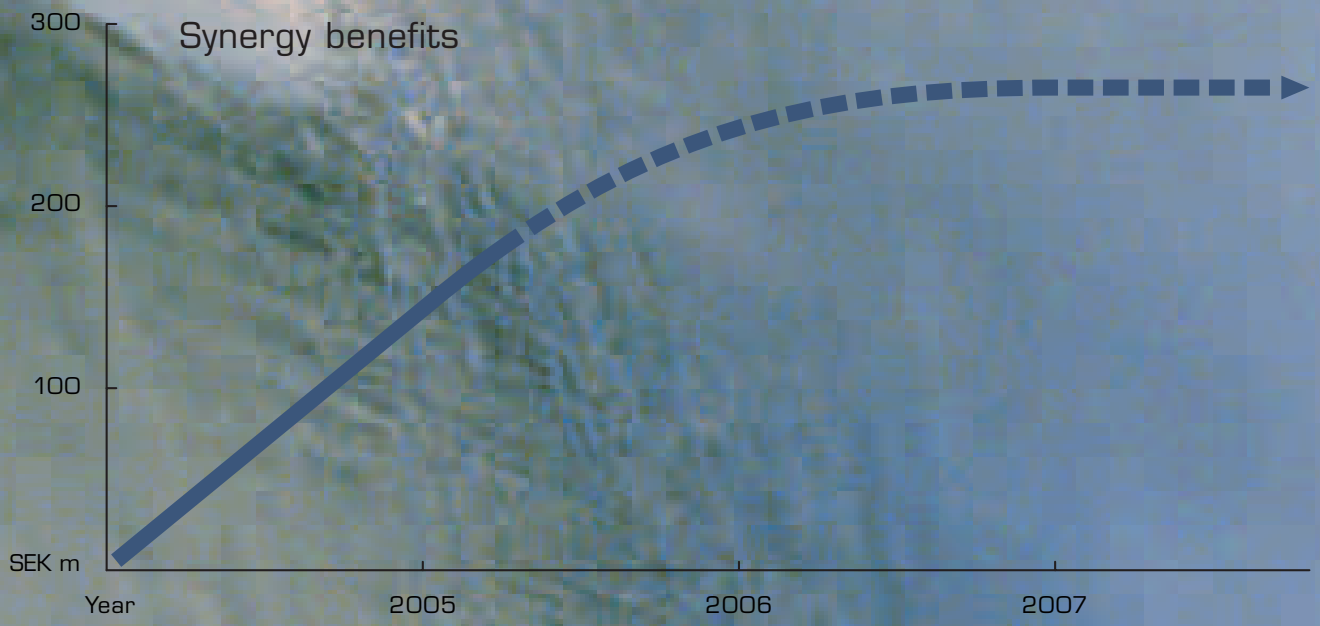
Synergies are about people

Some 40 groups, comprising a total of around 150 people, have been involved in the work so far. According to Tom Niemi, it has been all about rapidly establishing a shared viewpoint and getting over the barriers that geographic distance, different languages, and different cultures can entail. The goal is to act as a role model for international integration.

“Synergy work is about people, about establishing a dialogue and communication. It is people who serve the customers and steer the processes – and only people can bring about improvements. Synergies are achieved between people, not machines,” he says.

Recognising the importance of personal interaction within the integration groups was one of the most important factors contributing to the outstanding success to date of the synergy work.

“Right from the start, we encouraged our staff to go and visit each other to discuss where improvements could be made. If you don’t speak perfect English, talking over the phone can feel awkward. It’s often considerably easier when you meet face to face and can use body lan-



guage and so on to improve your understanding," he says.

Focusing on procurement

The synergy work to date has been conducted in a number of areas, such as raw materials, logistics, marketing, sales and procurement. And procurement is one of the areas where there is thought to be considerably greater potential for cost-cutting than has been achieved to date. This is, therefore, one of the areas that will be the focus of synergy work in 2005.

"New Boliden as a whole has a large number of suppliers, so there is significant potential for cost-cutting if we can reduce these numbers. It's not just about the chance to buy in at lower costs if we buy bigger volumes, it's about cutting our administration costs," comments Tom Niemi.

Common work routines will be introduced to facilitate coordination within the procurement sphere.

Synergy successes at Harjavalta-Rönnskär

The development of an increasingly close partnership between Rönnskär and Harjavalta is just one example of the successes achieved to date as part of the synergy work. The two copper smelters – which previously belonged to Boliden and Outokumpu, respectively – were the bitterest of competitors up until the merger. Nowadays, they function as a single unit.

The explanation lies in, among other things, a shared technology and professional know-how. The copper flash smelting method, as it is known, was developed at Harjavalta and installed at Rönnskär in 2000. The unit's synergy groups have, to date, been involved in approximately 20 projects designed to identify shared advantages. The partnership has resulted in thousands of tonnes of anode copper (unrefined) being sent from Harjavalta to Rönnskär for processing, instead of being sold on the market as before. The goal is for 25,000 tonnes a year to take this route – in other words, all of the anode copper that Harjavalta produces and lacks the capacity to refine.

The benefits for Boliden include the fact that the refining charges stay within the company and that better use is made of the precious metal content of the anodes.

Leading technology yields competitive advantages

Boliden's leading technological position is one of the main factors behind its rise to become one of Europe's leading smelting companies. Not only is Boliden Europe's third largest zinc smelting company, it is also a world leader in the field of recycling complex raw materials with limited environmental impact.

Boliden's smelting operations are divided into two production areas – one for copper and one for zinc. The common denominator is cutting edge technology. Many of Boliden's competitors are located in countries where companies operate under different conditions with regard to environmental restrictions, salary and wage levels and state subsidies, for example. If Boliden is to compete with these companies, it must make continuous improvements to efficiency and make the most of its technological know-how.

The technological lead is founded on, amongst other things, the development by Harjavalta of the flash smelting method of producing copper and nickel – a technology that dramatically reduces energy consumption and emissions, and which has been sold to 40 or so smelters worldwide. Rönnskär has, at the same time, developed into one of the world's leading facilities for the recycling of base and precious metals from electronic scrap, metal scrap and brass slag.

Several important technological breakthroughs have also been made in the field of zinc smelting, including the development at Boliden Kokkola of a direct leaching method for treating zinc concentrate, whereby the roasting of the raw material that normally takes place before the leaching can be eliminated. The same method has been introduced at the zinc smelter at Odda.

Retaining its technological and competitive head start is an important priority for Boliden.

Production doubling platform at Odda

A production record at Boliden Kokkola and the launch of the newly installed direct leaching method at Odda. These were just two of the most important events in the Production Area Zinc in 2004. Boliden is the world's fifth largest zinc producer, and its strategy is to further reinforce its market position.

The Production Area Zinc comprises the smelters at Kokkola in Finland and Odda in Norway.

Boliden Kokkola

Boliden Kokkola is situated in the Finnish coastal town of Kokkola, 500 kms north of Helsinki. The smelter became operational in 1969 and was part of Outokumpu until the merger with Boliden in 2003.

Boliden Kokkola is the fifth largest zinc smelter in the world and the second largest in Europe. Its annual production capacity is 280,000 tonnes, corresponding to approximately 3 percent of total global output. Its most important products are high quality Special High Grade (SHG) zinc, which comprises 99.995 percent zinc, and CGG alloy (Continuous Galvanising Grade) for the steel works. The facility also produces sulphur dioxide as a by-product. The sulphur dioxide produced in conjunction with the roasting of the zinc concentrate is sold to a sulphuric acid plant adjacent to the smelter. High pressure steam is also sold to a power plant in the vicinity.

Boliden Kokkola is considered to be one of the world's most technically advanced and cost-effective smelters of its type. The raw material mainly comprises zinc concentrate, which is shipped by sea to the smelter from mining producers worldwide, including Boliden's own mines in Sweden and Ireland. Some of the raw material also comes from the Pyhäsalmi mine in Finland, which is owned by the Canadian mining company, Inmet Mining. Boliden Kokkola has its own port with a 13 m deep channel, which can take vessels with a dead weight of up to 60,000 tonnes.

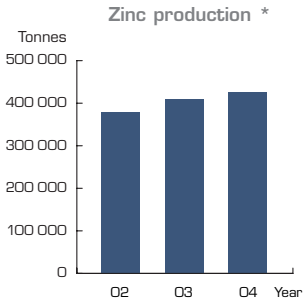
Several types of concentrate are blended to achieve the optimum mix for the processes at the smelter. Over 80 percent of the zinc produced at Kokkola is exported, mainly to western European countries. The primary sphere of use is in steel galvanisation.

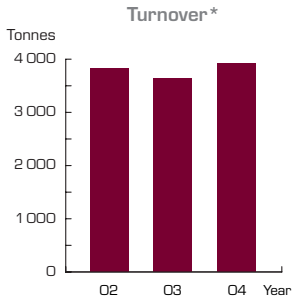
The smelter at Kokkola employs around 680 people.

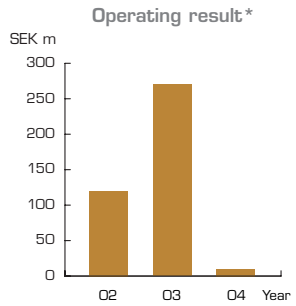
Boliden Odda

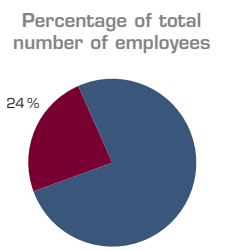
The Boliden Odda zinc smelter, which came into production in 1929, is located in the town of Odda on the Norwegian west coast, approximately 370 kms from Oslo. In 1964, Boliden acquired 50 percent of the shares in the company that owned the smelter, and in 2001, sold this holding to Outokumpu, which was then in the process of buying the entire plant. The merger with Outokumpu in 2003 saw Odda return to Boliden's ownership.

The Odda smelter mainly produces zinc, but it also produces aluminium









* Unrevised pro forma figures for 2002 and 2003

fluoride and sulphuric acid as by-products. The annual production capacity is 160,000 tonnes of zinc metal and 29,000 tonnes of aluminium fluoride. Operations at the plant are highly efficient and include systems for storing jarosite waste in rock chambers. The smelter can process zinc raw material with a high iron content, unlike many other plants. The operations at Odda also benefit from the advantageous electricity prices that the facility receives, thanks to the smelter's joint ownership of a hydroelectric power plant in the area.

An extensive modernisation was completed at the smelter in 2004, and involved, among other things, the installation of a new direct leaching facility. That is expected to generate an increase of around 10 percent in the total capacity of the smelter, raising the capacity level to 160,000 tonnes. The project entailed the establishment of a platform for a further expansion of the capacity to up to 300,000 tonnes of zinc metal per year, i.e. a doubling of existing production levels.

The smelter has its own ice-free port that can be used for deliveries of zinc concentrate and other raw materials and for shipping out the plant's end-products. The main raw material suppliers are Boliden's own mines at Tara and the Boliden area. Over 90 percent of the zinc metal produced at Odda is exported – primarily to the Nordic countries, the UK and Germany. The aluminium fluoride produced at Odda is principally sold to Norwegian aluminium smelters.

The Odda zinc smelter employs approximately 360 people.

Competition

The biggest producers of zinc metal include both integrated mining and zinc smelting companies, such as Zinifex (Australia) and Teck Cominco (Canada), and independent smelters such as Korea Zinc in Asia, and Umicore and Xstrata in Europe. Chinese smelters, which account for around 25 percent of total global production, also play an important role in the market – even if a significant percentage of Chinese production is consumed domestically. In 2004, China became a net importer, after previously having been a significant net exporter.

Boliden's current zinc metal production levels correspond to around 17 percent and 4.2 percent of total European and global production, respectively.

Production and technology

Several different techniques can be used for producing zinc metal from zinc concentrate. In addition to concentrate, secondary zinc material is also used in the production process at Boliden's zinc smelters. The Kokkola smelter has installed a direct leaching process for the production of zinc metal, whereby one stage of the smelting process – i.e. roasting – can be eliminated. This method will also be used at Odda hence forward. The end product of the zinc smelters is customised ingots.

Important events

- Increased output from Production Area Zinc as a whole
- Production record at Boliden Kokkola
- Installation of a direct leaching facility at Odda
- Failure of Odda to achieve expected production levels during the fourth quarter of 2004 due to an inability to fully utilise the newly-installed facility. In January 2005, however, the problems were resolved and the direct leaching facility began producing in line with its capacity

Turnover and result

The Production Area Zinc's turnover increased to SEK 3,912 million for 2004 as a whole, in comparison with SEK 3,640 in the previous year. The operating result totalled SEK 10 million (SEK 270 m), corresponding to an operating margin of 0.3 percent (7.4%). The operating result was positively affected by increased production and higher metal prices than in 2003. Much of the upturn in metal prices will not, however, be realised until the result is calculated for 2005. A lower US dollar exchange rate, lower

treatment and refining charges, a planned maintenance shut-down, and increased costs in conjunction with the streamlining of Odda, had a negative effect on the result for 2004.

Zinc*

SEK m	2004	2003	Change in %
Turnover	3 912	3 640	7
Operating profit	10	270	-96
Depreciation	250	247	1
Investments	667	569	17
Capital employed	2 952	2 756	7

Metal production*

	2004	2003	Change in %
Zinc (t)	425 426	409 405	4
Aluminium-fluoride (t)	29 740	27 500	8

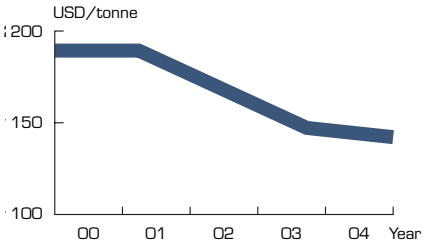
*Unrevised pro forma figures for 2003

Outlook for the future

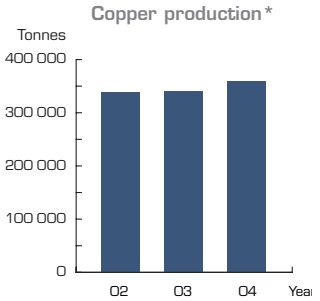
Spot smelting prices for zinc were at historically low levels in 2004. The current shortage of zinc concentrate is expected to continue putting pressure on treatment charges for zinc over the next few years, but Boliden has a natural shield against changes in treatment charges as a result of the zinc concentrate balance existing between the company's mines and smelters. The smelters are expected to be able to take advantage of – among other things – their proximity to Boliden's zinc mines. There is also a long-standing arrangement between zinc mines and smelters, known as "price participation" whereby, when the current price of zinc exceeds a certain base level, the smelters receive part of the difference in price. This price base level is determined through annual negotiations.

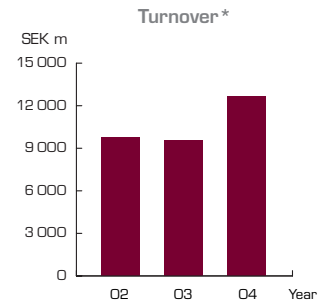
The company's close and long-term relationships with customers provide an important competitive advantage for Boliden. Moreover, Boliden Zinc Commercial's office in Rotterdam is located close to many of the customers, thereby further promoting close contacts. These contacts provide a deep insight into the customers' operations and development plans, allowing Boliden, in turn, to adapt its products and services in line with the customers' future requirements. There is potential for additional production increases in the future within the Production Area Zinc.

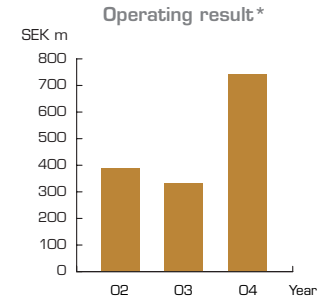
Treatment charges, zinc

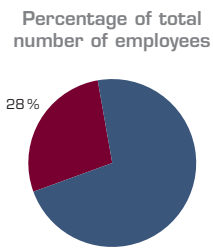


Partnership yields production record at Rönnskär









* Unrevised pro forma figures for 2002 and 2003

Rönnskär reported a production record in 2004, partly as a result of a fruitful partnership with Harjavalta. Other important events in the Production Area Copper included the agreement concluded regarding the supply of copper concentrate from the Portuguese mine, Neves Corvo, and the halting of the sale of Bergsöe.

The Production Area Copper includes the Rönnskär and Harjavalta copper smelters in Sweden and Finland, respectively, and the Swedish lead smelter, Bergsöe.

Rönnskär

Rönnskär is located at Skelleftehamn in north-eastern Sweden. A copper smelter was built on the site in 1930 and a lead smelter was erected there in 1943. The smelter also houses a furnace for recycling of metal residues, together with facilities for the production of sulphuric acid and liquid sulphur dioxide, and a precious metals plant.

Rönnskär smelts and refines copper concentrate from the company's mines at Aitik, the Boliden area and Garpenberg, as well as from external mines. It also processes lead concentrate from the Garpenberg mine. Recycling materials are bought from a number of external suppliers. Copper and lead concentrate account for approximately 80 percent of the raw material, and more than half of this comes from Boliden's own mines. The plant also refines anode copper

from Harjavalta. The biggest external suppliers of copper concentrate are mines in South America.

Approximately 20 percent of the raw material comes from recycling material, mainly comprising metal residues from brass foundries, various types of copper and electronics scrap, and steelmaking dust. Recycling of copper and precious metals is an important part of operations at Rönnskär. Approximately 20 percent of copper production derives from recycling, as does 40 percent of gold production and 75 percent of zinc production.

Rönnskär's main products are copper, lead, gold, silver and zinc clinker, and its by-products include liquid sulphur dioxide, sulphuric acid, selenium and crude nickel sulphate. The annual production capacity for copper, lead and zinc clinker is 230,000 tonnes, 30,000 tonnes and 40,000 tonnes, respectively. The corresponding figures for gold and silver are 15 tonnes and 475 tonnes, respectively.

The smelter has its own port, which facilitates the import of raw materials. An important part of the transport system are the special trains that leave Rönnskär for Helsingborg five days a week, loaded with copper cathodes, carrying electronic scrap and other smelting materials back to Rönnskär. There is also a train connection that carries copper concentrate from Aitik to Rönnskär on a daily basis.

Rönnskär employs approximately 870 people.

Boliden Harjavalta (Harjavalta/Pori)

Copper production began at Harjavalta, close to Pori in south-western Finland, in 1945, and the smelter soon became the centre of Outokumpu's development of the copper flash smelting method. After an extensive expansion programme, completed in 1995, the production capacity at the plant is 170,000 tonnes of anode copper per year.

The refining of anode copper into copper cathodes takes place at Pori, 30 kms from Harjavalta, at a refinery built in 1941. The annual production capacity of copper cathodes is 125,000 tonnes. Both the smelter and the refinery were included in the structural transaction between Outokumpu and Boliden. Boliden Harjavalta also smelts nickel in Harjavalta, on a tolling basis for another company.

The bulk of Harjavalta's production of anode copper is currently refined at Pori, with the rest shipped on to Rönnskär for refining – one of the results of the intensive synergy work currently taking place within Boliden. Most of Boliden's production of copper cathodes at Pori is sold to Outokumpu's metalworks nearby.

Harjavalta buys copper concentrate on long-term contracts from suppliers worldwide, mainly from mines in South America and South East Asia. The Portuguese mine, Neves Corvo, is also an important supplier, thanks to the new partnership agreement signed with the Canadian mining company, EuroZinc Mining Corporation, in June 2004.

In addition to its main product, copper, Boliden Harjavalta also produces gold, silver and sulphuric acid.

Boliden Harjavalta has approximately 420 employees.

Boliden Bergsöe

Bergsöe, near Landskrona in southern Sweden, is the Nordic region's only smelter for the recycling of lead and tin products. It is also one of the biggest and most ecofriendly of its type in Europe. Every year, the smelter recycles 4-5 million scrap lead batteries from the Nordic and Baltic regions. The production capacity is approximately 50,000 tonnes of lead and 1,000 tonnes of tin per year.

The bulk of the lead production is exported to northern Europe.

Apart from what is essentially pure lead, comprising 99.97 percent lead, the smelter also produces standard alloys, where the lead is alloyed with antimony, copper, calcium, tin or silver, among other things. Lead alloys are mainly used in the manufacture of batteries, but also in the construction industry, in the manufacture

of electronics, and for medical applications. Bergsöe is the Nordic region's market leader with regard to the production of tin solder for the electronics, engineering and vehicle industries.

Bergsöe has approximately 100 employees.

Competition

The market for copper metal is fragmented, with a few large integrated mining and smelting companies and a number of independent smelters that buy their raw materials from various mining producers. The largest integrated companies include Codelco (Chile), Phelps Dodge (USA) and Rio Tinto (UK), together with Grupo Mexico, Norilsk Nickel in Russia and KGHM in Poland. Boliden's main competitors in Europe are KGHM, Norddeutsche Affinerie (Germany), Umicore (Belgium) and Atlantic Copper (Spain). Chilean smelters also compete by exporting copper cathodes to Europe.

Boliden's shares of the European and global copper consumption markets are approximately 8.7 percent and 2.1 percent, respectively.

Production and technology

The end-product of the copper mining and smelting industry is refined copper, or "cathode copper". The copper concentrate delivered by the mining producers undergoes a pyrometallurgical treatment process – a number of smelting and purification stages – at the smelters. Some smelters, such as Rönnskär, use recycled material as input materials, in addition to concentrate.

Metal production*

	2004	2003	Change in %
Copper, cathodes (t)	359 987	339 816	6
Lead (t)	27 962	24 208	16
Gold (kgs)	19 899	17 839	12
Silver (kgs)	474 727	490 524	-3
Lead alloy, Bergsöe (t)	45 586	49 132	-7

*Unrevised pro forma figures for 2003

Development work at these smelters is designed to increase production capacity and process value, and includes optimisation of the process chain, choice of raw materials, and new quality assurance systems.

Important events

- Production increases, mainly for copper, lead and gold
- Production record at Rönnskär, partly as a result of the start during the year of the shipping of anode copper from Harjavalta to Rönnskär for processing into copper cathodes
- Increased production optimisation and increased stability in external concentrate flows, which has had a positive effect on production
- Signing of an agreement with Euro-Zinc regarding supplies of copper concentrate from the Neves Corvo mine in Portugal, which will further stabilise these flows
- The halting of the sale of Bergsöe
- Record result reported at Bergsöe, despite slightly lower production levels

Copper*

SEK m	2004	2003	Change in %
Turnover	12 688	9 579	32
Operating profit	741	334	122
Depreciation	443	469	-6
Investments	168	145	16
Capital employed	6 566	6 224	5

Turnover and result

Turnover by the Production Area Copper rose to SEK 12,688 million in 2004, in comparison with SEK 9,579 million in the previous year. The operating profit also increased, to SEK 741 million (SEK 334 m), corresponding to an operating margin of 5.8 percent (3.5%). The operating profit was positively affected by higher metal prices, increased production, and a stock profit of SEK 45 million (SEK -18 m) in the process stock at Rönnskär. Both Harjavalta and Bergsöe also reported among their best results to date in 2004. At the same time, a lower US dollar exchange rate and lower treatment and refining charges had a negative effect on the result.

Outlook for the future

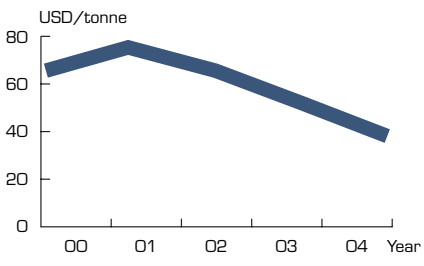
Treatment and refining charges for copper have fluctuated widely since 1997. The spot treatment charge for copper bottomed out in early 2004, and has since risen sharply due to the favourable trend in the price of copper. This has resulted in an increase in the amount of the metal mined – which has also led to an increase in the market availability of copper concentrate. The rise in contract treatment charges (see diagram to the right) will not occur until 2005, in conjunction with the annual renegotiation of smelter terms. The shortage of copper has also resulted in increased premiums.

The quest for synergies between Rönnskär and Boliden Harjavalta is continuing, and a number of growth projects are currently also being conducted within the Production Area Copper. These suggest that there is considerable potential for additional production increases at a relatively low investment cost.

Early investments in environmental improvement measures have given both Rönnskär and Harjavalta an advantage to their competitors ahead of impending environmental legislation.

Successful environmental work is also important from a competition viewpoint for Bergsöe, which has a well-maintained facility with emission levels well below current limit values. Additional measures to boost efficiency will be implemented in 2005/2006, which will result in, among other things, reduced internal transportation and reduced natural gas consumption.

Treatment charges, copper



Goal: creating shared values

Merging two companies does not just mean combining the tangible assets. Far more important than this is the combination of know-how, creativity and contact networks. The year 2004 saw approximately one hundred employees of new Boliden involved in the creation of a shared value base for the new company.

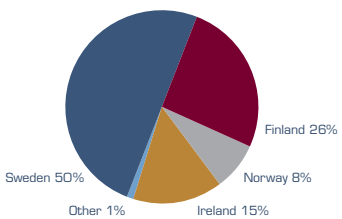
New Boliden's two components – namely the mining and smelting operations from Boliden and Outokumpu – each represent strong brand names, a rich history, and in-depth knowledge. The merger at the turn of the year 2003/2004 presented the new company with the challenge of combining these into a single, shared, strong corporate culture – in other words, persuading thousands of employees in five countries to work together towards the same goals.

An extensive programme of work designed to create a shared value base and to strengthen the Boliden brand name was launched in May 2004. Approximately hundred managers and key employees, who represent different operational sectors and countries, were engaged in the project. The result of their work, "The New Boliden Way", was introduced in February 2005. The New Boliden Way includes, for instance, the company's vision, mission, core values and identity. The New Boliden Way will help to make new Boliden a leader in the fields of:

- **RESPONSIBILITY** – comprehensive ethical and long-term management of the environment, employees and society
- **RELIABILITY** – with regard to the quality of our methodology, with customers, suppliers and other interested parties
- **CUSTOMER SATISFACTION** – by living up to and exceeding customers' expectations in everything new Boliden does. Ensuring that the company meets customers' demands in the most effective way – by adding value at every stage
- **PERFORMANCE** – by delivering to the company's shareholders a total return that exceeds the industry average

The section on Boliden's strategies contains further details of, among other things, the vision and the mission that were also defined. Those who participated in the process were given the important task of acting as "ambassadors" and passing the results of the discussions on to their colleagues and employees.

Employees in different countries



Almost 4,500 employees in five countries

At the end of 2004, new Boliden had 4,479 employees, 2,243 of whom work in Sweden, 1,180 in Finland, 366 in Norway, 661 in Ireland, and 29 in other countries. This corresponds to a reduction of 418 employees since the turn of the year 2003/2004 largely due to the sale of the Myra Falls mine. 536 of the company's employees are women, and 3,943 men.

Recruitment and training

Boliden has been working closely with universities and upper secondary schools for a number of years, with the aim of making more young people interested in working in the mining and smelting industry. Boliden's cooperation with LKAB, involving the sponsorship of three academic chairs in the mining industry, is part of this work. Boliden also awards scholarships to students studying metallurgy and mineral engineering at the Luleå University of Technology during the final two years of their studies.

Another example is the initiative aimed at replacing skills that are disappearing with the current generation shift at Boliden Kokkola smelter. This initiative, which has been in place since 1996, came about as a result of the age structure at the smelter – approximately 60 percent of employees at that time were aged 50 or more. The work resulted in a customised training programme designed to meet the smelter's need for trained personnel, launched by the smelter, in cooperation with the local labour market and education authorities. This programme is used to recruit all the workers who will later be employed by the smelter. The interest has been considerable, with 100-200 people applying for each course. Sixteen of these applicants are accepted on each occasion, and to date, around 195 people have been recruited to the smelter in this way. In 2004, Boliden Kokkola was rewarded by the Finnish Ministry of Education for its educational efforts. Skill development is conducted in a

variety of ways by the various units in the company, both internally and externally, with ventures that may involve, for example, setting up personal training plans for every employee or encouraging personnel to take further education courses through the reward system, job rotation or building knowledge dissemination networks. Boliden has, among other things, implemented a series of managerial development programmes involving approximately 100 employees. These were completed in 2004. A program for aspiring managers was also launched in some of Boliden's units in 2004.

The first network for knowledge dissemination will be initiated for young graduates in Boliden in 2005. The programme will give graduate employees the opportunity to visit and study the company's various operations. The aim is both to give them a good insight into how all the vital parts of Boliden operate, and for them to get to know colleagues in other units and other countries. The company's hope is that they will build personal networks with the aim of promoting the integration work and that they will become ambassadors, spreading knowledge to their colleagues of how the rest of the company works.

Health and safety

EU and national legislation contain numerous regulations relating to health and safety, which are of major importance to the mining and smelting industry. A number of new directives have been issued in recent years addressing health and safety matters, related to employees exposed to risks deriving from vibration, noise, electromagnetic fields and optical radiation, for example. New directives have also been issued with regard to the exposure of employees to chemical substances, such as sulphuric acid and lead.

Boliden's strategy regarding health and safety work is to minimise the risks to which employees are exposed as far as possible – and hence to be always one step ahead of the legislation in these areas. The company has a long tradition of this kind of work, something which has established a positive trend in Boliden's mines and smelters with regard to the number of people on sick leave as well as to the number of accidents. The goal is to constantly increase the number of accident-free days at each unit. In 1999, for example, the Harjavalta smelter adopted a zero vision with regard to accident statistics, which has helped bring about a radical reduction in the number of accidents to around 2.8 per million working hours.

The Boliden Kokkola smelter received a special award from the Finnish industrial organisation, Technology Industry, for its risk assessment work, which was part of the health and safety management system drawn up by the smelter in 2004.

The environmental section of the report contains additional information on Boliden's health and safety work.

Trade union cooperation

The majority of the approximately 4,500 Boliden employees are members of one of the trade union organisations represented within the company. Boliden has traditionally enjoyed good relationships with the trade unions and works actively to strengthen and improve these relationships on an ongoing basis.
Within the company there is a long-standing agreement with the trade union organisations, involving cooperation at several levels within the group. Boliden has a group-wide, international trade union body, the Boliden Works' Council, comprising trade union representatives from various countries. In January 2005, Boliden concluded a new agreement, adapted to the new corporate group structure, with the trade union organisations.

The Boliden Works' Council is also an important part of the communication between the employees' representatives and the company management. The Council is thus an important disseminator of the corporate culture, building bridges between different units and countries.

The laws of the respective countries apply regarding conditions of employment and labour market regulations.

Equal opportunities

Boliden operates in a traditionally male-dominated business, but the company is striving to increase its percentage of female employees. These efforts include measures designed to:

- enable employees to combine work and family life
- counteract gender-based distortion in different occupational groups,
- increase the percentage of female managers
- maintain equal opportunities for men and women within the group's operations
- ensure that no pay discrimination occurs

Sandra Kempers, Market Analyst

"INTENSIFYING CUSTOMER CONTACTS CREATES NEW BUSINESS OPPORTUNITIES"

She spends her working hours broadening the contacts between Boliden and its customers. Her leisure hours are spent behind the yoke of an aircraft. Sandra Kempers works as a market analyst at Boliden Zinc Commercial in Rotterdam and was originally attracted to Outokumpu in Finland by the chance to work in such an "exotic" location as Helsinki.

Sandra Kempers was born and raised in Germany, but has lived in a number of places throughout Europe. In 1997, however, when she was offered a job at Outokumpu in Helsinki, the most northerly city in which she had lived was London. The position she was offered was as head of the Marketing & Sales Department of Outokumpu's nickel division.

"Up until then, I had worked in the banking sector, so the idea of being able to combine this experience with the knowledge I had gained from my university studies in marketing and accountancy was tempting – and Finland felt exotic," she says.

Eventually, her work and Outokumpu took her onwards to Rotterdam and the marketing and sales division for zinc, where Sandra Kempers now works as a market analyst. One of her most important tasks is intensifying the links between Boliden and the company's customers.

"I run a number of projects in which the zinc industry and the end users, including the vehicle and construction industries, combine forces to develop new markets and to promote the advantages of zinc over competing materials. The work has had three main advantages for Boliden. Firstly, it gives us first-hand information on what's happening in our customers' markets, which is of business strategic importance for Boliden. Secondly, it allows us to support our customers in their development of their markets; and thirdly, it enables us to offer our customers added value," she says.

Sandra Kempers is fascinated by the zinc market, which is currently undergoing a revolutionary restructuring process.

"The zinc industry has always had a more conservative image than copper, and especially aluminium. But during the last two years, in particular, the industry has been undergoing a change, whereby certain competitors have disappeared from the market and others have merged. Those still around have modern production facilities and a considerably more product- and customer-orientated focus," she says.

Sandra Kempers believes that one of the advantages of the merger by Outokumpu and Boliden of their mining and smelting operations is the promise of precisely that – the emergence of a more modern and dynamic organisation.

"I think we'll have an increased customer focus and that the cooperation between the various units will be intensified – at the same time as we retain our leading technological position," she says.

COMBINING STUDYING AND WORKING GAVE HIM A TRADE DIPLOMA IN CHEMICAL INDUSTRY

Timo Lankila belongs to those who have completed the Boliden Kokkola smelter's zinc course. Born and raised in the coastal town of Kokkola, the training gave him not only the opportunity to stay in his home town, but also a job with real opportunities for development – and he's made the most of them.

In the mid-1990s, Timo Lankila heard about the zinc courses that had just started in his home town of Kokkola, thanks to a partnership between the smelter and the regional education and labour market authorities. The course sounded attractive, as Timo Lankila was keen to stay in Kokkola, where the smelter was the biggest private sector employer. Together with many others, both from the region and from others of Finland, he sent in an application – and was among the candidates selected for one of the 16 places.

Timo Lankila, Serviceman

"The training lasted about one year and involved alternating periods of theoretical study with a number of periods gaining practical work experience at the smelter," he remembers.

In October 1997, after completing his studies, Timo Lankila was offered a job at the smelter. Today, after eight years at the zinc plant, he works as a serviceman in the facility's leaching department. Timo Lankila works shifts, which he, personally, regards as a huge bonus.

"It gives me the scope to spend time during the day on the leisure activities that are an important part of my life – things like working on my house, pottering around the garden, taking care of my child, and playing sports," he says.

Timo Lankila also appreciates the opportunities for further education that the smelter offers.

"By studying while working, I've managed to get a professional degree qualification in industrial chemistry. It took me two years to complete my studies. Not only did they give me the opportunity to develop my own duties at work, but also move up the wage ladder," he says.

"DETECTIVE WORK TO UNDERSTAND AN AREA'S GEOLOGY"

"Boliden invests more in exploration than any other company in Sweden. Furthermore, the company conducts the majority of its operations in a geologically interesting area." This is how Ann Pettersson, geologist, explains why she applied to Boliden for a job.

Her childhood dream was to become a professional violinist. But growing up on an island in Stockholm's northern archipelago also aroused a strong interest in nature – and after a study trip during upper secondary school to the School of Geology at Uppsala University, her choice of profession was pretty much set. And even though Ann Pettersson has never abandoned music, it's a leisure interest nowadays as she spends her working hours involved in exploration.

Ann Pettersson, Exploration Geologist

Ann Pettersson started her career at Boliden in June 2003, when she got a summer job at the company while studying to become a geologist at Lund University. Her duties involved taking part in field exploration for gold in the Skellefte field. Afterwards, she returned to the university to complete her degree course. At the turn of the year 2003/2004 she was back at Boliden as a newly qualified geologist. Today, she works with mine-site exploration at the Renström mine.

"Ore geology and mine-site exploration are very interesting. I like the challenge and the detective work required to understand the geology of an area and to find ore. And because, geographically speaking, the Skellefte field is a relatively small area, it gives me the opportunity to follow the ore's route from the mine to finished metal at close quarters, which is incredibly exciting. The work is also a huge challenge as the Skellefte field includes several complex ore types in different geological environments," she says.

But it wasn't just the composition of the Skellefte field that attracted her. She also puts her choice of workplace down to factors such as career opportunities and access to the knowledge present in the company.

"As Boliden is a big company, it gives me the opportunity to have an interesting career with a variety of different tasks within the company. Boliden invests more in exploration than any other company in Sweden. Furthermore, the company conducts the majority of its operations in a geologically interesting area," she says.

"In many ways, Boliden is a unique workplace. It's very unusual in the world of exploration geologists to be able to combine a normal family life in a pleasant small town with an interesting and exciting job," she says.

An important part of the recycling society

Environment, health and safety are of strategic importance to metal producing companies. New Boliden has a more than 80-year-old tradition of progressive work aimed at making workplaces safer, instituting effective corporate healthcare, and protecting the surrounding environment. The vision is to become a world-leading mining and smelting company also in these respects.

For a mining and metals company like Boliden, it is important to have access to committed and skilful employees, a secure supply of raw materials, energy at an acceptable cost, and land for exploration and establishment of new operations.

The employees

The most important resource for working successfully with environmental, health and safety issues are the employees. Integration between the units in new Boliden offers increased development opportunities through the transfer of know-how and experience in the form of networks, staff rotation, and various forms of internal and external benchmarking processes.

The raw materials

New Boliden's structure, with integrated mining and smelting operations, offers greater control over the origin of the raw material for the smelting processes. For zinc and lead, mine production is roughly equal to the smelters' capacity, whilst mined copper production is sufficient for approximately 25 percent of metal output. There is also extensive processing of recycled materials. Boliden's smelters are an important part of the recycling society – at the Rönnskär smelter, 20 percent of copper production, 40 percent of gold production and 75 percent of all the zinc produced, originates from recycled materials. At the Bergsöe smelter at Landskrona, 100 percent of the lead produced comes from recycled metal.

Energy

Both mines and smelters both need substantial amounts of energy in their processes. Major advances have been made in reducing energy consumption; electricity consumption per tonne of ore produced in the mines is currently around half of what it was in 1970. Sweden has a special national Energy Efficiency Programme, PFE, that offers potential tax reductions, provided that a SS 62 77 50 standard compliant management system is introduced and certified. The goal is to implement and certify a system of this kind at the Rönnskär smelter and in the Swedish mines in 2006.

Boliden's facilities both consume and generate energy. The smelters supply large amounts of hot water and steam to external customers, and also generate electricity by utilising the steam produced by the processes.

Land

Mining companies actively involved in exploration need access to large areas of land in order to investigate and map the geology. It is, therefore, of utmost importance that the legal framework relating to permitting is clear and well-established, not least with regard to the permits needed to set up and run production operations. Boliden's principle is to cooperate with landowners and other interested parties.

Systematic environmental, health and safety work

Boliden's environmental, health and safety work is conducted on a systematic basis, via management systems. A variety of voluntary undertakings in the form of general management systems has existed within Boliden for more than a decade. Boliden is currently working towards the introduction of a group-wide management system that will serve as a tool for total quality work, with ongoing improvements to every aspect of the operations. The aim is to establish a uniform methodology that also offers the potential for experience transfer and the dissemination of knowledge between the production units.

International standards exist for management systems in the workplace environment sphere. The Odda and Kokkola zinc smelters were certified in accordance with OHSAS 18001 in 2004 and the Tara mine was qualified for ISRS level 6. A special project has been launched for the Swedish mining units, with the aim of quality assuring and certifying the workplace environment-related activities.

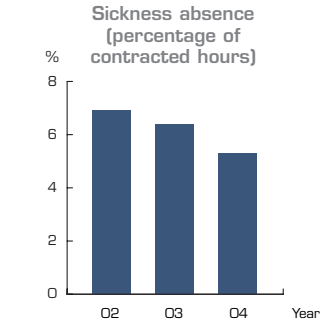
The international ISO 14001 standard for environmental management systems has been implemented at several of the production units. In 2004, the Pori copper refinery achieved certification in accordance with ISO 14001.

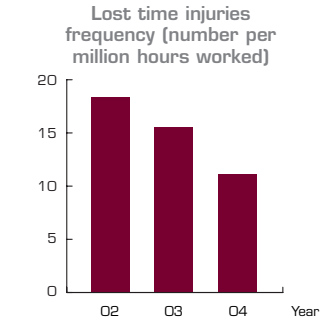
The table to the right shows the current status with regard to certified management systems within Boliden.

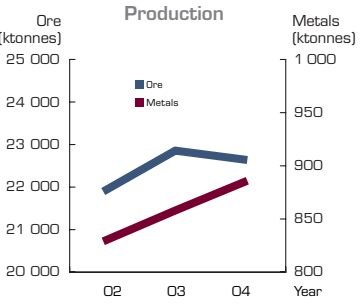
Certified management systems, 2004

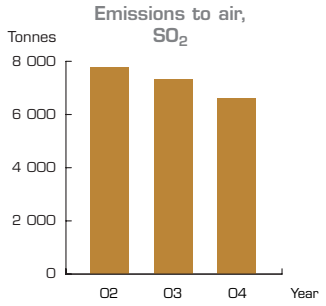
	Tara	Harjavalta/Pori	Kokkola	Odda	Bergsöe	Rönnskär
OHSAS 18001		X	X	X		
ISRS	X					
ISO 14001		X	X	X	X	
ISO 9001		X	X	X		X

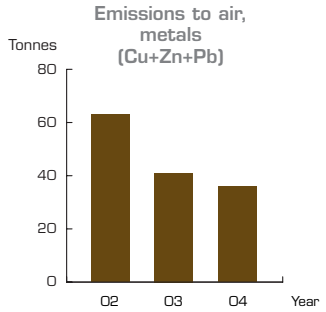
OHSAS 18001: Occupational Health and Safety Assessment Systems (workplace environment)
ISRS: International Safety Rating Systems (workplace environment)
ISO 14001: International Standard for Environmental Management Systems (external environment)
ISO 9001: International Standard for Quality Management Systems (quality)











Group-wide guidelines were drafted in 2004 for the external environment and for the workplace environment and corporate healthcare.

Risk management

Assessment of risks in the workplace environment, for the external environment and for dam safety, is conducted on a systematic basis as part of the management systems. The risks are classified and remedial programmes and action plans drawn up. Employees and relevant authorities are then informed of the results of the risk analyses and the measures in question.

Health promotion work

Boliden believes that there is an obvious link between safe and healthy workplaces, healthy and motivated employees, and good production results. A long-term programme of work has, therefore, been launched in order to identify and develop health-promoting factors in the various units.

Recycling work

In addition to recycling metals, Boliden also strives to act as a resource for society in other areas of its sustainability work. Methods to harmonise the environmental work with society's need to manage various waste products are constantly being developed. The use of sewage sludge and other waste products for reclamation work on mining and industrial areas is just one example of this. Development work is also being done on replacing cement with combustion ash, using it as a binding agent in conjunction with the refilling of underground mined out stopes.

Incidents

In September 2004, there was an emission of 262 tonnes of lye from a heat exchanger into the sea at Odda. The incident has been investigated and reported to the relevant authorities. No damage to the environment occurred.

Conditions

The permits that regulate Boliden's operational activities include a number of conditions formulated as guidelines and limit values. None of the prescribed limit values were exceeded during the year.

Results

Sickness absence

Boliden works actively with healthcare and rehabilitation. This has yielded good results in the form of reduced sickness absence. Sickness absence in the Swedish units was previously at high levels, but this trend was broken in mid-2003. In 2004 it decreased even further, approaching the levels reported by the Finnish, Norwegian and Irish units.

Accidents

The accident frequency trend has generally been very positive, with most of the units reporting historically low levels. This is the result of a long-term programme in which training as well as delegated and clarified responsibility are important factors.

Emissions

The emissions from mines and smelters is a function, in part, of how much they produce. Despite increased production, total emissions to both air and water have been reduced.

Boliden's smelters are environmentally among the cleanest in the world. Constant development of the processes has led to a substantial reduction in sulphur emissions from Boliden's plants, and measurements of air quality around the smelters have demonstrated low sulphur dioxide levels outside of the industrial areas. Sulphur dioxide and sulphuric acid are both extracted for external sale from the sulphur-bearing process gases that are separated in the processes.

Sulphur emissions into the air from mines and concentrators arise from the use of diesel-powered machines and vehicles, with fossil fuel-based heating, and also sometimes with the dewatering

of mineral concentrates. Technology that eliminates emissions to the air completely is increasingly being used for dewatering processes.

Burning fossil fuels leads to the formation of carbon dioxide. Rules governing the trading in emission rights for carbon dioxide were introduced in 2004, but only affect Boliden with regard to two oil fired boilers that are used as back-up capacity for district heating at Rönnskär. Boliden has been allocated emission rights corresponding to the requirement for these boilers.

Metals are emitted both into the air, via process gases, primarily from the smelters, and into water via used process and cooling water. Metal emissions have generally fallen over the years due to the introduction of more effective cleaning techniques and an increase in the recirculation of water.

Waste

Tailings sand has been used for a number of years to backfill the mined out stopes in underground mines. Granulated slag from copper smelters is also used as construction material. New Boliden's structure as an integrated mining and smelting company also offers new potential for optimised handling of various waste products. Copper-bearing slag from Rönnskär has been transported for a number of years now to the mill at Boliden, where the metal content is extracted in the concentrator process. Residual content of copper is also reclaimed from the slag at Harjavalta in a separate milling process. Mines and smelters have the potential to supply construction materials for various uses in society to a far greater extent than they do today. At the Aitik mine, waste rock that meets most quality requirements for construction purposes has been set aside for some years now. With the planned connection to the railway that passes close to the mine, large quantities of waste rock will become available for external deliveries, thereby reducing the need for rock and gravel extraction in Sweden and the rest of Europe.

Dams

Dams are used in the mining industry for deposition of tailings sand, for the cleaning of process water and as process water reservoirs – and sometimes as a combination of all of the above. A need for quality assurance in connection with dam-related activities was identified in the 1990s and special dam safety manuals were drawn up for all of Boliden's dams. Boliden has also initiated the drafting of specific Swedish guidelines for mine dams.

Reclamation work

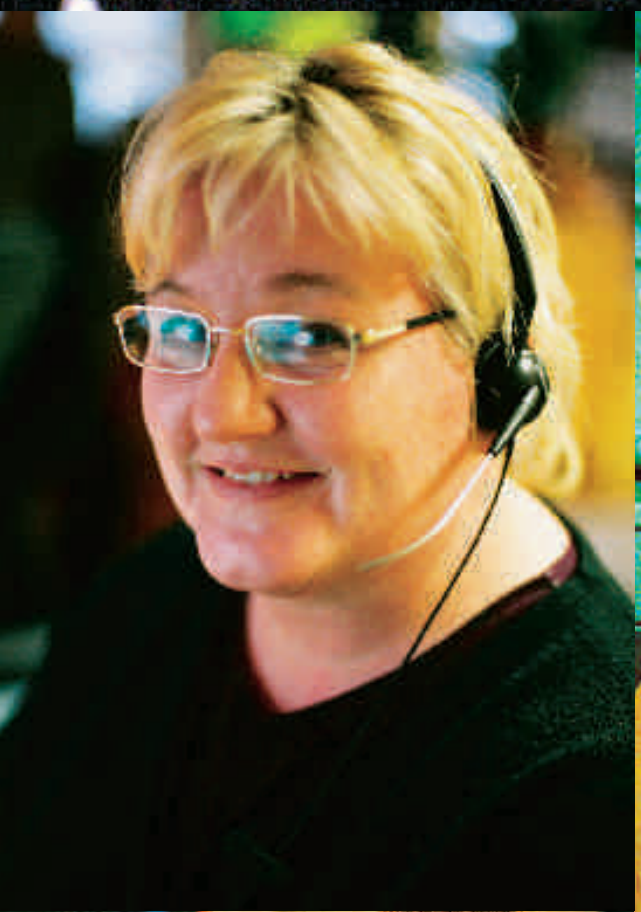
The reclamation work carried out to date at around 50 closed mines is an important aspect of Boliden's environmental work. Society's new regulations governing the handling of waste products have created opportunities for the development of reclamation methods that would not otherwise have been possible. Boliden's partnership with Stockholm Vatten, whereby sewage sludge is transported to the Aitik mine for use as a cover material and as a soil-conditioner, is an illustrative example of the application of the recycling society. In the Boliden Area, Boliden is engaged in a partnership with Skellefteå Kraft involving the use of ash from the combustion of biofuels for similar purposes. In Garpenberg Boliden is working with Stora Enso by handling biological waste and ash from the Fors cardboard factory.

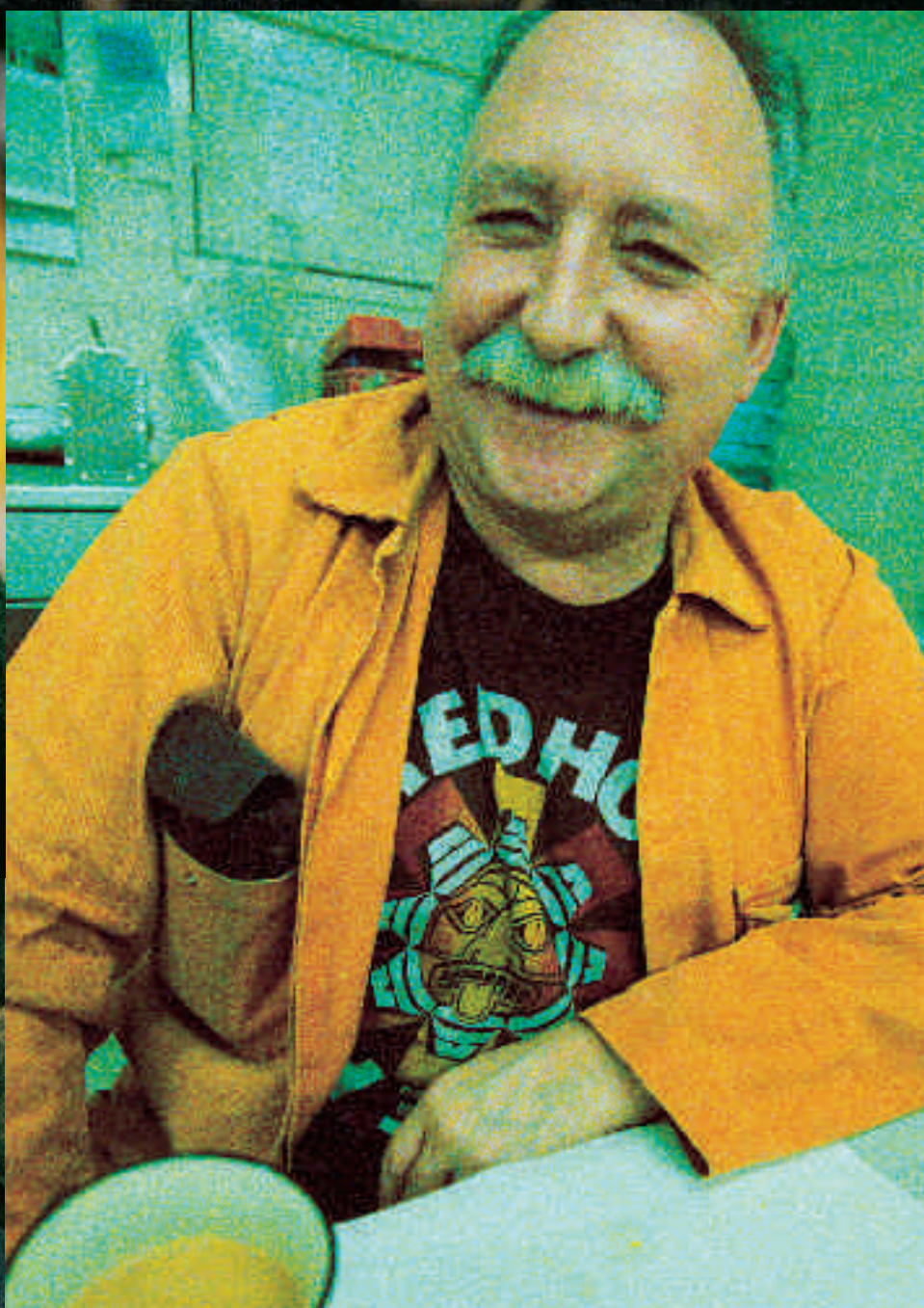
Boliden's goal is to carry out reclamation work on an ongoing basis throughout its operations to avoid the build-up of any requirement for measures in the future.











Directors' Report

New Boliden in brief

New Boliden is a mining and smelting company focusing primarily on the production of copper, zinc, lead, gold and silver. Boliden's main products comprise zinc and copper and its operations focus on initial processing within the metal industry. The Company is a strong European player with a significant global market position.

The Group's parent company, Boliden AB, is listed on "Attract-40" of the O-list of the Stockholm Stock Exchange (primary listing) and on the Toronto Stock Exchange in Canada (secondary listing).

The operations are conducted within three Business Areas, namely Mining Operations, Smelting Operations and Marketing & Sales. The breakdown into units reflects the way Boliden conducts its business and views its business opportunities, particularly with regard to enhancing the efficiency of its operations and to marketing. For the purpose of analysing the operations and reporting the financial results, however, the operations are currently broken down into three Production Areas, namely Mining Operations, Zinc and Copper.

Net sales and results in 2004

Boliden's net sales in 2004 totalled SEK 17,928 million (SEK 9,545 m). Operating result before depreciation and amortisation (EBITDA) was SEK 2,977 million (SEK 633 m), and the operating result improved to SEK 1,666 million (SEK -19 m). Result after financial items increased to SEK 1,200 million (SEK -251 m). Cash flow from operating activities totalled SEK 1,552 million (SEK 956 m). Net debt was SEK 6,656 million (SEK 8,957 m) at the end of the year and the net debt/equity ratio improved significantly to 74 percent (147%). The equity/assets ratio totalled 44.8 percent (30.7%) and return on capital employed was 11.1 percent (-). Average number of employees at the turn of the year was 4,479 (4,897).

Events during 2004

The rights issue, which formed an integral part of the transaction with Outokumpu, was completed during the second quarter. The new rights issue, which was oversubscribed, generated a total of SEK 1,361 million for the Company.

In June 2004, a cooperation agreement was signed with the Canadian mining company EuroZinc Mining Corporation (EuroZinc) concerning the delivery of copper concentrate from the Portuguese Neves Corvo mine. Deliveries to Boliden will total between 150,000 and 200,000 tonnes per year, which is equivalent to approximately one-fifth of its external requirements. The agreement is valid for a period of ten years and deliveries began in January 2005.

In July, Boliden completed the sale of its wholly owned Canadian subsidiary, Boliden Westmin (Canada) Limited (BWCL) to the Canadian mining company Breakwater Resources Ltd (Breakwater). BWCL owns the Myra Falls mine. Boliden received 18 million newly-issued Breakwater shares, corresponding to approximately 5 percent of the outstanding shares. The sale of the mine generated a capital gain of SEK 19 million. In addition to the shares, the Company also received five million options with an exercise price of CAD 1.00 and a duration until 27th January 2009.

During the second quarter, the Board of Directors of Boliden adopted new general financial goals for the operations, whereby Boliden must achieve good profitability over a single business cycle, with a return on capital employed that exceeds the market's cost of capital. The return on capital employed must exceed 10 percent over a single business cycle, calculated on the current capital base. Boliden's goal is to achieve a debt/equity ratio of 50-75 percent.

A further goal is to be in a position to pay dividends as of the 2005 financial year.

In September, the European Commission fined Boliden's former subsidiary, Boliden Cuivre et Zinc SA (BCZ) for having conducted cartel operations relating to sanitary copper tubing in the European market during the period 1988-2001. The fine totalled EUR 32.6 million (approximately SEK 300 million) and was fully provided for in the reported result for the third quarter of 2004. Boliden has appealed the ruling.

In September, an area of land adjoining the Tara zinc mine in Ireland was sold. The land has no significance to mining operations at Tara and the sale generated a capital gain for Boliden of approximately SEK 150 million after tax.

In October, Boliden successfully completed the refinancing of the Company's bank loans totalling EUR 840 million. The new agreement is valid for five years and replaces Boliden's former bank agreements signed in connection with the reconstruction of the Company in 2001. The loan agreement entails a normalisation of the terms and conditions of the loans and will, among other things, enable the Company to pay future dividends to its shareholders.

In December, a new rights issue of 37 million Boliden shares directed to institutional investors in Sweden and abroad was concluded. The price was set at SEK 25 per share and the oversubscribed new rights issue generated a total of

SEK 889 million for the Company. In conjunction with the directed new rights issue, Outokumpu sold a total of 47 million shares (including 10 million shares in an over-alottment option). This sale reduced Outokumpu's ownership in Boliden from 49.0 percent to 26.6 percent (see also "Events after the end of the financial year").

In December, Boliden sold all its shares in the associated company, North Atlantic Natural Resources AB, to Lundin Mining AB. Boliden received 2,176,800 newly issued shares in Lundin Mining AB, corresponding to 6.7 percent of the votes and capital in the company after full dilution. This transaction generated a profit of SEK 67 million for Boliden (see also "Events after the end of the financial year").

Boliden's income model

Boliden's profitability is greatly affected by external factors such as metal prices, exchange rates and treatment and refining charges. The effect of these factors on income and profitability can be summarised in the following income model for mines and smelters.

BUSINESS AREA MINING OPERATIONS

Income	Metal price (LME, LBMA) – less treatment and refining charges (TC/RC) and adjustments for quality and metal content

Income for Boliden's Mining Operations is primarily affected by the level of metal prices and smelter charges (treatment and refining charges), as well as exchange rates, volumes and metal content in the ore mined and milled.

The upswing in metal prices noted in 2004, coupled with lower treatment and refining charges, has had a positive impact on the result, while a lower exchange rate against the US dollar has had a negative impact.

BUSINESS AREA SMELTING OPERATIONS

Income	Metal price (LME, LBMA).
Raw material cost	Metal price (LME, LBMA) – less treatment and refining charges (TC/RC) and adjustments for quality and metal content
Margin	Treatment and refining charges (TC/RC)

Income for Boliden's Smelting Operations is primarily affected by the level of smelting charges (treatment and refining charges), exchange rates, unit costs and volumes, and, to a lesser extent, metal prices. The balance between mining and smelting production is a key factor that affects these smelter charges. The smelters can hedge the metal price risk between the purchase of raw materials and the sale of finished metal to customers by using short-term financial instruments.

The upswing in metal prices noted in 2004 has had a positive impact on the result, while a lower exchange rate against the US dollar and lower treatment and refining charges have had a negative impact. There is a correlation between the price level for zinc and copper and smelter charges. Despite the fact that the concentrate and metal markets are separate, they both develop in line with global economic and industry-specific cycles.

Performance per Business Area

BUSINESS AREA MINING OPERATIONS

The operations of Business Area Mining are conducted in three areas in Sweden – Aitik, the Boliden area and Garpenberg, plus the Tara mine on Ireland.

The 2004 operating result for Business Area Mining Operations was positively affected by higher metal prices, increased metal production and lower treatment and refining charges, as well as the sale of land at the Tara mine. At the same time, the result was negatively affected by the lower income resulting from a weaker US dollar exchange rate compared to last year.

Business Area Mining Operations	2004	Pro forma 2003	Change %
SEK million			
Net sales	4 568	3 346	37
Operating result	1 395	192	627
Depreciation and amortisation	469	474	-1
Investments	699	745	-6
Capital employed	3 361	3 086	9

For the majority of Boliden's metals, total production increased compared to last year as shown in the table below:

Metal production, Mining Operation	2004	Pro forma 2003	Changes %
Copper (t)	86 692	88 398	-2
Zinc (t)	374 950	339 708	10
Lead (t)	54 458	48 160	13
Gold (kg)	5 691	4 677	22
Silver (kg)	238 569	260 137	-8

Zinc production at Tara increased substantially compared to last year. The increase is primarily a result of higher grades in the extracted ore, including the new Nevinstown ore body that has been brought into production gradually over the latter half of the year. Lead production at Tara also increased compared with last year as a result of higher grades.

Copper production and gold production at the Aitik mine have both reported an increase compared with 2003 as a result of higher copper and gold grades. Production of zinc, gold and silver in the Boliden area was higher than in last year. Copper production was lower as a result of lower production from the Storliden mine.

Garpenberg is continuing to report healthy production levels. In 2004, production at Lappberget accounted for an increasing share of total production from the mine area, and this has primarily led to a gradual increase in zinc production. Production of both zinc and lead has been higher during the year compared with 2003 as a result of the higher grades.

Boliden's combined production of zinc, lead and gold has increased substantially compared with last year, while total copper production was in line with production in 2003.

Boliden's mines are well positioned, with competitive cost levels that are expected to improve even further in 2005. Boliden's exploration activities will be allocated greater resources during the year, with the goal to increase the proven and probable ore reserves, primarily at Garpenberg and the Boliden area.

BUSINESS AREA SMELTING OPERATIONS

Production Area Zinc

The operations of Production Area Zinc are conducted at the Kokkola smelter in Finland and at the Odda smelter in Norway. The smelters are primarily involved in casting zinc, although Odda also manufactures aluminium fluoride.

The 2004 operating result for Production Area Zinc was positively affected by increased production and higher metal prices, compared to last year. At the same time, the lower exchange rate against the US dollar, as well as lower treatment charges, planned shutdowns for repairs and maintenance work and higher costs in connection with production disruptions at Odda, had a negative impact on the result. The modernisation of the Odda zinc smelter was completed in the fourth quarter and corresponded to an investment totalling approximately SEK 800 million. The modernisation began back in 2003.

Production Area Zinc	2004	Pro forma 2003	Change %
SEK million			
Net sales	3 912	3 640	7
Operating result	10	270	-96
Depreciation and amortisation	250	247	1
Investments	667	569	17
Capital employed	2 952	2 756	7

Output in Production Area Zinc improved, compared to last year. The coordination of zinc concentrate production from the mines within new Boliden had a positive impact on the zinc smelters' production. Odda failed to reach the anticipated output levels during the final months of the year, since the launch of the modernised plant and the new direct leaching process led to a number of production disruptions. Zinc production at Boliden Kokkola, however, reported record levels.

Output from Production Area Zinc in Business Area Smelting Operations is illustrated in the table below:

Metal production, Prod. Area Zinc	2004	Pro forma 2003	Change %
Zinc (t)	425 426	409 405	4
Aluminium-fluoride (t)	29 740	27 500	8

Production Area Copper

Operations within Production Area Copper are conducted at the Rönnskär smelter near Skellefteå, the Bergsöe smelter in Landskrona and the Harjavalta/Pori smelter in Finland. Production mainly comprises copper, lead, precious metals and zinc clinker.

Production Area Copper's operating result for 2004 was positively affected by higher metal prices, increased production and a stock profit on the process stocks at Rönnskär. At the same time, the lower exchange rate against the US dollar and lower treatment and refining charges had a negative impact on the result. Both Harjavalta and Bergsöe are reporting some of their best results so far.

Production Area Copper	2004	Pro forma 2003	Change %
SEK million			
Net sales	12 688	9 579	32
Operating result	741	334	122
Depreciation and amortisation	443	469	-6
Investments	168	145	16
Capital employed	6 566	6 224	5

Within Production Area Copper the operations performed well, primarily reporting an increase in the output of copper cathodes, lead and gold compared with last year.

Rönnskär reported a production record for copper cathodes, partly as a result of the fact that anode copper from Harjavalta can now be processed and refined into cathodes at Rönnskär. Harjavalta's copper cathode production was in line with that of last year. Greater production optimisation and more stable flows of external mining concentrates also had a positive impact on output in Production Area Copper. Production of lead at Bergsöe was slightly lower than last year.

Boliden's access to external mining concentrate will remain stable throughout 2005. As of the beginning of the year, supplies from the Portuguese mine, Neves Corvo also increased in accordance with the ten-year collaboration agreement signed in 2004. Deliveries from Neves Corvo will total between 150,000 and 200,000 tonnes of copper concentrate per year, which corresponds to approximately one-fifth of Boliden's external requirements.

Output from Production Area Copper in Business Area Smelting Operations is illustrated in the table below:

Metal production, Prod. Area Copper	2004	Pro forma 2003	Change %
Copper, cathodes (t)	359 987	339 816	6
Lead (t)	27 962	24 208	16
Gold (kg)	19 899	17 839	12
Silver (kg)	474 727	490 524	-3
Lead alloys Bergsöe (t)	45 586	49 132	-7

Ore reserves and exploration

Exploration is fundamental to mining and metal companies, as their operations depend on the discovery of new mineralisations. At the same time, it also involves risk, as there are no guarantees that the effort will lead to new discoveries.

BOLIDEN'S EXPLORATION STRATEGY

Boliden's strategy is to prioritise mine-site exploration. New discoveries close to an existing mine mean that the time from discovery to production can be reduced. As existing infrastructure can be used, the capital requirement is also lower. The Company is involved in mine-site exploration at all its mines in Sweden and in Ireland. The primary objective of field exploration is to secure mineral resour-

ces in the medium and long term. The time from a discovery being made to a mine becoming operational is often 5-10 years, and sometimes even longer. Field exploration is, by nature, more risky than mine-site exploration. Boliden's field exploration is currently conducted under its own management, and in cooperation with other companies. The geographic scope of Boliden's field exploration has been reduced, and now mainly focuses on the Skellefte field and, to a lesser extent, on Bergslagen and on Ireland.

DEVELOPMENT

The Company's objective is to maintain an ore reserve sufficient for at least ten years of production for all its mines. A number of promising new discoveries have been made in the last five years, although a great deal of work still remains to be done before the discoveries are converted into ore reserves.

The Lappberget mineralisation at Garpenberg is currently being developed and has the potential to meet Boliden's goal of a ten-year reserve. Current test drilling indicates that that this could be one of the most promising mineralisations so far discovered in Sweden.

At Kristineberg in the Boliden area, development and drilling work are continuing in an area known as the J zone. The information that has so far emerged suggests higher mineral grades than those noted for previous mineralisations in the area.

The Tara area has considerable potential and Boliden is conducting ongoing exploration work in the same areas as existing proven reserves. Mining permission was obtained in 2004 for the Nevinstown zinc mineralisation and production began in the third quarter of that year. Boliden invested SEK 120 million in exploration during 2004, compared with SEK 60 million, (excluding Tara), in last year. A total of SEK 80 million (SEK 40 m) of this sum was for mine-site exploration and the remainder was for field exploration. Exploration work has intensified during the year and is expected to remain at a high level in coming years with a view to maintaining and developing the Company's mineral resources.

Operating risks

CURRENCIES

Boliden's costs are primarily denominated in Swedish kronor, euro and Norwegian kronor, while its income is primarily in US dollars. The trend in the US dollar exchange rate therefore has a critical impact on the Group's results.

The Boliden Group's currency future and currency option hedges as of 31st December 2004 are summarised in Note 21.

Exchange rate trends

The US dollar weakened against all of Boliden's local currencies in 2004.

Average exchange rates	Full-year 2004	Change %	Full-year 2003	Change %	Full-year 2002
USD/SEK	7.32	-10	8,09	-17	9.72
EUR/USD	1.24	10	1,13	19	0.95
EUR/SEK	9.08	-1	9,14	-2	9.23
USD/NOK	6.73	-5	7,07	-11	7.98
USD/CAD	1.30	-7	1,40	-11	1.57

Exchange rate fluctuations

The table below provides an estimate of the effects of exchange rate fluctuations on Boliden's results for 2005 as a whole. The information is based on average exchange rates for the fourth quarter of 2004 and planned production volumes for 2005. The sensitivity analysis does not take into account the effects of exchange rate hedging. There is a certain time lag in the effects of exchange rate fluctuations on Boliden's results.

Currency	Change in USD rate +/-	Effect on result, +/- (SEK m)
SEK	10%	447
EUR	10%	263
NOK	10%	52
TOTAL		762

THE METAL MARKET AND METAL PRICES

The prices of base metals such as copper, zinc and lead are dependent on a number of factors. The most important long-term factor is changes in industrial supply and demand, but the activities of financial players also have a major impact on prices. Political factors have a greater impact on the prices of precious metals such as gold and silver.

Smelter charges, which for base metals comprise treatment and refining charges, are the primary components of the remuneration received by smelters for the refining of concentrates to metals. They are negotiated annually by the major players in the mining and smelting industries and serve as benchmarks for smaller players, while some concentrate transactions are conducted at spot prices.

Base metal prices are set daily on the London Metal Exchange (LME), while precious metal prices are set by the London Bullion Market Association (LBMA).

The high growth rate in the global economy, with Asia, and particularly China, reporting very strong growth, has contributed to an increased demand for metals. Global consumption of copper and zinc has been higher, exceeding production of these metals and contributing to lower stocks. Global consumption of zinc increased by 7 percent and the figure for copper was 6 percent, while the increase in metal production for zinc was only 2 percent, and for copper 6 percent in 2004, as compared to 2003.

METAL PRICES AND HEDGES

The prices of Boliden's most important metals, i.e. zinc, copper, lead, gold and silver, were considerably higher in 2004 than in 2003.

Copper – in 2004, 42 percent of the copper production at Swedish mines was hedged at USD 2,820 per tonne (USD 1.28 per lb). For 2005, 46 percent of planned copper production at Swedish mines has been hedged at USD 2,568 per tonne (USD 1.17 per lb) and for

2006, 13 percent has been hedged at USD 2,446 per tonne (USD 1.11 per lb).

Gold – in 2004, 69 percent of the gold production at Swedish mines was hedged at USD 368 per oz. For 2005, 74 percent of planned gold production at Swedish mines has been hedged at USD 367 per oz, and for 2006, 44 percent has been hedged at USD 424 per oz.

Silver – in 2004, 94 percent of the silver production at Swedish mines was hedged at USD 6.35 per oz. For 2005, 66 percent of planned silver production at Swedish mines has been hedged at USD 6.90 per oz, and for 2006, 52 percent has been hedged at USD 7.38 per oz.

Boliden's exposure to fluctuations in future metal prices is otherwise essentially unhedged.

METAL PRICE FLUCTUATIONS

The table below provides an estimate of the effects of metal price fluctuations on Boliden's results for 2005 as a whole.

Average metal prices

LME/LBMA	Full-year 2004	Change %	Full-year 2003	Change %	Full-year 2002
Copper USD/lb	1.30	60	0.81	14	0.71
Zinc USD/lb	0.48	26	0.38	9	0.35
Lead USD/lb	0.40	74	0.23	10	0.21
Gold USD/oz	410	13	364	17	310
Silver USD/oz	6.66	36	4.88	6	4.60

The information is based on average metal prices for the fourth quarter of 2004 and on planned production volumes for 2005. The sensitivity analysis does not take into account the effects of metal price hedging.

Metal	Change in prices +/-	Effect on results +/- (SEK m)
Copper	10%	208
Zinc	10%	304
Lead	10%	55
Gold	10%	49
Silver	10%	42
Nickel	10%	13
TOTAL		671

TREATMENT AND REFINING CHARGES

Boliden's mines and smelters are affected by the global market's setting of treatment and refining charges. This is the payment that the smelters receive for converting metal concentrates from the mines into refined metals. These payments are renegotiated annually by the world's major mining and smelting companies, and their terms then set the norm for the rest of the market. Treatment and refining charges are affected in the long term by metal prices and in the short term by the supply of and demand for metal concentrates. Individually, these payments are also affected by the quality of the metal concentrate and the smelter's geographic position in relation to the mines.

The shortage of copper concentrate during 2003 led to historically low levels of treatment and refining charges in 2004. The supply of copper concentrate increased in 2004, causing spot treatment charges (TC/RC) to rise dramatically. In all important respects, Boliden's 2004 concentrate supplies were contracted and the increased treatment and refining charges will therefore not have an impact on the Company until 2005. Boliden will be renegotiating approximately 60 percent of its concentrate supplies during 2005, and the remainder during 2006.

Zinc concentrate is still in short supply and a similar upswing has not been reported in this area. Spot treatment charges for zinc reached historically low levels in 2004. New Boliden is naturally protected against changes in treatment charges by the balance it has now established between its mining and smelting production.

In spite of a dramatic increase in the price of lead, the supply of lead concentrate remained limited, with historically low spot treatment charges. Since Boliden is a net seller of lead concentrate, the Company benefits from low treatment charges.

CHANGES IN TREATMENT AND REFINING CHARGES

The table in the next column provides an estimate of the effects on Boliden's results for 2005 as a whole of changes to treatment and refining charges (TC/RC). The information is based on average treatment and refining charges for the fourth quarter of 2004 and on planned production volumes for 2005.

Metal/Treatment and refining charges	Change in treatment and refining charges	Effect on result (SEK m)
Treatment charge/		
Refining charge, copper	+10%	+56
Treatment charge, zinc	+10%	+24
Treatment charge, lead	+10%	-9
TOTAL		71

The environment

The principal environmental impacts of Boliden's mining and smelting operations comprise land usage, emissions to air and water, noise and vibration, consumption of energy and chemicals and waste deposition. With regard to these activities, Boliden is subject to extensive environmental legislation and regulation in Sweden, Finland, Norway, Ireland and other countries. Where applicable, it is also subject to joint EU regulations concerning storage, emissions and waste management and the management of chemicals. In accordance with its environmental protection undertaking, Boliden has introduced systems and routines to reduce the environmental impact of its mines and smelters.

All of Boliden's operations hold the permits required for their ongoing activities and expansions. Several units are currently preparing permit applications for future production increases and other changes. All operations during the year were conducted within the framework imposed by legislation and applicable terms and conditions.

Boliden believes that the Company has, wherever possible, taken the required reclamation steps involved in decommissioning and has made relevant financial provisions for the costs involved in future reclamation work at mines and within other operations.

Employees

At year-end 2004/2005, the average number of employees at Boliden was 4 479, of whom 2,243 were in Sweden, 1,180 in Finland, 366 in Norway, 661 in Ireland and 29 in other countries. This is a reduction of 418 since last year, when the number of employees was 4,897. The reduction is due to the sale of the Myra Falls mine in Canada.

Number of employees at the end of	2004	Percentage of total
Sweden	2 243	50%
Finland	1 180	26%
Norway	366	8%
Ireland	661	15%
Other	29	1%
TOTAL	4 479	

The work of the Board of Directors

Boliden's Board of Directors comprises eleven members, three of whom are employee representatives. Risto Virrankoski is the Chairman of the Board and Carl Bennet is the Deputy Chairman. The other Board members, all elected by the Annual General Meeting, are Marie Berglund, Satu Huber, Jan Johansson, Tapani Järvinen, Anders Sundström and Christoffer Taxell. Ordinary members appointed by employee organisations are Alf Lindén, Lars Sundström and Hans-Göran Ölvebo.

During the 2004 financial year, the Board held a total of twelve Board meetings, four of which were ordinary meetings. The meetings were held at locations where the Group conducts operations. On 9th February 2005, the Board discussed the results for 2004, after which the preliminary financial statement was published. At the same Board meeting, the auditors presented their observations made in the course of their audit of the year's accounting records and their review of the consolidated closing accounts.

The Board of Directors establishes a yearly agenda that regulates the work of the Board in greater detail, as well as an instruction concerning the division of labour between the Board of Directors and the President.

The agenda for the Board states that that the Board will make decisions concerning:

- The adoption of budgets and business plans for the year ahead
- Policies
- Investments or undertakings outside the scope of the day-to-day operations
- Acquisitions and sales of companies or operating branches
- Subscriptions for, or the purchase or sale of, shares
- Loans, guarantees and securities outside the scope of the day-to-day operations

According to a decision made by the Annual General Meeting on 26th April 2004, a nomination procedure is applied when electing the Board of Directors. It involves the Chairman of the Board summoning representatives of the largest shareholders to a meeting, where they formulate a proposal that is presented to the shareholders' meeting, which makes a decision. This proposal also includes suggestions concerning the remuneration paid to members of the Board. The same procedure is used when preparing proposals relating to the election of the auditors and the remuneration paid to them.

In addition, the Board of Directors has appointed a Salaries Committee headed by the Chairman of the Board and comprising three members of the Board to handle salaries and terms of employment for the President and issue guidelines for the terms applying to other senior executives. The Board of Directors makes decisions concerning the remuneration paid to the President, while the President makes decisions concerning the remuneration paid to senior executives, following consultation with the Chairman of the Board. The Board of Directors as a whole serves as the Audit Committee.

The Group Management

Following the changes made during the year, Group management comprises of the following persons on 1st March 2005:

President and CEO
Jan Johansson

Deputy CEO
Tom Niemi

President –
Business Area Mining Operations
Svante Nilsson

President –
Business Area Smelting Operations
Jukka Järvinen

Senior Vice President –
Business Area Marketing and Sales
Lars-Göran Björkqvist

CFO
Staffan Bennerdt

Senior Vice President –
Human Resources
Bengt Lindahl

Senior Vice President –
Group Legal Affairs
Marianne Lindholm

Senior Vice President –
Group Communications
Ulf Söderström

The adoption of International Financial Reporting Standards (IFRS) as of 2005

As of 1st January 2005, the Boliden Group will apply International Financial Reporting Standards (IFRS). The Interim Report for Q1 2005 will be presented in accordance with IFRS, with recalculated comparative figures for 2004.

The recommendations of the Swedish Financial Accounting Standards Council, which are applied by the group, are primarily based on earlier versions of IAS that, in certain respects, have subsequently been updated under IFRS. As a consequence most of Boliden's accounts are already in compliance with IFRS. The effects that arise are thus mainly limited to the updates made to existing IAS standards and the issuing of new standards (IFRS 1-6) and statements.

The transition to IFRS is expected to increase in shareholders' equity with SEK 159 million for 31st December 2004 and SEK 165 million for 1st January 2005 respectively. The net result for 2004 is expected to increase by SEK 165 million. The change is mainly attributable to the fact that goodwill will no longer be amortised. Accounting principles provides a more detailed analysis of the preliminary effects.

Events after the end of the financial year

In January 2005, the sales process relating to Bergsöe was terminated since the parties were unable to reach agreement concerning terms and conditions. The lead smelter is now being integrated into Boliden's Production Area Copper.

At the beginning of March, Outokumpu reduced its holding in Boliden by approximately 30 million shares and, following this transaction, they hold the equivalent of 16.1 percent of the shares in Boliden AB.

In March 2005, Boliden sold all of its 2,176,800 shares in Lundin Mining Corporation, corresponding to approximately 6.7 percent of the votes and share capital before full dilution. Pursuant to prevailing regulations concerning the so-called lock-up period, Boliden has sold the shares to an Accredited Investor. The sale generates a capital gain for Boliden of approximately SEK 20 million, which will be reported in net financial items in the first quarter of 2005.

Future development and outlook for 2005

Boliden's profitability and cash flow is significantly affected by a number of external factors, the most important of which are metal prices, exchange rates and treatment and refining charges. The metal price trend has remained positive in early 2005, and the zinc price in particular has strengthened considerably. At the same time, the US dollar has weakened.

The increasing volume of copper concentrate in the market has had a positive impact on copper treatment charges, and both contracted and spot prices have increased substantially. Boliden is a net purchaser of copper concentrate and therefore benefits from higher treatment charges. In addition, the copper cathode premiums for 2005 have increased. Together, these factors will have a positive impact on Production Area Copper.

The treatment charges for zinc in 2005 are expected to fall even further than in 2004. The continued shortage of zinc concentrate is expected to lead to a further weakening of the treatment charges for zinc in 2005 compared with 2004. Boliden has in principle established a balance between its zinc mining and smelting production, and will therefore only be affected to a limited extent by changes in the treatment charges.

Due to its acquisition of Outokumpu's mining and smelting operations, the new issues, the refinancing and the positive trend in its results in 2004, new Boliden has become a far stronger company.

The Board of Directors believes that the currently healthy market situation will remain throughout 2005. The improvement in the underlying operations, as well as greater synergies, current high metal prices and increased treatment and refining charges for copper will, in all important aspects, offset the effects of the currently low level of the US dollar. Bearing this in mind, the result after financial items in 2005 is expected to remain healthy, and a substantial improvement in free cash flow is also expected in 2005.

The Parent Company

The Parent Company conducts no operations and has no employees.

Dividends

The Board of Directors of Boliden proposes to the Annual General Meeting that no dividend be paid for the 2004 fiscal year. The Board of Directors of Boliden has adopted a dividend policy whereby approximately 1/3 of the earnings after tax should be distributed over a single business cycle. In its annual dividend proposal, the Board has to take the Company's development and investment requirements into account. The goal of the Board of Directors is to propose to the Annual General Meeting that dividends be paid in accordance with this policy as of the 2005 fiscal year.

Proposed allocation of profits

The Group's non-restricted shareholders' equity is negative. The Board of Directors and the President propose that no dividend be paid and that the profits of SEK 879,085 thousand be carried forward.


2005
2005

Consolidated Income Statements

Amount in SEK million	Note	2004	2003
Net sales	26	17 928	9 545
Cost of goods sold		-15 563	-8 507
Gross result		**2 365**	**1 038**
Selling expenses		-333	-344
Administrative expenses	2	-396	-336
Research and development costs		-169	-89
Other operating income	3	328	86
Result from participation in associated companies	11	85	20
Loss on sale of operations	4	-214	-394
Operating result	**1,7-9,26**	**1 666**	**-19**
Result from financial items			
Interest income and other similar items	5	35	69
Interest expenses and other similar items	6	-501	-301
Result after financial items		**1 200**	**-251**
Taxes	13	-145	265
Minority share in earnings for the year		–	-1
Result for the year		**1 055**	**13**
Earnings per share, SEK[1)]	**16**	**4.31**	**0.12**
Earnings per share after full dilution, SEK [1)]		**4.30**	**0.12**
Number of shares			
Opening number of shares		168 258 113	85 811 638
Non-cash issue, December 2003		–	82 446 475
New rights issue, March 2004		84 129 056	–
New rights issue, December 2004		37 000 000	–
Closing number of shares		289 387 169	168 258 113
Average number of shares[1)]		244 944 346	107 834 334
Maximum number of shares from convertibles		457 194	457 194
Average number of shares, after full dilution [1)]		245 401 540	108 291 528

[1)] Adjusted to take account of bonus issue effects of new issues.

Net sales

Boliden's net sales totalled SEK 17,928 million (SEK 9,545 m) for the year as a whole. The increase in net sales is largely an effect of the structural transaction with Outokumpu, whereby Boliden acquired mines and smelters. Significantly improved metal prices and increased production within both the Business Area Mining Operations and the Business Area Smelting Operations also had a positive impact on net sales, while the lower exchange rate against the US dollar had a negative impact.

Operating result

The operating result before depreciation and amortisation (EBITDA) totalled SEK 2,977 million (SEK 633 m). The operating result (EBIT) improved to SEK 1,666 million (SEK -19 m), which corresponds to an operating margin of 9.3 percent (neg.). The improvement in the operating result is primarily attributable to the improved result within the mining and smelting operations for copper. The positive effects of increased synergies have been partially offset by higher costs for input goods during the year. Items of a non-recurring nature have affected the operating result during the reporting period by a net amount of SEK 47 million, (SEK -300 million in provisions for cartel fines, SEK 86 million for reversal of the reserve for operations sold, SEK 19 million from the sale of the Myra Falls mine, SEK 175 million from the sale of land at the Tara mine, and SEK 67 million from the sale of shares in North Atlantic Natural Resources AB). The full-year result was furthermore affected by a stock gain at Rönnskär of SEK 45 million (SEK -18 m).

Result after financial items

The result after financial items increased to SEK 1,200 million (SEK -251 m). Costs connected with the refinancing had a negative impact on net financial items with SEK 73 million.

Net result and taxes

The Group's net result totalled SEK 1,055 million (SEK 13 m). The year's tax expense totalled SEK 145 million (tax income SEK 265 million). This is equivalent to a rate of 12 percent. The lower rate is primarily due to the fact that an amount of SEK 222 million, relating to tax losses carried forward previously not recorded as tax assets, has been taken as income during 2004.

Key ratios	2004	2003
Return on capital employed, %	11,1	–
Return on shareholders' equity, %	13.8	0.4
Equity/assets ratio, %	44.8	30.7
Net debt/equity ratio, %	74	147
Depreciation and amortisation, SEK million	1 311	652
Investments, SEK million	1 535	611
Capital employed, SEK million	15 197	14 790
Net debt, SEK million	6 656	8 957

Consolidated Balance Sheets

Amount in SEK million	Note	2004-12-31	2003-12-31
ASSETS	26		
Fixed assets			
Intangible fixed assets	7	2 756	2 745
Tangible fixed assets	8		
Buildings and land		2 713	2 545
Deferred mining costs		1 346	1 248
Machinery and other technical facilities		7 183	7 061
Equipment, tools, fixtures and fittings		138	154
New construction work in progress		207	473
		11 587	11 481
Financial fixed assets			
Participations in associated companies	11	38	83
Other shares and participations	12	188	65
Deferred tax receivables	13	475	425
Other long-term securities holdings		15	3
Other long-term receivables		9	23
		725	599
Total fixed assets		**15 068**	**14 825**
Current assets			
Inventories	14	2 679	2 236
Current receivables			
Accounts receivable		853	843
Interest-bearing current receivables		66	25
Other current receivables	15	477	554
		1 396	1 422
Short term investments	25	450	536
Cash and bank	25	424	842
Total current assets		**4 949**	**5 036**
TOTAL ASSETS		**20 017**	**19 861**

Amount in SEK million	Note	2004-12-31	2003-12-31
SHAREHOLDERS' EQUITY AND LIABILITIES	**26**		
Shareholders' equity	**16**		
Restricted shareholders' equity			
Share capital		579	337
Restricted reserves		11 973	12 001
		12 552	12 338
Non-restricted shareholders' equity			
Accumulated deficit		-4 648	-6 251
Result for the year		1 055	13
		-3 593	-6 238
Total shareholders' equity		**8 959**	**6 100**
Provisions			
Provisions for pensions and similar undertakings	17	475	224
Deferred tax	13	205	307
Other provisions	18	849	686
		1 529	1 217
Long-term liabilities			
Liabilities to credit institutions	20	6 607	7 209
Other interest-bearing liabilities	22	13	1 428
Other liabilities		4	1
		6 624	8 638
Current liabilities			
Liabilities to credit institutions	20	514	1 500
Accounts payable		1 606	1 415
Other interest-bearing liabilities	22	–	2
Other current liabilities	23	785	989
		2 905	3 906
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**20 017**	**19 861**
Pledged assets	**24**	**11**	**4 156**
Contingent liabilities	**24**	**327**	**486**

Financial position

New Boliden's financial position has improved significantly as a result of improved profitability, the structural transaction with Outokumpu and the new rights issues that have been carried out. With a debt/equity ratio of 0.74 at the end of the year, Boliden succeeded in meeting the financial target it had set itself of a debt/equity ratio within the 0.50–0.75 interval.

	2004	2003
Net debt (SEK million)	6 656	8 957
Shareholders' equity (SEK million)	8 959	6 100
Net debt/shareholders' equity, %	74	147
Equity/assets ratio	44.8	30.7

Financing

Boliden's net debt totalled SEK 6,656 million (SEK 8,957 m) at the end of the year. The decrease is largely due to the fact that the proceeds from the rights issues were used to amortise loans.

Net debt	2004	2003
Liabilities to credit institutions	7 121	8 709
Other interest-bearing liabilities	15	1 430
Pension liabilities	475	224
Other long-term securities holdings	-15	-3
Interest-bearing current receivables	-66	-25
Short term investments	-450	-536
Cash and bank balances	-424	-842
	6 656	8 957

Assets and capital employed

The Group's total assets have only increased marginally during the year from SEK 19,861 million at the start of the year to SEK 20,017 million at the end of the year.

On 31st December, capital employed totalled SEK 15,197 million (SEK 14,790 m).

Capital employed	2004	2003
Intangible assets	2 756	2 745
Tangible assets	11 587	11 481
Inventories	2 679	2 236
Accounts receivable	853	843
Other receivables	485	576
Provisions other than for pensions and tax	-849	-687
Accounts payable	-1 606	-1 415
Other liabilities	-708	-989
	15 197	14 790

Changes in Shareholders' Equity – Group

2004	Note 16	Share Capital	Restricted reserves	Accumulated deficit	Total shareholders' equity
Closing balance on Balance Sheet dated 31 Dec. 2003		**337**	**12 001**	**-6 238**	**6 100**
Effect of change in accounting principle					
RR 29 Remunerations to employees		–	–	-160	-160
Tax effect of change in accounting principles		–	–	45	45
Adjusted opening balance		**337**	**12 001**	**-6 353**	**5 985**
New rights issue, March 2004		168	1 216	–	1 384
New rights issue, December 2004		74	825	–	899
Closed out futures contracts		–	-473	–	-473
Tax effect on closed out futures contracts		–	–	132	132
Result for the year		–	–	1 055	1 055
Transfer between restricted and non-restricted shareholders' equity		–	-1 419	1 419	–
Translation difference for the year		–	-177	154	-23
Year-end		**579**	**11 973**	**-3 593**	**8 959**
Accumulated translation differences in the Group's shareholders' equity					
Opening balance, translation differences			-135	-29	-164
Year's change when converting foreign subsidiaries			-313	154	-159
Year's exchange rate differences on hedging instruments			136	–	136
Year-end, translation differences			**-312**	**125**	**-187**

2003	Share Capital	Restricted reserves	Accumulated deficit	Total shareholders' equity
Opening balance	**172**	**7 638**	**-5 220**	**2 590**
Non-cash issue	165	2 908	–	3 073
Closed out futures contracts	–	630	–	630
Tax effect on closed out futures contracts	–	–	-176	-176
Result for the year	–	–	13	13
Transfer between restricted and non-restricted shareholders' equity	–	1 711	-1 711	–
Accumulated translation differences in companies sold	–	-281	287	6
Translation difference for the year	–	-605	569	-36
Year-end	**337**	**12 001**	**-6 238**	**6 100**
Accumulated translation differences in the Group' shareholders' equity				
Opening balance, translation differences		752	-886	-134
Year's change when converting foreign subsidiaries		-613	570	-43
Accumulated translation differences in companies sold		-281	287	6
Year's exchange rate differences on hedging instruments		7	–	7
Year-end, translation differences		**-135**	**-29**	**-164**

Consolidated Statements of Cash Flows

Amount in SEK million	Note	2004	2003
Operating activities	**25**		
Result after financial items		1 200	-251
Adjustments for items not included in the cash flow:			
Depreciation, amortisation and write-down of assets	7, 8	1 322	658
Capital gains/losses on operations sold		-19	394
Other		-111	-119
		2 392	682
Tax paid		-51	–
Cash flow from operating activities before changes in working capital		**2 341**	682
Cash flow from changes in working capital			
Increase(-)/Decrease(+) in inventories		-493	-239
Increase (-)/Decrease (+) in operating receivables		43	-110
Increase (+)/Decrease (-) in operating liabilities		-339	623
Cash flow from operating activities		**1 552**	956
Investment activities			
Acquisitions of subsidiaries [1]		-133	-7 891
Sale of subsidiaries and associated companies		–	449
Acquisition of intangible fixed assets		-1	-1
Acquisition of tangible fixed assets	8	-1 534	-610
Sale of tangible fixed assets		226	22
Acquisition of financial assets		-66	–
Cash flow from investment activities		**-1 508**	**-8 031**
Financing activities			
Non-cash issue [1]		–	3 073
New rights issues		2 250	–
Loans raised		7 718	4 997
Amortisation of loans		-10 517	-384
Cash flow from financing activities		**-549**	**7 686**
Cash flow for the year		**-505**	**611**
Opening liquid assets		**1 378**	**768**
Exchange rate difference, liquid assets		**1**	**-1**
Closing liquid assets	**25**	**874**	**1 378**

[1] In order to provide an overall picture of the transaction with Outokumpu, the 2003 non-cash issue is reported in the Statement of Cash Flow even though it does not affect cash flow.

The cash flow from operating activities totalled SEK 1,552 million (SEK 956 m). Acquisitions of tangible fixed assets totalled SEK -1,534 million (SEK -610 m). The increased investments are primarily attributable to investments in Odda and Tara.

Net liabilities of SEK 2,799 million (a net amount of SEK 4,613 in loans) were amortised during the period. The cash flow was positively affected by a total of SEK 2,250 million from new rights issues, of which SEK 1,361 million came from the rights issue during the first quarter and SEK 889 million from the directed rights issue during the fourth quarter.

The operations conducted by Boliden are characterised by major fluctuations in working capital, since individual incoming and outgoing metal concentrate deliveries and outgoing deliveries of products from the smelters command high values.

Income Statements – Parent Company

Amount in SEK million	2004	2003
Result after financial items	–	–
Result before tax	–	–
Tax on result for the year	–	–
Result for the year	–	–

Balance Sheets – Parent Company

Amount in SEK million	Note	2004-12-31	2003-12-31
ASSETS			
Fixed assets			
Financial fixed assets			
Participations in Group companies	10	4 146	4 146
Other long-term receivables from Group companies		2 564	199
Total fixed assets		**6 710**	**4 345**
TOTAL ASSETS		**6 710**	**4 345**
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	16		
Restricted shareholders' equity			
Share capital		579	337
Premium reserve		5 248	3 207
Statutory reserve		4	4
		5 831	3 548
Non-restricted shareholders' equity			
Profit brought forward		879	797
Result for the year		–	–
		879	797
Total shareholders' equity		**6 710**	**4 345**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**6 710**	**4 345**
Pledged assets		–	–
Shares in subsidiaries		None	3 911
Contingent liabilities	24	None	None

Changes in Shareholders' Equity – Parent Company

2004	Note 16	Share capital	Premium reserve	Statutory reserve	Non-restricted shareholders' equity	Total shareholders' equity
Opening balance		**337**	**3 207**	**4**	**797**	**4 345**
New rights issue, March 2004		168	1 216	–	–	1 384
New rights issue, December 2004		74	825	–	–	899
Group contributions received, after fiscal effect		–	–	–	82	82
Closing balance		**579**	**5 248**	**4**	**879**	**6 710**

2003	Share capital	Premium reserve	Statutory reserve	Non-restricted shareholders' equity	Total shareholders' equity
Opening balance	**172**	**299**	**0**	**801**	**1 272**
Non-cash issue	165	2 908	–	–	3 073
Provision to the statutory reserve	–	–	**4**	–4	–
Closing balance	**337**	**3 207**	**4**	**797**	**4 345**

Statements of Cash Flows – Parent Company

Amount in SEK million	2004	2003
Cash flow from operating activities	–	–
Investment activities		
Acquisitions of subsidiaries[1)]	–	-7 891
Sale of subsidiaries within the Group	–	4 981
Cash flow from investment activities	–	-2 910
Financing activities		
Loans to Group companies	-2 250	-163
New rights issue	2 250	–
Non-cash issue [1)]	–	3 073
Cash flow from financing activities	–	2 910
Cash flow for the year	–	–
Opening liquid assets	–	–
Closing liquid assets	–	–

[1)] In order to provide an overall picture of the transaction with Outokumpu, the 2003 non-cash issue is reported in the Statement of Cash Flow even though it does not affect cash flow.

Accounting Principles

General accounting principles

The Annual Report has been compiled in accordance with the provisions of the Swedish Annual Accounts Act. The Company complies with the recommendations and guidelines issued by the Swedish Financial Accounting Standards Council (Redovisningsrådet).

As of 1st January 2004, the Swedish Financial Accounting Standards Council's recommendation, RR 29 Remunerations to employees, has come into effect. According to actuarial calculations of pension plans categorised as defined benefit plans, the pension liability increases by SEK 160 million. The net increase after tax, SEK 115 million, has been booked directly to shareholders' equity as an effect of the accounting principle change.

Consolidated Statements

The Consolidated Statements have been compiled in accordance with the acquisition accounting method. The Consolidated Statements comprise those companies in which the Parent Company, either directly or through subsidiaries, holds more than 50 percent of the votes, or otherwise has a controlling influence.

Companies that have been sold are included in the Consolidated Statements up to and including the date of their sale. Companies acquired during the current year are included in the Consolidated Statements as of the acquisition date.

Associated companies

Shareholdings in associated companies, in which the Group has a minimum of 20 percent and a maximum of 50 percent of the votes, or otherwise has a significant influence over operational and financial management, are reported in accordance with the equity method.

Under the equity method, the consolidated book value of the shares in the associated companies corresponds to the Group's share of the associated companies' shareholders' equity and any residual values from consolidated surplus and deficit values. Shares in associated companies' results are reported in the Consolidated Income Statement as part of the operating result and comprise the Group's share in the associated companies' net results.

Shares in profits accumulated after the acquisition of associated companies but not yet realised through dividends constitute part of the Group's restricted shareholders' equity.

Conversion of foreign subsidiaries and other overseas operations

The current method is applied to convert the Income Statements and Balance Sheets of independent overseas operations. Under the current method, all assets, provisions and liabilities are converted at the rate of exchange applying on the closing day, while all items in the Income Statement are converted at the average exchange rate. Any exchange rate differences that arise are booked directly towards equity. Accumulated translation differences arising in connection with the conversion of subsidiaries' results have been reported as of 1999.

Boliden hedges its net investments in foreign subsidiaries by adopting the opposite position in the relevant foreign currency. The exchange rate difference on the hedging measures is booked directly towards the Group's shareholders' equity after adjustment for the fiscal effects.

In conjunction with the sale of independently run overseas operations, the accumulated translation differences attributable to operations are realised in the Consolidated Income Statement, after deductions for any currency hedging activities.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are converted at the closing day exchange rate. Exchange rate differences on operating receivables and operating liabilities are included in the operating result, while exchange rate differences on financial receivables and liabilities are reported under financial items. Receivables and liabilities in foreign currencies that have been hedged using futures are converted at the future rates.

Short term investments

Holdings of securities or other investments that are not fixed assets and are not designated as liquid assets are reported as short term investments. Short term investments are valued at whichever is the lower of the acquisition value and the true value on the Balance Sheet date.

Liquid assets

Short term investments with a duration of three months or less that can easily be converted into cash are classified as liquid assets, as are cash and bank balances.

Income reporting

Product sales are reported at the time of delivery to the customer in accordance with the terms and conditions of the sale whenever significant rights and obligations associated with the title transfer to the purchaser. These sales are reported net after VAT, discounts and exchange rate differences when sales are made in foreign currencies.

Income from activities outside the sphere of the regular operations is reported as other operating income.

Exploration, research and development

Expenses associated with research and development are primarily booked as costs when they arise. When the financial potential for the exploitation of a mine deposit has been confirmed, the expenses are booked as costs up to that date. After that date, the expenses are capitalised as deferred mining costs, the governing principle of which is described under the heading "Tangible fixed assets".

Intangible fixed assets

Intangible fixed assets include goodwill, brands, patents and licenses, and are booked at their acquisition value.

Tangible fixed assets

Land, plants and equipment, and capitalised costs associated therewith for development and pre-production measures are booked at the acquisition value. Interest expenses attributable to development financing and completion of significant tangible fixed assets are included in the acquisition value. Repair and maintenance expenses are booked as costs, while substantial improvements and replacements are capitalised. Deferred mining costs at mines comprise both the waste rock mining required to access the ore body, plus work relating to infrastructural facilities, roads, tunnels, shafts and inclined drifts as well as service, electricity and air distribution facilities.

Deferred mining costs arising from capacity expansion of the mining operation, the development of new ore bodies and the preparation of mining areas for future production are capitalised and written off concurrently with production. Mining costs associated with waste rock removal from open pit sites are capitalised and booked as costs in the operations based on the average percentage of waste rock per mine. The average percentage of waste rock is calculated as the estimated number of tonnes of waste rock and ore that must be mined divided by the estimated number of tonnes of ore that the deposit is believed to contain. When the percentage of waste rock for the mines remains relatively constant over the useful life of the mines, the costs are normally reported when they arise.

Depreciation, amortisation and write-down principles for fixed assets

Depreciation according to plan is based on the original acquisition value (or, where relevant, the appreciated values) and the estimated economic lifespan.

Goodwill arising in conjunction with corporate acquisitions of long-term strategic value is amortised over a maximum of 20 years. Other intangible fixed assets are amortised according to plan over their economic lifespans.

The Company normally depreciates plants and equipment used in the mining operations linearly over whichever is the lower of their anticipated useful life and the useful life of the mine to which they relate. Smelters and production plants are depreciated linearly over their anticipated useful lives.

The following depreciation periods are applied to tangible fixed assets:

Buildings	20-50 years
Land improvements	20 years
Development	Concurrently with ore depletion
Machinery and other technical facilities	
Machinery	3-10 years
Processing plants	10-25 years
Equipment, tools and fixtures and fittings	3-10 years

When events or changes in prevailing conditions indicate that the book value of fixed assets exceeds the recovery value, it is written down to its value in use corresponding to the present value of estimated future net cash flows.

Leasing

A financial leasing agreement is an agreement whereby the financial risks and benefits associated with a title are, in all significant respects, transferred from the lessor to the lessee. Leasing agreements that are not classified as financial leasing agreements is classified as an operational leasing agreements.

Assets held in accordance with financial leasing agreements are reported as fixed assets in the Consolidated Balance Sheet at the lower of the market value of the assets or the present value of the future lease payments. The Group's liability in relation to the lessor is reported in the Balance Sheet under the heading "Other interest-bearing liabilities", broken down into a current and a long-term part.

Lease payments are broken down into interest and amortication of liability. The interest is distributed over the leasing period so that an amount corresponding to the fixed interest amount payable on the liability reported in each period is charged to each reporting period. The leased asset is depreciated according to the same principles as those that apply to other assets of the same type.

The leasing charges for operational leasing agreements are booked as costs on a linear basis over the leasing period.

Receivables

Following individual valuation, receivables are booked according to their expected recoverability.

Inventories

Inventories are valued at whichever is the lower of the acquisition value in accordance with the so-called first-in-first-out principle and the true value, taking into account the risk for obsolescence. The acquisition value of inventories of metals from the Company's mines and semi-finished and finished products manufactured in house comprises the direct manufacturing costs plus a reasonable surcharge for indirect manufacturing costs. Supplies inventories are valued at whichever is the lower of the average acquisition value and the replacement value.

Taxes

The tax expense (income) for the period comprises current tax and deferred tax. Taxes are reported in the Income Statement except when the underlying transaction is booked directly to shareholders' equity, in which case the associated fiscal effect is also reported to shareholders' equity.

Current tax is the tax calculated on the tax-liable result for each period. The year's tax-liable result differs from the year's reported result in that it has been adjusted for non-taxable and non-deductible items. The Group's current tax liability is calculated in accordance with the taxation rates stipulated or announced on the Balance Sheet date.

Deferred tax is reported using the Balance Sheet method. This method stipulates that deferred tax liabilities are reported in the Balance Sheet for all tax-liable temporary differences between reported and fiscal values of assets and liabilities. Deferred tax receivables are reported in the Balance Sheet in respect of deficit deductions and all deductible temporary differences to the extent that it is likely that the amounts can be used to offset future tax-liable surpluses. The reported value of deferred tax receivables is checked at the end of each accounting period and reduced to the extent that it is no longer likely that sufficient tax surpluses will be available for its use. Deferred tax is calculated in accordance with the taxation rates that are expected to apply to the period in which the asset is recovered or the liability is settled.

Both deferred and current tax receivables and tax liabilities are offset when they relate to income tax levied by the same tax authority and when the Group intends to settle the tax in the form of a net amount.

Provisions

Provisions are reported when the Group has, or may be considered to have, an obligation as a result of events that have occurred and it is likely that payments will be required in order to fulfil this obligation. In addition, one of the prerequisites is that it should be possible to make a reliable estimate of the amount to be paid.

Provisions are made for the estimated reclamation costs for the mining operations that are expected to arise when the operations are decommissioned and are reported as costs over the total estimated operating period. The cost is reported as part of the mines' cost of goods sold.

Pension undertakings

The Group has a variety of pension systems in accordance with local conditions and practice in the countries in which its companies operate. Provisions for pension undertakings are calculated in accordance with recommendation RR 29, Remunerations to employees, issued by the Swedish Financial Accounting Standards Council.

For pension systems where the employer is committed to premium-based solutions, the undertaking in relation to the employee ceases when the agreed premiums have been paid.

For other pension systems where a pension defined as a benefit has been contractually agreed, the undertaking does not cease until the agreed pensions have been paid out. Boliden performs an actuarial calculation of pension undertakings relating to defined benefit arrangements. In these calculations, Boliden takes account of future salary increases, the discount rate and the return on assets held for investment purposes, as well as other significant actuarial assumptions needed to perform the calculation.

The pension cost for the year comprises the present value of pensions earned during the year, plus interest on the undertaking at the start of the year, less deductions for the return on the assets held for investment purposes of each pension plan. Amortisation of actuarial gains/losses and for changes to plans is additional. Actuarial gains and losses are amortised over the average remaining working life of the employees covered by each pension plan. Accumulated gains and/or losses that are less than 10 percent of whichever is the higher of the pension undertaking and the present value of assets held for investment purposes are not amortised. When the accumulated gain or loss exceeds this 10-percent limit, the excess amount is amortised over the average remaining period of employment. This principle is applied to each pension plan.

Financial liabilities

Financial liabilities primarily comprise liabilities to credit institutions. These liabilities are reported in the Balance Sheet at their acquisition value on the settlement date. Interest expenses are distributed over a fixed period and are reported on an ongoing basis in the Income Statement. Borrowing costs are capitalised and charged to the result over the term of the loans.

Financial derivative instruments

Currency derivatives

The Company uses a combination of currency futures and options to hedge contracted and forecast future commercial currency flows. Hedge accounting is applied, which means that the effects of the currency derivative on the result are reported at the same point in time as the effects of the underlying (hedged) transaction on the result. Outstanding currency derivatives that do not meet the criteria for hedge accounting are valued at their market value, while unrealised losses are booked to net financial items.

Effects arising from the extension of currency future contracts signed for hedging purposes are reported as assets and liabilities in the Balance Sheet and are reported in the same period as the underlying (hedged) transaction is booked to the result.

Raw material derivatives

To some extent, the Company makes use of raw material derivatives to hedge its planned metal production.

The Company uses hedging transactions to limit the exposure of its inventories and protect it from changes in raw material prices. Hedge accounting is applied, which means that the effects of raw material derivatives on the result are reported in the same period as the underlying payment flows. Outstanding raw material futures that do not meet the criteria for hedge accounting are valued at their market value, while unrealised losses are booked to net financial items.

Information per business line

The Company's accounting comprises the three business line within the Group:
– Mining Operations
– Copper
– Zinc

With regard to net sales, the supplementary information provided in respect of geographical markets in Note 26 shows the location of the external clients. Assets and investments are reported in each asset's location.

The adoption of International Financial Reporting Standards (IFRS) as of 2005

As of the financial year starting on 1st January 2005, the Boliden Group will be applying International Financial Reporting Standards (IFRS).

According to the transition rules governing first-time adoption of IFRS, a comparative year is required. In all reporting for 2005, financial information for 2004 must be reported in accordance with IFRS. The transition date for Boliden's reporting in accordance with IFRS is therefore 1st January 2004 and all financial information for this fiscal year is recalculated for comparison purposes. The Interim Report for Q1 2005 will thus be presented in accordance with IFRS and will include recalculated comparative figures for 2004.

IAS 39, which relates to financial instruments, is exempted from the requirement concerning recalculation of the comparative year and will therefore only be applied by Boliden as of 1st January 2005.

Those EU directives, under which the transition is reported, require that IFRS is presented in full financial reports, which means that the rules in force at the end of 2005 are the rules that should be applied in the IFRS transition. The effects presented below are preliminary, since new standards or statements may be introduced during 2005, which Boliden may choose to apply retroactively. Among other things, IASB issued IFRS 6 in December 2004, "Exploration for and Evaluation of Mineral Resources", which has not yet been adopted by the EU. The standard applies to financial years beginning after 1st January 2006, with the possibility of an earlier adoption. Boliden's initial assessment is that the standard will not have an effect on the company's results and position.

Since major changes have been made to IFRS standards during 2004, it is possible that new interpretations may emerge during the period before the publication of the 2005 Annual Report.

Background

The recommendations of the Swedish Financial Accounting Standards Council which are applied by the Group are based on the recommendations issued by IASC and the statements made by SIC (Standing Interpretation Committee). IASB has thereafter updated several of the recommendations and introduced certain SIC statements into the standards that form the basis for the introduction of IFRS. In addition, IASB has issued another five standards that will be applied by Boliden when the transition to IFRS takes place.

The work performed in identifying the effects of the transition to IFRS has primarily been focused on identifying the effect on Boliden of changes in prevailing norms and standards, as compared with the standards on which the Swedish Financial Accounting Standards Council based its recommendations. Boliden has also identified the effects of the application of standards newly issued (IFRS 1-5). The standards that are relevant to Boliden correspond relatively well with the previously applied recommendations of the Swedish Financial Accounting Standards Council, and the effects are therefore primarily limited to the new standards.

Voluntary exceptions

In the transition to IFRS, Boliden applies IFRS 1 (First-time adoption of International Financial Reporting Standards). As a rule, IFRS 1 requires the standards in force at the point of transition to IFRS to be applied retroactively when determining the opening balance on 1st January 2004 in accordance with IFRS. IFRS 1 does however permit certain exceptions from this retroactive application and Boliden has thus chosen to apply the following principles:

- Only acquisitions and mergers completed from the transition date of 1st January 2004 are recalculated in accordance with IFRS 3. The requirements imposed by IFRS 1 with regards to recalculation in respect of certain acquisitions prior to this point in time are not considered to have an impact on Boliden's equity at the time of the transition.
- Boliden has chosen to apply IAS 19 as of the transition date of 1st January 2004, which means, among other things, that actuarial profits and losses arising prior to this date are recorded in the opening balance of shareholders' equity.
- According to IFRS, fixed assets may not be written up, unless the revaluation method is applied. IFRS 1 does however permit that a write-up made prior to the transition point can be regarded as the acquisition value at the time when the write-up was performed. In light of the write-up of the Rönnskär plant, which that was performed in 2001 with SEK 2,066 million net of deferred taxes, Boliden has chosen to make use of this exemption. The exemption rule also requires that the value of the write-up was comparable with the market value of the asset.
- Accumulated translation differences when translating foreign subsidiaries are closed out at the time of transition.
- Share-related remunerations are reported in accordance with IFRS 2 for all share-related remunerations awarded after 7th November 2002 and not

RECALCULATED OF SHAREHOLDERS' EQUITY AND NET RESULT FOR THE GROUP

Consolidated reconciliation of group shareholders equity	2004-01-01	2004-12-31	2005-01-01	Note
Equity according to Swedish GAAP	**6 100**	**8 959**	**8 959**	
Goodwill amortisation		165	165	1
Goodwill amortisation, translation effect		-6	-6	1
Financial instrument, net of deferred taxes			-3	2
Market value of other shares, net of deferred taxes			8	2
Total change to IFRS	0	159	165	
EQUITY ACCORDING TO IFRS	**6 100**	**9 118**	**9 124**	

Consolidated reconciliation of group net results	2004	
Net result according to Swedish GAAP	**1 055**	
Goodwill amortisation	165	1
Net result according to IFRS	**1 220**	

earned on 1st January 2005. Boliden has chosen not to apply IFRS 2 retroactively prior to this date.

Above is a preliminary summary of the expected effects the adoption of IFRS will have on the Group's shareholders' equity at the time of the transition and at the end of 2004, as well as on the net result for 2004. It also specifies the effects on the Group's shareholders' equity on 1st January 2005.

Explanatory notes

1. INTANGIBLE ASSETS

According to IAS 38, intangible assets should be classified as assets with a definable period of use or as assets with an indefinable period of use. According to Boliden's current principles, goodwill has been amortised over a maximum of 20 years. According to IFRS 3, goodwill should be classified as an asset with an indefinable lifetime and may no longer be amortised. Instead, impairment tests should be performed as soon as there are indications that there is a need for a write-down and at least once a year. The transitional rules in IFRS 1 also require a write-down test to be performed at the time of the transition on 1st January 2004. Boliden has performed write-down tests that show that there is no need for a write-down, either at the time of the transition on 1st January 2004 or at the end of the financial year ending on 31st December 2004.

In view of the adoption of IFRS as of 1st January 2004, all amortisation according to plan performed in 2004 has been reversed, increasing both the result and shareholders' equity at the end of the year by SEK 165 million.

2. FINANCIAL INSTRUMENTS

According to the version of IAS 39 approved by the EU, financial instruments should initially be valued at fair value, and should be valued on an ongoing basis at either fair value or their accrued acquisition value, depending on how they are categorised. Under IAS 39, all financial derivative instruments should be reported on an ongoing basis at market value.

Changes in the market value of hedging instruments, which according to IAS 39 qualify as hedging of future cash flows or net investment in overseas operations, are recorded against shareholders' equity until the underlying flows are reflected in the income statement.

Boliden intends to apply hedge accounting for financial derivatives acquired in order to hedge part of forecasted currency, metal and interest flows. At the start of 2005, the market value of these derivatives was negative SEK 3 million net of deferred taxes, and has been recorded against shareholders' equity.

Changes in the market value of other financial derivative instruments are recorded on an ongoing basis in the income statement.

At the start of 2005, the difference between market value and the book value for other shareholdings was SEK 8 million net of deferred taxes. The effect has been recorded directly against shareholders' equity.

The values of embedded derivatives in contracts currently in force are not regarded as material.

The comparative figures for 2004 will not be recalculated in accordance with IAS 39. Instead, the transition effects will be reported as an adjustment in the opening balance of 2005.

3. COMPONENT DEPRECIATION

With regard to IAS 16 (Tangible fixed assets), Boliden will now be applying component depreciation. The transition to the application of component depreciation in accordance with IFRS is not believed to have an material effect on the opening balance on 1st January 2004 or on the closing balance on 31st December 2004.

Notes

All amounts are in SEK million unless otherwise stated. All notes refer to the Group unless otherwise stated.

NOTE 1 EMPLOYEES AND PERSONNEL COSTS

The Parent Company has no employees. Group management is employed by Boliden Mineral AB.

AVERAGE NUMBER OF EMPLOYEES

	2004	of whom women	of whom men	2003	of whom women	of whom men
Subsidiaries						
Sweden	2 243	297	1 946	2 455	313	2 142
Finland	1 180	153	1 027	5	1	4
Norway	366	48	318	4	2	2
Ireland	661	29	632	–	–	–
Belgium	–	–	–	214	17	197
England	–	–	–	530	26	504
Netherlands	13	6	7	236	22	214
Canada	5	–	5	397	8	389
Other	11	3	8	55	18	37
Total in subsidiaries/Group	**4 479**	**536**	**3 943**	**3 896**	**407**	**3 489**

The average number of Group employees in 2003 includes 1,285 employees at the operations sold in 2003. The units acquired on 30th December 2003 had 2,194 employees at the end of 2003. They are not included in the average number of Group employees reported in 2003. Boliden Westmin (Canada) Limited has been sold and is not included in the average number of employees reported for 2004. A figure of 396 for the average number of employees at BWCL is included for 2003.

PERCENTAGE OF WOMEN AT CORPORATE MANAGEMENT LEVEL

	2004	2003
The Board of Directors	25%	25%
Other senior executives	12.5%	10%

SALARIES, OTHER REMUNERATIONS AND SOCIAL SECURITY EXPENSES

	2004		2003	
	Salaries and remunerations	Social security expenses	Salaries and remunerations	Social security expenses
Subsidiaries	1 546	578	1 238	478
(of which pension cost)		(292)		(197)
Group total	**1 546**	**578**	**1 238**	**478**
(of which pension cost)		(292)		(197)

SALARIES AND OTHER REMUNERATIONS BROKEN DOWN BY COUNTRY AND BETWEEN BOARD MEMBERS ETC. AND OTHER EMPLOYEES

	2004		2003	
	Board of Directors and President	Other employees	Board of Directors and Presiden	Other employees
Subsidiaries in Sweden	**8**	**661**	**10**	**773**
in Sweden				
Finland	2	383	–	–
Norway	1	150	–	–
Ireland	3	323	–	–
Belgium	–	–	–	72
England	–	–	1	127
Netherlands	–	8	–	81
Canada	–	1	–	149
Other	–	6	3	22
GROUP TOTAL	**14**	**1 532**	**14**	**1 224**

Boliden Westmin (Canada) Limited has been sold and is not included in the amount for total salaries for 2004. SEK 148 million is included for 2003.

Staff stock options programme

A staff stock options programme, known as the Stock Option Plan of Boliden Limited, was introduced at Boliden Limited in 1997. Based on this plan, allocations of stock options have been made, free of charge, to key people during the period 1997-2001. No stock options have been issued since then. Outstanding stock options, which originally granted entitlement to acquire shares in Boliden Ltd., now grant entitlement to acquire shares in Boliden AB, with 2,000 stock options granting entitlement to 123 shares (one stock option = 0.0615 shares). The new number of shares per stock option was introduced in 2004 due

Allocation	1999	2000	2001
Maturity	2009-03-10	2010-04-05	2011-09-30
Redemption price/share (CAD)	22.28	39.19	4.88
Vesting period	2000-2002	2001-2003	2002-2004
Outstanding, 1 Jan. 2004	200 000	370 000	3 000 000
Matured in 2004	50 000	95 000	–
Outstanding, 31 Dec. 2004	150 000	275 000	3 000 000
Number of shares to which outstanding options grant entitlement	9 225	16 912	184 500

to the implemented new rights issues for shareholders. No stock options have been exercised in 2004. In 2001, the Company issued convertible debentures, in order, among other things, to ensure the fulfilment of the Company's undertakings with regard to the stock options issued and to provide a hedge against any social security contributions arising from the staff stock options programme that may have a future impact on the cash flow. Full exercise of outstanding stock options is estimated to entail a dilution of the total number of shares and votes in the Company of approximately 0.09 percent. The stock options are non-transferable. If employment with the Company ceases, the stock options mature immediately if they cannot be exercised at the time. Otherwise they mature after 30 days. Holdings and principal terms and conditions governing outstanding options at the beginning of the year are shown in the table above.

Remunerations to senior executives

Principles

Fees as approved by the Annual General Meeting are payable to the Chairman of the Board and to members of the Board. No separate fee is payable for committee work. Employee representatives receive no directors' fees. Remuneration paid to the President and other senior executives comprises the basic salary, variable remuneration and other benefits, as well, in some cases, as a pension and, in a few cases, financial instruments. The term "other senior executives" refers to the eight people who, together with the President, comprise the Group management. The breakdown between basic salary and variable remuneration shall be proportional to the executive's responsibilities and authority. The variable remuneration is maximised to 50 percent of the basic salary for the President, while for other senior executives, it is maximised to 30-40 percent of the basic salary. The variable remuneration is based on result in relation to the Group's EBITDA, free cash flow and individual goals. Pension benefits and other benefits paid to the President and other senior executives are part of the total remuneration package.

Remunerations and other benefits during the year

Fees totalling SEK 500,000 have been paid during the year to the Chairman of the Board, who is not employed by the Group. Other Board members not employed by the Group have received fees totalling SEK 1,500,000. The President of Boliden AB has received salary payments, variable remuneration and other benefits totalling SEK 7,425,071 during the year. The basic salary accounts for SEK 4,000,000 of this compensation, while variable remuneration accounts for SEK 1,300,000, pension benefits account for SEK 2,010,876 and other benefits comprise SEK 114,195. A total of SEK 16,852,556 has been paid to remaining members of the Group management (eight people) in salaries, variable remuneration and other benefits. Basic salaries account for SEK 11,062,000 of this compensation, while variable remuneration accounts for SEK 2,628,792, pension benefits for SEK 2,540,384 and other benefits for SEK 621,380. The term "variable remuneration" refers to all variable remuneration reported as costs in the 2004 financial year and paid out in 2005. Other benefits refer primarily to company cars.

Variable remuneration

The variable remuneration paid to the President in 2004 was based on the Group's EBITDA and free cash flow. The variable remuneration for 2004 corresponded to 32.5 percent of the basic salary.

For other members of the Group management, 80 percent of the variable remuneration for 2004 was based on the Group's EBITDA and free cash flow and 20 percent on their personal sphere of responsibility and individual goals. The variable remuneration paid to other members of the Group management in 2004 corresponded to 18.6-28.8 percent of the basic salary.

Financial instruments, etc.

The President has 3,000,000 staff stock options, entitling him to acquire 184,500 shares. These stock options were allocated in 2001. The terms and conditions governing the stock options are specified under the heading "Staff stock options programme" above. The other senior executives have no stock options in the Company.

Pensions

The President is contractually entitled to retire at the age of 60, at which time a pension comprising 70 percent of his basic salary will be paid up to the age of 65. From the age of 65, the retirement pension comprises 32.5 percent of the pensionable salary received from the Company at the age of 60 and exceeding 20 times the basic amount. The survivor's pension comprises approximately 50 percent of the retirement pension.

The retirement age varies between 60 and 65 for other members of the Group management. Where relevant, the pension will be paid between the ages of 60 and 65 at a rate of 70 percent of the basic salary up to the age of 65, when the normal retirement pension will be paid.

Severance pay

The President and the Company shall give three and six months' notice of the termination of his/her position respectively. If notice is given by the Company, severance pay corresponding to 18 months' salary shall be paid, over and above the notice period pay. Other income shall be offset against the severance pay. No severance pay shall be payable in the event of notice being given by the President.

Other members of the Group management have notice periods of three months if they give notice themselves. If notice of termination is given by the Company, the period of notice is six months. In addition, severance pay varying between 12 and 18 months' salary is payable. Other income shall be offset against the severance pay. No severance pay is payable in the event of notice being given by members of the Group management.

Preparatory and decision-making process

The Board's Salary Committee has discussed the principles applying to remuneration to senior executives during the year, including the proportions between fixed and variable remuneration, the criteria for severance pay, the terms and conditions for pensions and the size of any pay increases.

Remuneration payable to the President for the 2004 financial year has been determined by the Salary Committee. Remunerations payable to other senior executives have been determined by the President after consultation with the Chairman of the Board.

The Salary Committee comprises the Chairman of the Board, the Deputy Chairman and one other member of the Board.

Stock options allocated by Outokumpu

In 2004, Outokumpu has allocated stock options to four senior executives and a further eight key staff members at Boliden. All of these people are former Outokumpu employees and were included in Outokumpu's staff stock options programme in 2003. They transferred to Boliden in conjunction with the Outokumpu transaction at the end of 2003 and none of them will be allocated any further stock options. Each stock option entitles the holder to subscribe for one share in Outokumpu during the period from 1st September 2006 to 1st March 2009, both dates included, at a price of EUR 10.70 per share (less deductions for dividends paid during the relevant intervening period). A total of 24,888 stock options were allocated to senior executives, and 22,628 stock options to other key staff members.

NOTE 2 FEES AND REIMBURSEMENT OF EXPENSES TO AUDITORS

	2004	2003
Deloitte & Touche		
Audit assignments	4	8
Other assignments	4	6
Mats Fredricson		
Audit assignments	–	0
Other assignments	–	0
Price Waterhouse Coopers		
Audit assignments	2	–
Other assignments	1	–
	11	**14**

The term "Audit assignments" refers to the auditing of the Annual Report and book-keeping, and the administration by the Board of Directors and the President, as well as to other duties incumbent on the Company's auditors and to the provision of advice or other assistance occasioned by observations made in conjunction with such audits or the carrying out of such duties. Everything else is classified as "Other assignments".

NOTE 3 OTHER OPERATING INCOME

	2004	2003
Result of land sale, Ireland	175	–
Compensation for sludge deliveries	32	26
Result of sale of Boliden Westmin Canada Ltd	19	–
Other	102	60
	328	**86**

NOTE 4 LOSS ON THE SALE OF OPERATIONS

	2004	2003
Capital gain/loss on the sale of Fabrication and Technology Sales	–	-394
Dissolution of reserve for operations sold	86	–
Provision for fines relating to the copper cartel	-300	–
	-214	**-394**

In September 2004, the EU Commission fined Boliden's subsidiary, Boliden Cuivre et Zinc SA, which has now been sold, for having conducted cartel activities with regard to sanitary copper tubing in the European market between 1988 and 2001. The fine totals EUR 32.6 million (approx. SEK 300 million) and full provision has been made for it. Boliden has appealed the decision with regard to the size of the fine. Boliden has undertaken to compensate Outokumpu for all claims arising that can be related to the period up to the transfer of the companies to Outokumpu.

NOTE 5 INTEREST INCOME AND OTHER SIMILAR ITEMS

	2004	2003
Interest income, other	32	15
Interest income, associated companies	–	4
Exchange rate differences	2	16
Reversal of previous year's write-down of financial asset	–	33
Other	1	1
	35	**69**

NOT 6 INTEREST EXPENSES AND OTHER SIMILAR ITEMS

	2004	2003
Interest expenses, other	-385	-267
Exchange rate differences	-5	-8
Expenses connected with the refinancing (primarily attributable to former loans)	-73	
Other	-38	-26
	-501	**-301**

NOTE 7 INTANGIBLE FIXED ASSETS

	Capitalised expenses for development activities	Patents, licenses and similar rights	Goodwill	Total intangible fixed assets
Acquisition values				
Beginning of year	2	33	2 712	2 747
Investments	–	1	–	1
Adjustment of acquisition calculation	–	–	270	270
Sales and retirements	-2	–	–	-2
Year's translation differences	–	1	-97	-96
Year-end	–	35	2 885	2 920
Amortisation according to plan				
Beginning of year	-2	–	–	-2
Year's amortisation	–	-5	-165	-170
Sales and retirements	2	–	–	2
Year's translation differences	–	–	6	6
Year-end	–	-5	-159	-164
Residual value according to plan	**–**	**30**	**2 726**	**2 756**
Amortisation according to plan, included in the operating result				
2004	–	5	165	170
2003	1	–	1	2

The Company's goodwill primarily relates to the synergies arising in conjunction with the structural transaction with Outokumpu at the end of December 2003.

According to Boliden's current principles, goodwill has been amortised over a maximum of 20 years. According to IFRS 3, goodwill should no longer be amortised. Instead, write-downs shall be performed as soon as there are indications of the need for a write-down, and additionally at least once a year. Boliden has performed write-down tests showing that there is no need for a write-down, either at the time of the transition, 1st January 2004, or at the end of the financial year on 31st December 2004.

NOTE 8 TANGIBLE FIXED ASSETS

	Buildings and land	Deferred mining costs	Machinery and other technical facilities	Equipment, tools, fixtures and fittings	New construction in progress and advances	Total tangible fixed assets
Acquisition values						
Beginning of year	3 737	2 761	13 747	1 094	473	21 812
Investments	230	352	843	44	65	1 535
Sales and retirements	-87	-949	-534	-22	–	-1 592
Reclassifications	202	–	165	-33	-334	–
Year's translation differences	-13	-11	-56	5	3	-50
Year-end	4 069	2 175	14 165	1 088	207	21 704
Depreciation according to plan						
Beginning of year	-1 852	-785	-8 430	-940	–	-12 007
Sales and retirements	–	84	247	21	–	352
Year's depreciation	-140	-132	-727	-27	–	-1 026
Year's translation differences	5	4	34	-4	–	39
Year-end	-1 987	-829	-8 876	-950	–	-12 642
Revaluations						
Beginning of year	660	–	1 980	–	–	2 640
Year's depreciation	-29	–	-86	–	–	-115
Year-end	631	–	1 894	–	–	2 525
Write-downs						
Beginning of year	–	-728	-236	–	–	-964
Sales and retirements	–	711	232			943
Year's translation differences	–	-17	4	–	–	21
Year-end	–	–	–	–	–	–
Residual value according to plan	**2 713**	**1 346**	**7 183**	**138**	**207**	**11 587**
Depreciation according to plan, included in the operating result						
2004	169	132	813	27	–	1 141
2003	82	96	454	17	–	649

The combined rateable value of the Group's Swedish real estate is SEK 1,415 million (SEK 1,406 m), of which buildings account for SEK 1,302 million (SEK 1,305 m).

Machinery held under financial leasing agreements is included in the sums of SEK 92 million (SEK 71 m) in acquisition value and SEK 14 million (SEK 10 m) in accumulated depreciation. Future payments in respect of financial leasing have been taken into account under current and long-term liabilities within the Group respectively.

Capitalised interest expenses relating to Rönnskär's expansion are included in the residual value according to plan for machinery in the amount of SEK 68 million (SEK 71 m), using an interest rate of 6.8 percent.

Capitalised interest expenses relating to Odda's expansion are included in the residual value according to plan for machinery in the amount of SEK 16 million, using an interest rate of 4.04 percent.

NOTE 9 OPERATIONAL LEASING CHARGES

	2004	2003
The Group		
Assets held via operational leasing agreements		
Leasing charges paid during the financial year	55	51
Contracted future leasing charges		
Maturity within one year	57	51
Maturity later than one year, but within five years	72	73
Maturity later than five years	9	5

NOTE 10 PARTICIPATIONS IN GROUP COMPANIES

SPECIFICATION OF THE PARENT COMPANY'S AND THE GROUP'S HOLDINGS OF PARTICIPATIONS IN GROUP COMPANIES

Subsidiary /Co. reg. no./Registered office	Aktier/andelar	Andel i %	Bokfört värde
Boliden Limited, CA 3366623-5, Toronto, Canada	85 811 638	100,0	235
Boliden de Mexico SA de CV, Mexico			
Boliden Power Ltd, Canada			–
Compania Minera Boliden SA de CV, Mexico			–
Ontario Inc, Canada			–
Boliden BV, 18048775, Drunen, Netherlands			–
Boliden Apirsa S.L in the process of liquidation, ESB-41518028, Aznalcóllar (Sevilla), Spain			–
Boliden Mineral AB, 556231-6850, Skellefteå	1 650 000	100,0	3 911
Boliden Rönnskär AB, 556047-1947, Skellefteå			–
Bolidens Gruvaktiebolag, 556039-7936, Skellefteå			–
Aitiks Gruvaktiebolag, 556049-4378, Skellefteå			–
Garpenbergs Gruvaktiebolag, 556010-6261, Hedemora			–
Mineral Holding Finland Oy, 1749578-3, Finland			–
Mineral Holding Sweden AB, 556499-3979, Skellefteå			–
Boliden Harjavalta Oy, 1591739-9, Harjavalta, Finland			–
Nikkel og Olivin A/S, 946255459, Ballangen, Norway			–
Boliden Kokkola Oy, 0772004-3, Kokkola, Finland			–
Boliden Zinc Commercial BV, 24191971, Rotterdam, Netherlands			–
Boliden Commercial AB, 556158-2205, Skellefteå			–
Tara Mines Holding Ltd, 60135, Navan, Ireland			–
Boliden Tara Mines Ltd, Navan, Ireland			–
APC Properties Ltd, Navan Ireland			–
Tara Prospecting Ltd, Navan, Ireland			–
Tara Exploration and Development Company Ltd, Navan, Ireland			–
Dowth Investment Holdings Ltd, Navan, Ireland			–
Motet Investments Ltd, Navan, Ireland			–
Mineral Holding Norway A/S, 986009183, Norway			–
Boliden Odda A/S, 911177870, Odda, Norway			–
Hardanger Byggeselskab A/S			–
Boliden Bergsöe AB, 556041-8823, Landskrona			–
Boliden Bergsoe AS, A/S244629, Glostrup, Denmark			–
Boliden Bergsoe AS, 910538853, Lierskogen, Norway			–
Boliden Bergsöe Oy, 411.259, Vantaa, Finland			–
Gibraltar Mines Finance Ltd, Nevada13838-96, USA			
Boliden International AB, 556040-1399, Skellefteå			–
Boliden France SA, B 612 050 138, Rueil-Malmaison, Frankrike			–
Other subsidiaries, dormant of or less significance			–
			4 146

In July, Boliden completed the sale of its wholly owned Canadian subsidiary, Boliden Westmin (Canada) Limited (BWCL) to the Canadian mining company Breakwater Resources Ltd (Breakwater). BWCL owns the Myra Falls mine.

NOTE 11 PARTICIPATIONS IN ASSOCIATED COMPANIES

	2004	2003
Book value at beginning of year	83	33
Acquisitions	–	31
Purchase price received for sale	-130	–
Result of sale	68	–
Share in associated companies' results for the year	17	19
Book value at year-end	**38**	**83**

NOTE 11 PARTICIPATIONS IN ASSOCIATED COMPANIES

Indirectly owned	Co. reg. no.	Registered office	Number of participations	Participations %	Value of capital share in Group
Proffspoolen i Skellefteå AB	556545-4344	Skellefteå	4 000	33%	4
Tysselfaldene A/S	916958900	Tyssedal, Norge	20 937	40%	34
					38

In December, Boliden sold all its shares in the associated company, North Atlantic Natural Resources AB, to Lundin Mining AB. Boliden received 2,176,800 newly issued shares in Lundin Mining AB, which is equivalent to 6.7 percent of the votes and capital in the company following full dilution.

NOT 12 OTHER SHARES AND PARTICIPATIONS

	Shares/participations	Participations %	Book value	Market value
Lundin Mining Corporation, Vancouver, Canada	2 176 800	6,7	123	127
Breakwater Resources Limited, Toronto, Canada	18 000 000	5,0	48	55
Other			17	–
			188	

NOTE 13 TAXES

Current tax expenses(-)/income(+)	2004	2003
Tax expenses for the period	-148	-10
Adjustment of tax attributable to previous years	1	1
	-147	-9
Deferred tax expenses(-)/income(+)		
Deferred tax income in respect of temporary differences	62	5
Deferred tax resulting from changes in taxation rates	24	
Deferred tax income attributable to value of tax losses carried forward capitalised during the year	222	269
Deferred tax expense resulting from the utilisation of previously capitalised tax losses carried forward	-306	
	2	274
Total reported tax expenses(-)/tax income (+)	**-145**	**265**

Difference between the Group's tax income and tax expenses, based on current taxation rate		
Reported result before tax	1 200	-251
Tax according to current taxation rate	-304	70
Change in taxation rate in Finland	24	–
Tax effect of non-deductible expenses	-150	-16
Tax effect of non-taxable income	63	9
Tax effect attributable to capital loss on shares in subsidiaries	–	-110
Tax effect of tax losses, net	222	312
Total reported tax expenses (-)/tax income (+)	**-145**	**265**

Tax expenses account for 12.1 percent of the Group's result before tax. The calculated tax expenses, 25.3 percent is calculated on the basis of the current Group structure and current taxation rates in each country.

DEFERRED TAX RECEIVABLE/TAX LIABILITY

The receivable reported in the Balance Sheet and the provision for deferred tax come from the following assets and liabilities.

	2004			2003		
	Deferred tax receivable	Deferred tax liability	Net	Deferred tax receivable	Deferred tax liability	Net
Intangible assets	–	-2	-2	–	-1	-1
Buildings and land	–	-448	-448	13	-444	-431
Machinery and fixtures and fittings	34	-745	-711	45	-831	-786
Closed out hedge	–	-44	-44	–	-164	-164
Open metal and currency positions	–	–	–	–	-26	-26
Other tangible fixed assets	–	-6	-6	–	–	–
Financial fixed assets	–	-3	-3	–	-5	-5
Inventories	4	-13	-9	–	-5	-5
Current receivables	–	-1	-1	–	-4	-4
Other provisions	116	–	116	64	-4	60
Current liabilities	–	-3	-3	5	–	5
Tax losses carried forward	1 381	–	1 381	1 475	–	1 475
Total	**1 535**	**-1 265**	**270**	**1 602**	**-1 484**	**118**
Offset within companies	-1 060	1 060	–	-1 177	1 177	–
Total deferred tax receivable/tax liability	**475**	**-205**	**270**	**425**	**-307**	**118**

NOTE 13 CONT.

CHANGE IN DEFERRED TAX IN RESPECT OF TEMPORARY DIFFERENCES AND TAX LOSSES CARRIED FORWARD

The Group 2004	Amount at beginning of year	Reported in income Statement	Reported in shareholder's equity	Amount at year-end
Intangible assets	-1	-1	–	-2
Buildings and land	-431	-21	4	-448
Machinery and fixtures and fittings	-786	71	4	-711
Closed out hedge	-164	–	120	-44
Open metal and currency positions	-26	–	26	–
Other tangible fixed assets	–	-6	–	-6
Financial fixed assets	-5	2	–	-3
Inventories	-5	-4	–	-9
Current receivables	-4	52	-49	-1
Other provisions	60	8	48	116
Long-term liabilities	–	-1	1	–
Current liabilities	5	-14	6	-3
Tax losses carried forward	1 475	-84	-10	1 381
Total	**118**	**2**	**150**	**270**

The Group 2003	Amount at beginning of year	Reported in income Statement	Reported in shareholder's equity	Tax receivables and liabilities acquired	Tax receivables and liabilities sold	Amount at year-end
Intangible assets	–	–	–	-1	–	-1
Buildings and land	-193	8	–	-246	–	-431
Machinery and fixtures and fittings	-550	21	–	-257	–	-786
Closed out hedge	–	–	-164	–	–	-164
Open metal and currency positions	–	–	–	-26	–	-26
Financial fixed assets	–	–	–	-5	–	-5
Inventories	–	–	–	-5	–	-5
Current receivables	-9	-2	–	-3	10	-4
Other provisions	47	2	–	11	–	60
Current liabilities	38	-24	-12	3	–	5
Tax losses carried forward	893	269	-8	321	–	1 475
Total	**226**	**274**	**-184**	**-208**	**10**	**118**

Tax losses carried forward
Deferred tax receivables in respect of tax losses carried forward in Sweden have been fully utilised, since the Company believes that Boliden will be in a position to generate sufficient taxable income in the future to benefit from these tax losses carried forward. Unutilised tax losses carried forward for which a deferred tax receivable has not been reported totalled SEK 32 million in Canada and SEK 398 million in Ireland on 31st December 2004.

Other
The Boliden Treasury subsidiary was subjected to a tax audit in 2002 in respect of the financial years 1998 to 2000. The Company has received a ruling from the Swedish National Tax Board that calls into question tax losses carried forward totalling SEK 2,043 million, as well as imposing a tax surcharge of SEK 29 million. The ruling has been appealed and the Company has been granted a payment respite for charges occasioned by the ruling. No provisions have been made as a consequence of the ruling. The questioned tax losses carried forward are not included in the compilation above, and are thus not included in deferred tax receivables either. The Norwegian tax authority has asked a number of questions concerning a reprocessing agreement for zinc concluded by Boliden Odda AS ("BNZ") and Boliden Zink Commercial BV ("BZC"). The initial written exchange between BNZ and the Norwegian tax authority indicates that the tax authority believes that it has grounds for assuming that the agreement was not concluded on market terms. The Company's assessment is that the outlook for showing that the agreement was concluded on market terms is good. Since the tax authority's investigation has not been completed and no demands have been made concerning changes/measures, it is currently impossible to judge whether this issue is likely to form the object of a dispute.

NOTE 14 INVENTORIES

	2004	2003
Raw materials and consumables	1 911	732
Goods under manufacture	464	1 107
Finished goods and tradable goods	231	397
Advances to suppliers	73	–
	2 679	**2 236**

NOT 15 OTHER CURRENT RECEIVABLES

	2004	2003
Prepaid expenses and accrued income	160	330
Other current receivables	317	224
	477	**554**

NOTE 16 SHAREHOLDERS' EQUITY

	2004		2003	
	Number of shares	SEK	Number of shares	SEK
Beginning of year	168 258 113	336 516 226	85 811 638	171 623 276
Non-cash issue, December 2003	–	–	82 446 475	164 892 950
New rights issue, March 2004	84 129 056	168 258 112	–	–
New rights issue, December 2004	37 000 000	74 000 000	–	–
Year-end	289 387 169	578 774 338	168 258 113	336 516 226

Shareholders' equity, SEK million	**2004**	**2003**
Share capital	579	337
Restricted reserves	11 973	12 001
	12 552	12 338
Non-restricted shareholders' equity	-3 593	-6 238
Total shareholders' equity	**8 959**	**6 100**
Shareholders' equity per share, SEK	30.96	36.25

The Board of Directors of Boliden intends to propose to the Annual General Meeting that no dividend be paid for the 2004 financial year. At the AGM, the Board of Directors will be presenting Boliden's new dividend policy. The Board's objective is, as of the 2005 financial year, to propose to the AGM that dividends be paid in accordance with this new policy.

During 2001, convertible debentures with a total nominal amount of SEK 18,585 were issued. They may be converted into a total of 457,194 shares in Boliden AB (taking account of the recalculation implemented as a result of the Company's new rights issue in 2004, which gave preferential rights to shareholders). On full conversion, this would correspond to a maximum dilution of the total number of shares and votes in the Company of 0.16 percent. The convertible debentures were issued to ensure the availability of shares in Boliden AB for the fulfilment of obligations to holders of issued staff stock options and warrants in Boliden Ltd, as well as to cover any social security contributions arising from the staff stock options. Taking account of the fact that staff stock options have matured since the issue, maximum conversion into shares is estimated to lead to a total of approximately 412,203 shares, corresponding to a dilution of the total number of shares and votes in the Company of 0.14 percent.

NOTE 17 PROVISIONS FOR PENSIONS AND SIMILAR UNDERTAKINGS

Boliden has defined benefit pension plans in Sweden, Norway and Ireland that may or may not be placed in funds. Pension undertakings in Sweden are covered by the Swedish PRI/FPG system and by insurance companies. Pension arrangements outside Sweden are adapted to local conditions and are a function of the number of years worked and the final salary. They are generally coordinated with national pension schemes. Defined contribution pension plans exist in Sweden and Finland. Boliden's provisions for pension undertakings are calculated in accordance with recommendation RR 29, Remunerations to employees, issued by the Swedish Financial Accounting Standards Council.

Significant actuarial assumptions (weighted averages)	
Discount rate, percent	5.3
Assumed return on assets held for investment purposes, percent	6.6
Future pay increases, percent	2.7
Future pension increases, percent	2.0
Assumption concerning remaining working years for employees, average number of years	16.1

	2004	2003
PRI/FPG undertakings	11	–
Other undertakings	464	224
	475	**224**

Reconciliation of value according to the Balance Sheet	2004	2003
Book value at beginning of year	224	74
Change in accounting principle, RR 29, Remunerations to employees	160	–
Reclassification	49	–
Acquisition of companies	43	162
Sale of companies	–	-20
Translation difference	-2	–
Reported in the Income Statement	47	8
Fees	-46	–
Book value at year-end	**475**	**224**

NOTE 17 CONT.

	2004
Present value of undertakings in funds	1 407
Present value of undertakings that are not in funds	283
Market valuation of assets held for investment purposes	-1 155
Unrealised actuarial results	-60
	475

NOTE 18 OTHER PROVISIONS

	2004	2003
Provision for cost of restructuring measures	19	11
Reclamation costs	363	395
Provision for fines relating to the copper cartel	297	–
Potential future guarantee undertakings, operations sold	50	100
Other	120	180
	849	686

	2004	2003
Book value at beginning of year	686	686
Translation difference	–	-2
Provisions for the year	428	103
Additions to existing provisions	24	18
Reversal of existing provisions	-259	-96
Payments	-30	-23
Book value at year-end	**849**	**686**

NOTE 19 FINANCIAL RISK MANAGEMENT

The Boliden Group is exposed to a number of financial risks that primarily arise because the Group is a net borrower and buys and sells metals priced in foreign currencies.

Changes in metal prices, treatment charges, exchange rates and interest levels affect the Group's results and future cash flows. Boliden is also exposed to refinancing and liquidity risks, as well as credit and counterparty risks.

Boliden has a centralised treasury function primarily tasked with providing support to the management and operative units in line with the adopted finance policy. The treasury function is also responsible for identifying and efficiently limiting the Group's financial risks. This centralisation leads to healthy internal risk control and expertise, as well as financial and administrative economies of scale. The Group's finance policy is adopted every year by the Board of Directors and regulates the way in which the financial risks should be managed, as well as specifying limits and stipulating the financial instruments that may be used.

Currency risk

Through its international operations, Boliden is exposed to currency risks, in that exchange rate fluctuations affect the Consolidated Income Statement and Balance Sheet. The Group's currency exposure covers both transaction exposure and translation exposure.

Transaction exposure

The Group's transaction exposure arises because considerable parts of the commercial payment flow consist of foreign currencies. When exchange rates fluctuate, future sales and purchases in foreign currencies are affected and this in turn affects the Group's results. The finance policy stipulates that all reported accounts receivable and accounts payable that are of substantial value must be hedged.

The Group's costs are mainly denominated in Swedish kronor, euro and Norwegian kronor, while its income is largely based on the US dollar. The trend in the exchange rate for the US dollar therefore has a major impact on the Group's results.

Translation exposure

When the net assets (shareholders' equity and surplus values allocated Groupwise to overseas subsidiaries) of foreign Group companies are converted into Swedish kronor, a translation difference arises in conjunction with exchange rate fluctuations, and this has an impact on the Group's shareholders' equity. The finance policy stipulates that the effect of this exposure shall be eliminated with the aid of currency futures and external borrowing.

Metal price risk

Metal price risks arise on an ongoing basis in the Group's operations, since the smelter process requires raw materials in the process stocks. The risk lies in the fact that raw materials are purchased from mines at one point in time and sold in refined form to customers at another. The finance policy states that this type of stock-related risk shall be normalised. Metal price risks also arise when metals (raw materials) are sold externally by the Group's mines.

Interest risk

Interest-bearing borrowing leads to exposure to interest risks for the Group. The term "interest risks" refers to the risk of a negative effect on the Group's results and cash flows as a result of fluctuations in the market interest rate. The speed with which a lasting change in interest levels impacts on the Group's net financial items depends on the fixed-interest term of the loans. On 31st December 2004, the Group's loan portfolio, including outstanding interest swaps, had a weighted average fixed interest term of seven months. On an annual basis, a change of one percentage point in the market interest rate entails an effect on the result of SEK +/- 67 million, when the interest rate is variable.

Refinancing risk and current liquidity

The term "refinancing and liquidity risk" refers to the risk that Boliden will be unable to meet its payment undertakings due to insufficient liquidity or to difficulties in raising external loans. Boliden limits its refinancing risk by ensuring that its gross loan liability

has a healthy counterparty spread and length. Boliden works actively to ensure satisfactory current liquidity by making appropriate use of unutilised credit facilities. At the turn of the year, there was SEK 1,070 million in unutilised binding credit facilities. Boliden has established a cash pool structure that enables it to maintain a central overview of liquidity flows and ensure efficient management of the Group's overall liquidity.

Credit and counterparty risk
The term "credit and counterparty risk" refers to the risk that a counterparty in a transaction may fail to fulfil their obligation, thus causing the Group to incur a loss. In order to limit counterparty risk, only highly creditworthy counterparties are accepted in accordance with the adopted finance policy, and wherever possible, the commitment per counterparty is limited.

Boliden is primarily exposed to counterparty risk when trading in derivative instruments. In order to limit this exposure, netting agreements have been signed in accordance with the stipulations of the International Swaps and Derivatives Association (ISDA). On 31st December 2004, the total counterparty exposure in derivative instruments was SEK 87 million (calculated as the net receivable per counterparty).

Risk Management and insurance
The objective of the Risk Management function at Boliden is to minimise the total cost of the Group's damage and injury risks. This is achieved both by continuously enhancing the damage and injury prevention and control work conducted within the operations, and by introducing and developing Group-wide insurance solutions.

NOTE 20 LIABILITIES TO CREDIT INSTITUTIONS

	Liabilities to credit institutions			Contractual amortisation plan					
SEK million	Currency	Interest rate %	Reported value	2005	2006	2007	2008	2009	2010 –
Credit facility A	EUR	3,39	2 098	502	502	502	502	90	
Credit facility A	NOK	3,26	2 396					2 396	
Credit facility B	EUR	3,39	1 598					1 598	
Credit facility B	USD	3,66	397					397	
Debenture loan	SEK	3,17	204						204
Debenture loan	EUR	3,02	361						361
Financial leasing	SEK	4,05	67	12	13	7	4	2	29
Total, new Boliden			**7 121**	**514**	**515**	**509**	**506**	**4 483**	**594**

Since all loans have a fixed interest term of 3-6 months, the actual value corresponds to the true value.

In October 2004, Boliden successfully concluded an agreement concerning a syndicated credit facility of EUR 840 million. The new loan agreement requires no collateral and entails a substantial improvement in the terms of the loan. Among other things, it also enables future dividends to be paid to shareholders. The syndicated loan runs until 2009 and has a contractually stipulated amortisation plan. The weighted average term of the interest-bearing gross loan liability at the turn of the year was 5.2 years.

NOTE 21 FINANCIAL DERIVATIVE INSTRUMENTS

Boliden uses financial derivative instruments to manage currency risks, metal price risks (raw materials risks) and interest risks arising within its operations. Financial derivative instruments used to hedge forecasted cash-flows are reported as hedge accounting, which means that unrealised results are reported off-balance until such time as the underlying flows are reflected in the Income Statement. The deferred profit/loss on hedging transactions (including the closed-out hedge totalling SEK 157 million) was SEK 153 million on 31st December 2004.

OUTSTANDING FINANCIAL DERIVATIVE INSTRUMENTS, SEK MILLION

2004	Nominal amount	Reported value	Actual value
Currency derivatives intended to hedge currency exposure			
Currency futures	2 580	33	33
Currency options	–	–	–
Currency derivatives intended to hedge forecast commercial payment flows			
Currency futures	122	0	68
Currency options	1 625	0	150
Interest derivatives intended to hedge forecast commercial payment flows			
Receiving leg, interest rate swaps	3 607	0	–
Paying leg, interest rate swaps	-3 607	0	-1
Raw material derivatives intended to hedge currency exposure			
Raw material derivatives	29	58	58
Raw material derivatives intended to hedge forecast commercial payment flows			
Raw material derivatives	1 975	0	-221
Total	**6 331**	**91**	**87**

Fair value has been calculated on the basis of official market quotations and in accordance with customary calculation methods.

Currency breakdown, outstanding derivative instruments, SEK million

	2004
USD	5 008
EUR	954
CAD	330
GBP	93
Other	-54
Total	**6 331**

Maturity structure, derivative instruments, SEK million

	2005	2006	2007
Currency derivatives	3 874	450	3
Raw material derivatives	1 461	543	
Total	**5 335**	**993**	**3**

The table above shows nominal amounts.

CURRENCY DERIVATIVES IN RESPECT OF THE HEDGING OF FORECAST COMMERCIAL PAYMENT FLOWS

The table shows unrealised currency futures and options contracts signed to hedge the currency exposure in USD/SEK.

USD million	Currency	Currency futures	Currency options		Forecast exposure	Percentage hedged
			Floor	Ceiling	Budget	
Maturity 2005	amount, sold	18	186	79	645	32%
	rate[1]	10,29	7,30	9,09		
Maturity 2006	amount, sold		60		645	9%
	rate[1]		6,70			
Total, unrealised contracts		**18**	**246**	**79**	**1 290**	**20%**
Market value of Unrealised contracts[2]	SEK million	68	150			
Exchange rate on Balance Sheet date 31st December 2004	USD/SEK	6,61				

[1] Recognition rate for currency futures and strikes for put options and call options respectively. The rates for options have been calculated as weighted strike rates in the portfolio. The floors in the options portfolio range between USD/SEK 6.70-8.30 and the ceilings between USD/SEK 8.22-9.50.

[2] Outstanding currency and options contracts valued at market value.

NOTE 21 CONT.

RAW MATERIAL DERIVATIVES IN RESPECT OF METAL PRICE HEDGING OF FORECAST PAYMENT FLOWS

		Coppar	Gold	Silver
Maturity 2005	Hedged share of planned production	46%	74%	66%
	rate[1]	2 568	367	6.90
Maturity 2006	Hedged share of planned production	13%	44%	52%
	rate [1]	2 446	424	7.38
Market value of Outstanding contracts	SEK million	-165	-76	19
Exchange rate[1] on Balance Sheet date 31st December 2004	USD/SEK	3 279 6.61	438	6.82

[1] Contract rate/Exchange rate on Balance Sheet date, USD/tonne for copper, USD/oz for gold and silver.

Raw material derivatives in respect of metal price hedging against mining production of copper, gold and silver for Swedish mines. Boliden's exposure to future metal price fluctuations is essentially unhedged.

NOTE 22 OTHER INTEREST-BEARING LIABILITIES

	2004	2003
Debenture loan, Outokumpu	–	1 379
Other	13	51
	13	1 430

On 30th December 2003, Boliden completed a transaction whereby Boliden acquired Outokumpu's mining and smelting operations and sold its Fabrication and Technology Sales operations. Part of the financing of the acquisition consisted of a debenture loan to Outokumpu, which was amortised in full in conjunction with Boliden's new issue in December.

NOTE 23 OTHER CURRENT LIABILITIES

	2004	2003
Accrued costs and prepaid income	470	704
Tax liabilities	78	0
Other operating liabilities	237	285
	785	989

	2004	2003
Accrued salaries	131	134
Accrued social security expenses	118	112
Currency hedging reserve	–	6
Other accrued costs and prepaid income	221	452
	470	704

NOTE 24 PLEDGED ASSETS

	2004	2003
Pledged assets		
For own liabilities and provisions		
Real estate mortgages	–	100
Charges on company assets	–	1 510
Blocked bank funds	11	143
Shares in subsidiaries	–	2 288
Receivables	–	42
Operating capital	–	73
Total pledged assets	**11**	**4 156**
Contingent liabilities		
Guarantee undertakings, FPG/PRI	100	95
Other sureties and guarantees	32	77
Agreed residual values according to leasing contracts	–	186
Warranty, Outokumpu excluding the copper tubing cartel, see below	195	128
	327	**486**

In addition to the above specifications under the heading of contingent liabilities and the details included in the financial information, it is possible that the Group may incur environmentally related contingent liabilities attributable to legal proceedings, which cannot currently be calculated although they may in the future entail costs or investments.

Environmental and reclamation costs
All the Company's mines are subject to reclamation requirements in conjunction with decommissioning. The minimum norms for reclamation have been set by the authorities in the various countries in which the Company operates. Provision is made on an ongoing basis for reclamation costs, based on the estimated costs of complying with applicable reclamation norms. The Company's estimate of the total provision requirement for reclamation costs may be amended as a result of changes to laws and statutes, interpretations of the same, and amendments to cost estimates.

Legal proceedings
Overview
The Company conducts extensive domestic and international operations and is occasionally involved in disputes and legal proceedings arising in the course of the operations. These disputes and legal proceedings are not expected, either individually or together, to have any significant negative impact on Boliden's operating results, profitability or financial position, over and above that detailed below.

Disputes
Copper tubing cartel
In September 2004, the European Commission fined Boliden AB and its two former subsidiaries, Boliden Cuivre et Zinc SA ("BCZ") and its parent company, Boliden Fabrication AB. The fine totalled EUR 32.6 million (approximately SEK 300 million), and is a result of the proceedings initiated in August 2003 pursuant to Article 81 in the European Community treaty and Article 53 in the European Economic Area agreement. At the same time seven other companies were fined. Boliden has made a provision for the fine.

According to the European Commission, BCZ and the other companies have engaged in cartel activities in the European market for sanitary copper tubing over the period from 1988 to 2001. In all significant respects, Boliden has acknowledged the European Commission's description of the factual circumstances. The Company has appealed the Commission's ruling, requesting that the fine be reduced.

In February 2005, Boliden received a summons as part of a class action that has been brought before a court in California following a procedure whereby three previous class actions were merged. The suit is based on the infringements identified in the European Commission's ruling and is addressed to all the companies covered by the European Commission's ruling. The plaintiffs are persons who claim to be so-called indirect buyers of sanitary copper tubing and also claim to represent all other such buyers in California. The plaintiffs are requesting triple damages, as well as other compensation, the amount of which remains unspecified. Boliden has also been informed that another three class actions have been initiated or are about to be initiated in the US, but has not received any official summons yet with regard to these cases. Boliden cannot exclude the possibility that other similar cases may be brought within the near future. To the best of Boliden's knowledge, neither Boliden nor its two former subsidiaries sold sanitary copper tubing in the US during the relevant period. In spite of this, however, Boliden is at present unable to judge the outcome of either the class actions that it knows of, or of potential other measures taken by individuals or authorities on the basis of the European Commission's ruling and the alleged infringements in question. The Company intends to dispute all such measures vigorously.

As previously stated, BCZ and Boliden Fabrication AB have been transferred to Outokumpu. Boliden has undertaken to indemnify Outokumpu for any and all claims that may arise relating to the period up to the transfer of the companies to Outokumpu.

Disputes arising out of the dam breach accident in Spain
In April 1998, a dam breach occurred in a tailings pond at the Los Frailes mine in Spain, which was then owned by Boliden's subsidiary, Boliden Apirsa S.L. ("Apirsa"). Apirsa is currently in the process of liquidation.

Following the dam breach, criminal proceedings were initiated against Apirsa and its representatives. In December 2000, the prosecutor dropped the case and in November 2001, Apirsa and its representatives were cleared of all criminal liability for the accident. The criminal proceedings determined that the accident was caused by design and construction errors in the dam, not by Apirsa's operations at the mine.

The "not guilty" ruling in the criminal case notwithstanding, the Spanish Ministry of the Environment has declared Apirsa liable to pay an amount corresponding to approximately EUR 45 million (approximately SEK 408 million) in clean-up costs, damages and fines. Apirsa's appeal was rejected by the Spanish Supreme Court on 26th November 2004. Apirsa has appealed to the Spanish Constitutional Court. The Spanish Ministry of the Environment has demanded payment from Apirsa. This has resulted in Apirsa initiating so-called insolvency proceedings in January 2005 in order to ensure an orderly closure of the company. Apirsa's ability to pursue the proceedings mentioned below against the companies responsible for the design and construction of the dam at which the accident occurred is not considered to be

NOTE 24 CONT.

affected by the insolvency proceedings.

As a result of the dam breach, the local government in the province of Andalusia, the Junta de Andalucia, sued Apirsa, Boliden BV and Boliden AB in a civil court for damages totalling approximately EUR 89 million (approximately SEK 806 million). The suit was dismissed on formal legal grounds. The ruling was appealed, but the appeal was rejected by a higher court in the autumn of 2003. Since the dismissal of the suit in the civil court, the local government in Andalusia has initiated administrative proceedings against Apirsa, Boliden BV and Boliden AB in respect of the same claim. In these proceedings, the Junta de Andalucia has itself imposed an obligation on the three Boliden companies to pay the amount claimed. Apirsa, Boliden BV and Boliden AB are currently appealing this decision and have requested the court to grant them a stay of enforcement until such time as the case has been settled. This stay of enforcement has been granted on condition that a bond of EUR 108 million (approximately SEK 978 million) was provided. The three companies have appealed the decision concerning the provision of a bond.

Based on the legal advice and opinions given by the Company's Spanish legal counsel, Boliden's overall view is that the Company will not suffer any substantial financial damage as a result of the legal proceedings described.

During 2002, following the final ruling in the criminal proceedings that the dam breach was caused by design and construction errors, Apirsa initiated proceedings in civil court against the companies responsible for the dam's design and construction and against their insurance companies. The summons application, with its claim for approximately EUR 115 million (approximately SEK 1,042 million), was submitted in January 2004 and in September 2004, the defendants submitted their responses. The claim will be increased by any and all amounts that the Company is ultimately required to pay as a result of the above proceedings.

Class action in Canada

Two class actions, one in British Columbia and one in Ontario, both claiming damages, have been brought by people who acquired shares in Boliden Ltd. in connection with its stock market flotation in Toronto. Both cases are based on claims that the information in the prospectus issued in conjunction with the flotation gave an inaccurate picture of the circumstances surrounding the dam at the Los Frailes mine in Spain where an accident occurred in 1998.

The class action in Ontario involves claims for damages totalling CAD 400 million. No amount has yet been specified in the class action in British Columbia. The class actions are at their initial stages and it is at present too early for the Company to comment on Boliden Ltd's potential liability for the claims made. If Boliden Ltd should be found liable for damages, it intends, pursuant to an indemnity undertaking by Trelleborg AB concluded at the time of Boliden Ltd's stock market flotation, to transfer this liability to Trelleborg AB. Based on the opinion of its Canadian legal counsel, Boliden believes that the indemnity should cover any damages that may be imposed on Boliden Ltd. Boliden is of the opinion that Trelleborg AB currently has the financial capacity to fulfil its obligation to indemnify Boliden Ltd. No guarantee can however be given that Boliden Ltd would be indemnified if damages should actually be imposed on Boliden Ltd at some time in the future. Under the terms of an agreement between Boliden Ltd and Boliden AB in conjunction with the relocation of Boliden's registered office from Canada to Sweden, Boliden has undertaken to indemnify Boliden Ltd with regard to all disputes and legal proceedings extant on 5th December 2001 (the date of the relocation of the Company's registered office). The only disputes still in progress are the class actions in British Columbia and Ontario. Boliden AB's undertaking is only relevant if Trelleborg AB is unable to fulfil its undertakings with regard to Boliden Ltd pursuant to the contingent liability.

Tax issues

Write-down of receivables

As a result of the 2002 audit of Boliden Treasury's tax returns for the 1998-2002 financial years, the Swedish National Tax Board has disallowed the deductions made for write-downs of receivables from associated companies totalling SEK 2,043 million and has imposed a tax surcharge of SEK 29 million on the Company. The Company has appealed against the ruling to the county administrative court and has been granted a payment respite for the tax surcharge until such time as the case is settled. The Swedish National Tax Board's ruling may lead to a corresponding reduction in the Company's tax losses carried forward. The questioned tax loss carried forward has not been valued and is not included in deferred tax receivables. The Company has made no provisions pending a final ruling.

Odda

The Norwegian tax authority has questioned some of the circumstances surrounding a zinc reprocessing agreement between Boliden Odda AS and Boliden Zink Commercial BV. The initial written exchange between Odda and the Norwegian tax authority indicates that the tax authority believes that it has grounds for asserting that the agreement was not concluded on market terms. The Company takes the view that there are no grounds for the tax authority's statements. The tax authority has not informed the Company as to whether it intends to proceed with this matter or as to the form of rectification that may be required.

NOTE 25 SUPPLEMENTARY INFORMATION TO THE STATEMENTS OF CASH FLOW

The Statements of Cash Flow are drawn up in accordance with the indirect method.

	2004	2003
Interest paid and dividends received		
Interest received	30	21
Interest paid	-411	-273
Liquid assets		
The following items are included in liquid assets:		
Cash and bank	424	842
Short term investments	450	536
	874	**1 378**

Short term investments for 2003 include 5 million Outokumpu shares received in payment for units sold. The Outokumpu shares were valued at SEK 485 million on the Balance Sheet date. These shares were sold in January 2004 and a minor capital gain arose.

NOTE 25 CONT.

Sale of Boliden Westmin (Canada) Ltd	
Assets and liabilities sold:	
Intangible fixed assets	–
Tangible fixed assets	167
Financial fixed assets	105
Inventories	50
Current receivables	48
Total assets	370
Provisions	160
Long-term liabilities	–
Current liabilities	179
Total liabilities and provisions	339
Net value	**31**

NOTE 26 INFORMATION PER OPERATIONS AREA AND GEOGRAPHICAL MARKET

Primary segments – Business lines

2004	**Mining Operations**	**Copper**	**Zinc**	**Other, including eliminations**	**The Group**
External net sales	1 689	12 475	3 755	9	17 928
Internal net sales	2 879	213	157	-3 249	–
Net sales	**4 568**	**12 688**	**3 912**	**-3 240**	**17 928**
Operating result	**1 395**	**741**	**10**	**-480**	**1 666**
Net financial items					-466
Result after net financial items					1 200
Taxes					-145
Minority share in earnings for the year					–
Net result for the year					**1 055**
Intangible assets	70	10	20	2 656	2 756
Tangible assets	3 492	5 397	2 497	201	11 587
Inventories	138	2 001	507	33	2 679
Other receivables	486	490	679	-317	1 338
Assets	**4 186**	**7 898**	**3 703**	**2 573**	**18 360**
Provisions, other than for pensions and tax	255	47	23	524	849
Other liabilities	570	1 285	727	-268	2 314
Liabilities	**825**	**1 332**	**750**	**256**	**3 163**
Capital employed	**3 361**	**6 566**	**2 953**	**2 317**	**15 197**
Depreciation and amortisation	469	443	250	149	1 311
Investments	699	168	667	1	1 535

2003	**Mining Operations**	**Copper**	**Zinc**	**Other, including eliminations and Operations sold**	**The Group**
External net sales	1 318	5 808	–	2 419	9 545
Internal net sales	1 473	97	–	-1 570	–
Net sales	**2 791**	**5 905**	–	**849**	**9 545**
Operating result	**369**	**225**	–	**-613**	**-19**
Net financial items					-232
Result after net financial items					-251
Taxes					265
Minority share in earnings for the year					-1
Net result for the year					**13**
Intangible assets	90	11	23	2 621	2 745
Tangible assets	3 419	5 682	2 088	292	11 481
Inventories	176	1 456	598	6	2 236
Other receivables	435	372	701	-89	1 419
Assets	**4 120**	**7 521**	**3 410**	**2 830**	**17 881**
Provisions, other than for pensions and tax	392	–	–	294	686
Other liabilities	587	1 297	655	-134	2 405
Liabilities	**979**	**1 297**	**655**	**160**	**3 091**
Capital employed	**3 141**	**6 224**	**2 755**	**2 670**	**14 790**
Depreciation and amortisation	300	294	–	58	652
Investments	477	67	–	67	611

NOTE 26 CONT.

Secondary segments – geographical areas

Net sales	**2004**	**2003**
Sweden	4 534	2 819
Rest of the Nordic region	4 113	343
Rest of Europe	8 918	5 690
North America	334	616
Other markets	29	77
	17 928	**9 545**

Assets	**2004**	**2003**
Sweden	11 986	10 744
Finland	3 118	3 187
Norway	1 644	1 143
Ireland	1 703	1 669
Other countries	-91	1 138
	18 360	**17 881**

Investments	**2004**	**2003**
Sweden	576	457
Finland	141	–
Norway	591	–
Ireland	186	–
Other countries	41	154
	1 535	**611**

NOTE 27 TRANSACTIONS WITH AFFILIATES

No member of the Board or senior executive at the Company participates or has participated, either directly or indirectly, in any business transactions occurring during the current or previous financial year between themself and the Company which are or were unusual by nature in respect of their terms. Nor has the Group granted loans, issued guarantees or provided sureties for any of the members of the Board or senior executives at the Company.

In conjunction with the transaction in December 2003, Boliden and Outokumpu concluded agreements concerning services and technical exchange between Boliden and Outokumpu after the completion of the transaction. These agreements were concluded on a business basis and on market terms. Some of the agreements were concluded with a view to simplifying the separation of the Outokumpu units from the Outokumpu Group. Within the framework of its operating activities, Boliden may also, from time to time, conclude agreements with Outokumpu on market terms.

NOTE 28 EVENTS AFTER THE END OF THE FINANCIAL YEAR

In January 2005, the sales process relating to Bergsöe was terminated since the parties were unable to reach agreement concerning terms and conditions. The lead smelter is now being integrated into Boliden's Production Area Copper.

At the beginning of March, Outokumpu reduced its holding in Boliden by approximately 30 million shares and following this transaction they hold the equivalent of 16.1 percent of the shares in Boliden AB.

In March 2005, Boliden sold all of its 2,176,800 shares in Lundin Mining Corporation, corresponding to approximately 6.7 percent of the votes and capital before full dilution. Pursuant to prevailing regulations concerning the so-called lock-up period, Boliden has sold the shares to an Accredited Investor. The sale generates a capital gain for Boliden of approximately SEK 20 million, which will be reported in net financial items in the first quarter of 2005.

Stockholm 9th March 2005

Carl Bennet Deputy Chairman of the Board	Risto Virrankoski Chairman of the Board	Jan Johansson President and CEO
Satu Huber	Tapani Järvinen	Christoffer Taxell
Anders Sundström	Marie Berglund	Alf Lindén
Lars Sundström	Hans-Göran Ölvebo	

Our Audit Report was submitted on 9th March 2005

Hans Pihl Authorised Public Accountant	Björn Sundkvist Authorised Public Accountant

Audit Report

To the General Meeting of the Shareholders of Boliden AB (publ)
Corporate identity number 556051-4142

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Boliden AB for the financial year 2004. These accounts and the administration of the company and the application of the Annual Accounts Act when preparing the annual accounts and the consolidated accounts are the responsibility of the board of directors and the managing director. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director.

We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts and the consolidated accounts have been prepared in accordance with the Annual Accounts Act and, thereby, give a true and fair view of the company's and the group's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the general meeting of shareholders that the income statements and balance sheets of the parent company and the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the administration report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm 9th March 2005

Hans Pihl
Authorised Public Accountant

Björn Sundkvist
Authorised Public Accountant

Ore Reserves

Boliden AB, Ore reserves as of 31 December, 2004

		QUANTITY KTONNES	Au g/t	Ag g/t	Cu %	Zn %	Pb %
AITIK	Proven	220 000	0.2	3	0.33	–	–
	Probable	12 000	0.2	3	0.39	–	–
BOLIDEN AREA [1]							
Gold Ores							
Kristineberg	Proven	70	7.8	4	1.0	–	–
	Probable	110	7.0	10	1.5	–	–
Polymetallic Ores							
Kristineberg	Proven	100	0.2	214	0.5	13.2	0.9
	Probable	1 060	0.8	80	1.2	6.8	0.5
Petiknäs	Proven	290	2.6	121	0.7	5.8	1.1
	Probable	–	–	–	–	–	–
Renström	Proven	–	–	–	–	–	–
	Probable	660	3.9	175	0.8	8.4	1.6
Maurliden	Proven	–	–	–	–	–	–
	Probable	750	1.2	60	0.2	4.6	0.5
Polymetallic Ores							
Total	Proven	**390**	**2.0**	**145**	**0.6**	**7.7**	**1.1**
	Probable	**2 470**	**1.8**	**99**	**0.8**	**6.6**	**0.8**
GARPENBERG AREA							
Garpenberg	Proven	120	0.3	55	–	6.2	2.5
	Probable	180	0.2	102	–	4.0	1.8
Garpenberg Na	Proven	1 150	0.3	133	0.1	3.9	2.1
	Probable	840	0.1	58	0.3	6.4	2.5
Lappberget	Proven	430	0.3	95	0.1	7.3	2.6
	Probable	420	0.2	103		8.4	2.7
Dammsjön	Proven	–	–	–	–	–	–
	Probable	500	0.3	106	0.1	4.5	2.1
Total	Proven	**1 700**	**0.3**	**118**	**0.1**	**4.9**	**2.2**
	Probable	**1 940**	**0.2**	**84**	**0.1**	**6.1**	**2.4**
TARA	Proven	4 000	–	–	–	9.4	2.1
	Probable	12 300	–	–	–	8.5	1.8

[1] Excluding Storliden, which is owned by NAN. The ore is treated in Boliden Area's concentrator. Roundings may occur.

Mineral resources are reported in addition to ore reserves in Boliden's financial reports. The ore reserves and mineral resources have been calculated and compiled in accordance with the Australasian Institute of Mining and Metallurgy's JORC code. This is comparable with "CIM Standards on Mineral Resources and Mineral Reserves, Definitions and Guidelines" adopted by CIM on 20th August 2000, and which constitutes that part of the Ontario Securities Commission (OSC) rules and regulations, National Instrument 43-101, that regulates how ore reserves and mineral resources should be reported. Boliden reports in accordance with NI 43-101 and the recommentions accepted by the Swedish Mining Association, which, wherever applicable, are identical to the Canadian rules.

Boliden's mineral resources and ore reserves (excluding Tara) have been compiled under the supervision of Mati Sallert, Ore Reserves and Project Evaluation Manager. Mati Sallert is a "Qualified Person" according to NI 43-101, a "Qualified Person" according to the Swedish Mining Association, a member of the Australasian Institute of Mining and Metallurgy, and has more than 35 years' experience in the mining and minerals industry.

"Tara's Ore Reserves and Mineral Resources" have been compiled by John Ashton, Chief Mine Geologist, Tara Mines Ltd. John Ashton is a "Qualified Person" and a member of the Institute of Materials, Minerals and Mining and of the Institute of Geologists Ireland, and has more than 25 years' experience of the mining and mineral industry.

Ore reserves

Ore reserves are those parts of a mineral resource that can be mined and processed in accordance with the company's demands on profitability. In this context, the waste rock dilution, pillar offset and process yields, among other things, are taken into account. Ore reserves are divided into the following categories:

Probable ore reserve

Those parts of a measured and indicated mineral resource where mining engineering and profitability studies show that it is technically and economically feasible to mine and process the find.

Proven ore reserve

Those parts of a measured mineral resource where mining-engineering and profitability studies show that it is technically and economically feasible to mine and process the find.

The lowest acceptable metal grade is calculated separately for each deposit and depends, among other things, on the properties of the deposit and on the mining, ore haulage, milling, concentrate haulage and administration costs. The costs are compared with the value of the product, taking into account treatment charges.

Mineral Resources

Metal price forecast

Long-term metal price forecasts are used when calculating ore reserves, and are an expression of the anticipated average prices over the forthcoming economic cycle, which is usually around ten years. The long-term metal price forecasts are currently based on a long-term USD/SEK exchange rate of 8.50, as per table below.

Copper	91	USc/lb	SEK	17 000/	tonne
Zinc	50	USc/lb	SEK	9 350/	tonne
Lead	26	USc/lb	SEK	4 845/	tonne
Gold	325	USD/oz	SEK	88 816/	kg
Silver	5	USD/oz	SEK	1 366/	kg

Mineral resources

A mineral resource is a concentration of minerals in the bedrock that may become commercially extractable. Mineral resources are at present condition not feasible to mine. They are divided into the following categories:

Inferred mineral resource

A mineral resource identified through drilling, sampling and geo-scientific interpretation with information so sparse that the geology and grade continuity cannot be confirmed and where the basic technical data consists of reasonable assumptions. This means that continued investigations will not with any degree of certainty enable the entire inferred mineral resource, or parts of it, to be moved to a higher category.

Indicated mineral resource

A mineral resource identified through drilling and sampling with an information density that is too sparse to confirm continuity, but which, together with geo-scientific interpretations, nevertheless provides a reasonable idea of the geology and grade continuity that is sufficient to enable technical and economic calculations to be performed to assess the project's profitability.

Boliden AB, Mineral Resources as of 31 December 2004

		QUANTITY KTONNES	Au g/t	Ag g/t	Cu %	Zn %	Pb %
AITIK	Measured	580 000	0.2	2	0.30	–	–
	Indicated	230 000	0.2	2	0.28	–	–
	Inferred	100 000	0.2	2	0.30	–	–
BOLIDEN AREA[1]							
Polymetallic							
Kristineberg	Measured	50	0.7	45	1.3	4.2	0.2
	Indicated	390	2.8	33	2.0	0.5	–
	Inferred	2 120	0.7	49	0.9	8.5	0.3
Petiknäs Na	Measured	310	8.1	73	1.8	3.1	0.3
	Indicated	760	5.8	67	1.3	3.2	0.3
	Inferred	1 600	3.0	40	1.5	2.5	0.2
Renström	Measured	–	–	–	–	–	–
	Indicated	250	3.6	166	0.8	9.6	1.9
	Inferred	2 970	2.8	184	1.1	9.6	2.1
Maurliden	Measured	–	–	–	–	–	–
	Indicated	690	1.2	53	0.2	3.9	0.4
	Inferred	–	–	–	–	–	–
Total	**Measured**	**360**	**7.1**	**69**	**1.7**	**3.2**	**0.3**
	Indicated	**2 090**	**3.4**	**68**	**1.0**	**3.7**	**0.5**
	Inferred	**6 690**	**2.2**	**107**	**1.1**	**7.6**	**1.1**
Gold							
Åkulla Östra	Measured	–	–	–	–	–	–
	Indicated	–	–	–	–	–	–
	Inferred	1 500	7.5	–	–	–	–
GARPENBERG AREA							
Garpenberg	Measured	940	0.4	77	0.1	4.3	1.8
	Indicated	500	0.1	71	–	7.0	2.1
	Inferred	–	–	–	–	–	–
Garpenberg Na	Measured	–	–	–	–	–	–
	Indicated	1 580	0.2	288	–	3.0	0.9
	Inferred	500	–	250	–	2.8	0.9
Lappberget	Measured	1 340	0.2	126	0.1	8.4	3.3
	Indicated	3 120	0.2	148	–	8.7	3.2
	Inferred	2 100	0.3	76	0.1	5.5	2.3
Dammsjön	Measured	–	–	–	–	–	–
	Indicated	–	–	–	–	–	–
	Inferred	1 000	0.3	106	0.1	4.5	2.1
Total	**Measured**	**2 280**	**0.3**	**106**	**0.1**	**6.7**	**2.7**
	Indicated	**5 200**	**0.2**	**183**		**6.8**	**2.4**
	Inferred	**3 600**	**0.3**	**108**	**0.1**	**4.9**	**2.0**
TARA	Measured	1 000	–	–	–	5.6	2.9
	Indicated	8 900	–	–	–	5.9	2.3
	Inferred	10 300	–	–	–	8.5	1.9

[1] Exkluding Storliden, which is owened by NAN.

Measured mineral resource

A mineral resource identified through drilling and sampling with an information density sufficient to confirm geology and grade continuity. The basic technical data has been studied thoroughly, permitting mining plans to be drawn up as a basis for technical and economic analyses to determine the project's profitability.

Five-year Overview

AITIK 2000-2004

	2004	2003	2002	2001	2000
Refined ore, ktonnes	17 663	18 022	18 601	17 718	18 219
Head grades					
Cu (%)	0.41	0.37	0.35	0.40	0.42
Au (g/t)	0.22	0.16	0.17	0.19	0.17
Ag (g/t)	3.77	4.25	3.63	3.66	4.19
Concentrate production					
Cu (t)	230 554	210 789	202 290	222 129	240 202
Concentrate grade					
Cu (%)	28.0	27.8	28.3	28.8	28.2
Metal content					
Cu (t)	64 498	58 687	57 293	63 940	67 828
Au (kg)	1 985	1 383	1 542	1 698	1 542
Ag (kg)	44 946	55 176	47 409	48 550	56 606
Financial performance					
EBITDA (SEK m) [1]	619	128	132	244	307
EBIT (SEK m) [2] [3]	522	34	38	153	216
Cash Cost USc/lb Cu	64	64	56	51	55
Investments, SEK m	242	175	138	251	140
Proven and probable ore reserves [4]					
Ktonnes	232 000	244 000	240 107	226 400	247 900
Cu %	0.33	0.35	0.38	0.37	0.37
Au (g/t)	0.2	0.2	0.2	0.2	0.2

[1] EBITDA – Operating result before depreciation, amortisation, net interest items and tax.
[2] EBIT – Operating result before net interest items and tax.
[3] EBIT does not include either the write-down of assets relating to the mining operations or the result of currency hedging or other adjustments that would affect EBIT. See note 21.
[4] Main metals.

THE BOLIDEN AREA, 2000-2004

	2004	2003	2002	2001	2000
Refined ore, ktonnes	1 774	1 759	1 804	1 767	1 668
Head grades					
Zn (%)	5.7	5.6	4.6	3.9	4.2
Cu (%)	1.3	1.7	1.0	0.8	0.7
Pb (%)	0.6	0.6	0.6	0.6	0.6
Au (g/t)	2.7	2.5	2.5	2.5	1.8
Ag (g/t)	80	73	73	74	72
Concentrate production					
Zn (t)	149 999	143 396	116 975	92 775	101 783
Cu (t)	63 984	91 265	57 541	42 335	38 404
Pb (t)	12 347	9 790	11 713	12 659	10 757
Precious metals (t)	358	368	467	361	371
Gold doré bullion, kg	3 960	3 057	3 779	2 228	
Concentrate grade					
Zn (%)	53.7	53.6	54.1	53,5	54.1
Cu (%)	27.0	26.1	22.4	22,6	23.9
Pb (%)	30.1	27.1	27.5	25,0	27.6
Metal content					
Zn (t)	80 481	76 910	63 242	49 633	55 067
Cu (t)	17 287	23 801	14 162	9 551	9 190
Pb (t)	3 720	2 656	3 218	3 162	2 963
Au (kg)	3 026	2 677	2 630	2 512	1 682
Ag (kg)	77 091	71 207	72 984	65 263	63 423
Financial performance					
EBITDA (SEK m) [1]	309	162	149	100	109
EBIT (SEK m) [2] [3]	180	38	29	-9	11
Cash Cost USc/lb Zn	18	22	21	28	38
Investments, SEK m	95	128	72	127	149
Proven and probable ore reserves [4] [5]					
Sulphide ore, ktonnes	2 860	2 500	3 620	4 390	4 892
Zn %	6.8	8.1	7.0	6.0	4.8
Cu %	0.8	0.6	0,6	0.7	0.7
Gold ore, ktonnes	180	450	698	880	1 098
Au (g/t)	7.3	7.2	6.3	6.6	6.4
Cu %	1.3	1.4	1.4	1.4	1.2

[1] EBITDA – Operating result before depreciation, amortisation, net interest items and tax.
[2] EBIT – Operating result before net interest items and tax.
[3] EBIT does not include either the write-down of assets relating to the mining operations or the result of currency hedging or other adjustments that would affect EBIT. See note 21.
[4] Main metals.
[5] Excluding Storliden, which is owned by NAN.

GARPENBERG 2000-2004

	2004	2003	2002	2001	2000
Refined ore, ktonnes	1 074	1 062	1 058	984	976
Head grades					
Zn (%)	5.6	4.6	4.0	3.9	3.9
Cu (%)	0.1	0.1	0.1	0.1	0.1
Pb (%)	2.2	1.9	1.8	1.8	1.9
Au (g/t)	0.3	0.4	0.4	0.4	0.5
Ag (g/t)	124	151	153	136	141
Concentrate production					
Zn (t)	99 922	80 748	67 142	61 126	59 666
Cu (t)	2 610	2 563	3 320	3 384	3 588
Pb (t)	26 378	22 257	20 589	19 489	20 580
Precious metals (t)	22 500	38	95	94	72
Concentrate grade					
Zn (%)	54.96	54.9	55.7	55.8	55.9
Cu (%)	21.07	20.7	20.4	22.5	23.5
Pb (%)	72.59	71.9	73.0	72.2	69.7
Metal content					
Zn (t)	54 914	44 314	37 392	34 084	33 333
Cu (t)	550	531	676	760	842
Pb (t)	19 148	16 002	15 022	14 081	14 384
Au (kg)	217	216	284	291	336
Ag (kg)	105 533	123 278	123 978	103 802	106 047
Financial performance					
EBITDA (SEK m) [1]	167	32	38	29	42
EBIT (SEK m) [2] [3]	113	-15	-7	-13	-2
Cash Cost USc/lb Zn	25	33	30	34	42
Investments, SEK m	135	78	54	36	22
Proven and probable ore reserves [4]					
Ktonnes	3 640	2 205	3 591	4 540	4 830
Zn %	5.5	4.0	4.0	3.8	3.8
Ag (g/t)	100	141	135	151	132

[1] EBITDA – Operating result before depreciation, amortisation, net interest items and tax.
[2] EBIT – Operating result before net interest items and tax.
[3] EBIT does not include either the write-down of assets relating to the mining operations or the result of currency hedging or other adjustments that would affect EBIT. See note 21.
[4] Main metals.

TARA 2000-2004

	2004	2003	2002 [1]	2001 [2]	2000
Refined ore, ktonnes	2 522	2 548	755	1 968	2 167
Head grades					
Zn (%)	9.15	7.94	7.02	8.00	7.55
Pb (%)	1.82	1.68	1.57	1.92	2.14
Concentrate production					
Zn (t)	381 280	335 314	89 003	263 606	271 467
Pb (t)	52 260	47 378	13 079	44 029	54 382
Concentrate grade					
Zn (%)	55.90	56.2	55.1	55.5	56.0
Pb (%)	60.45	62.3	63.3	62.3	64.6
Metal content					
Zn (t)	213 150	188 367	49 061	146 197	151 980
Pb (t)	31 590	29 502	8 280	27 420	35 129
Financial performance					
EBITDA (SEK m) [3]	498	-4	-156	-167	76
EBIT (SEK m) [4] [5]	344	-192	-229	-287	-34
Cash Cost USc/lb Zn	38	37	50	41	43
Investments, SEK m	186	310	696	204	127
Proven and probable ore reserves [6]					
Ktonnes	16 300	16 900	18 000	12 800	12 100
Zn %	8.7	9.3	9.3	8.9	9.2
Pb %	1.9	2.0	2.0	2.1	2.2

[1] Tara in operation from September to December.
[2] Production shutdown from November 2001 to September 2002.
[3] EBITDA – Operating result before depreciation, amortisation, net interest items and tax.
[4] EBIT – Operating result before net interest items and tax.
[5] EBIT does not include either the write-down of assets relating to the mining operations.
[6] Main metals.

BERGSÖE 2000-2004

	2004	2003	2002	2001	2000
Smelting material, tonnes					
Secondary	65 662	72 739	61 700	53 572	65 823
Production, tonnes					
Lead alloys	45 586	49 132	45 698	44 295	47 399
Tin alloys	804	921	1 057	1 142	1 448
Financial performance					
EBITDA (SEK m) [1]	119	59	67	43	33
EBIT (SEK m) [2] [3]	110	51	59	35	25
Investments, SEK m	16	14	28	20	6

[1] EBITDA – Operating result before depreciation, amortisation, net interest items and tax.
[2] EBIT – Operating result before net interest items and tax.
[3] EBIT does not include the result of currency hedging or other adjustments that would affect EBIT. See note 21.

RÖNNSKÄR 2000-2004

	2004	2003	2002	2001	2000
Smelting material, tonnes					
Copper					
Primary	598 054	605 976	621 183	564 690	395 665
Secondary	146 770	128 217	132 240	116 392	111 708
Total	744 824	734 193	753 423	681 082	507 373
Lead					
Primary	40 556	35 998	24 059	40 862	39 056
Secondary	4 241	2 283	2 517	2 631	1 486
Total	44 797	38 281	26 576	43 493	40 542
Production					
Copper (t)	235 620	214 181	224 402	216 237	133 118
Lead (t)	27 962	24 208	17 753	31 313	30 669
Zinc clinker (t)	34 531	33 549	34 685	35 095	31 141
Gold (kg)	15 045	12 275	15 562	14 102	8 640
Silver (kg)	438 941	456 565	408 427	319 890	359 535
Sulphuric acid (t)	568 912	551 946	544 030	490 283	293 353
Liquid sulphur dioxide (t)	38 661	40 674	54 724	56 481	65 259
Palladium concentrate (kg)	2 434	1 956	2 252	2 574	2 255
Financial performance					
EBITDA (SEK m) [1]	320	168	385	498	471
EBIT (SEK m) [2] [3]	36	-118	104	192	342
Investments, SEK m	85	53	99	132	802

[1] EBITDA – Operating result before depreciation, amortisation, net interest items and tax.
[2] EBIT – Operating result before net interest items and tax.
[3] EBIT does not include the result of currency hedging or other adjustments that would affect EBIT. See note 21.

HARJAVALTA/PORI 2000-2004

	2004	2003	2002	2001	2000
Smelting material, tonnes					
Copper concentrate	539 507	548 536	525 376	531 057	501 178
Nickel concentrate	204 638	205 300	251 272	235 991	234 939
Production, tonnes					
Primary copper	151 647	160 596	160 896	169 251	155 431
Cathode copper	124 367	125 635	114 906	115 471	113 969
Cathode nickel and briquettes [1]		–	–	–	15 278
Gold (kg)	4 854	5 564	4 666	5 552	4 956
Silver (kg)	35 786	33 959	29 907	22 821	23 643
Sulphuric acid	617 675	611 987	631 842	636 103	591 329
Liquid sulphur dioxide	48 308	47 670	40 598	37 552	42 813
Palladium concentrate (kg)	705				
Financial performance					
EBITDA (SEK m) [2]	390	283	302	315	177
EBIT (SEK m) [3]	239	110	137	148	59
Investments (SEK m)	67	82	55	46	59

[1] Nickel refinery sold to OMG on 4th April 2000.
[2] EBITDA – Operating result before depreciation, amortisation, net interest items and tax.
[3] EBIT – Operating result before net interest items and tax.

KOKKOLA 2000-2004

	2004	2003	2002 [1]	2001	2000
Smelting material, tonnes					
Zinc concentrate	548 054	500 813	459 649	472 947	442 337
Production, tonnes					
Zinc	284 525	265 853	235 337	248 816	222 881
Cadmium		–	4	604	683
Mercury	24	25	51	71	76
Financial performance					
EBITDA (SEK m) [2]	127	237	156	269	355
EBIT (SEK m) [3]	-33	73	-9	139	245
Investments (SEK m)	75	91	82	250	228

[1] Lengthy shutdown for maintenance, one month, in June 2002.
[2] EBITDA - Operating result before depreciation, amortisation, net interest items and tax.
[3] EBIT – Operating result before net interest items and tax.

ODDA 2000-2004

	2004	2003	2002	2001	2000
Smelting material, tonnes					
Zinc concentrate (including zinc clinker)	263 555	256 318	260 271	266 381	252 652
Production, tonnes					
Zinc	140 901	143 627	144 538	144 694	138 390
Cadmium	141	323	215	371	302
Aluminium fluoride	29 740	27 500	28 976	29 266	28 372
Financial performance					
EBITDA (SEK m) [1]	36	59	22	322	362
EBIT (SEK m) [2]	-53	-26	-72	238	284
Investments (SEK m)	592	475	121	91	104

[1] EBITDA – Operating result before depreciation, amortisation, net interest items and tax.
[2] EBIT – Operating result before net interest items and tax.

ZINC COMMERCIAL 2000-2004

	2004	2003	2002 [1]	2001	2000
Financial performance					
EBITDA (SEK m) [2]	168	219	202	167	161
EBIT (SEK m) [3]	167	219	202	167	161
Investments, SEK m	0	0	0	0	0

[1] Lengthy shutdown for maintenance, one month, in June 2002.
[2] EBITDA – Operating result before depreciation, amortisation, net interest items and tax.
[3] EBIT – Operating result before net interest items and tax.

Boliden's Board of Directors

Risto Virrankoski
Born: 1946
Chairman of the Board since 2004
Directorships: Member of the Board of VR Ltd (Finnish railways), Outokumpu Technology Oy
Boliden shareholding:
3,500 shares[1]

Carl Bennet
Born: 1951
Deputy Chairman of the Board since 2003 (Chairman of the Board between 2001 and 2003)
Directorships: Chairman of the Board of Elanders, Getinge, Lifco and Sorb Industri
Deputy Chairman of the Board of SNS and TeliaSonera
Member of the Board of AMS and SSAB and Member of the Swedish Government Research Advisory Board
Boliden shareholding: 6,436,365 shares[1]

Marie Berglund
Born: 1958
Member of the Board since 2003
Environmental Manager of Botniabanan AB
Directorships: Member of the Board of Swedish National Board of Forestry, the Swedish World Wildlife Fund and the Vattendelegationen för Bottenhavets vattendistrikt
Boliden shareholding:
1,000 shares[1]

Satu Huber
Born: 1958
Member of the Board since 2004
Director of Finance and Head of Finance Division, Finnish State Treasury
Directorships: Member of the Board of the Association for the Finnish Culture Foundation, Metso Corp. and the Economic Society of Finland.
Deputy Member of the Board of the Swedish School of Economics and Business Administration in Helsinki
Boliden shareholding: 1,000 shares[1]

Jan Johansson
Born: 1954
Member of the Board since 2001
President and CEO of Boliden AB
Directorships: Member of the Board of Breakwater Resources Ltd and SveMin.
Boliden shareholding:
19,000 shares[1] and 3 million staff stock options

Tapani Järvinen
Born: 1946
Member of the Board since 2004
President of Outokumpu Technology and Member of the Group Executive Committee, Outokumpu Oyj
Chairman of the Finnish-Latin American Trade Association
Directorships: Member of the Board of International Copper Association, Eurométaux and Dragon Mining NL
Boliden shareholding:
1,000 shares[1]

Anders Sundström
Born: 1952
Member of the Board since 2001
(Deputy Chairman of the Board from 2001 to 2003)
President and CEO of Folksam
Former Swedish Minister for Industry and Trade
Directorships: Chairman of the Board of Luleå University of Technology
Member of the Board of Vattenfall AB
Boliden shareholding:
10,837 shares[1]

Christoffer Taxell
Born: 1948
Member of the Board since 2004
Chancellor of Åbo Academy University
Directorships: Chairman of the Board of Finnair plc, Åbo Academy University Foundation and Confederation of Finnish Industries, EK
Member of the Board of Stockmann Group, Sampo plc, Raisio Group and Nordkalk Corporation
Boliden shareholding:
0 shares[1]

Alf Lindén
Born: 1944
Member of the Board since 2001
Representative of PTK (the Swedish Federation of Salaried Employees in Industry and Services)
Superintendent Electrical Department, Boliden area
Boliden shareholding:
75 shares[1]

Lars Sundström
Born: 1964
Member of the Board since 2001
Representative of Metall (the Swedish Metal Workers' Union)
Process Operator, Rönnskär
Boliden shareholding:
90 shares[1]

Hans-Göran Ölvebo
Born: 1955
Member of the Board since 2001
Representative of Metall (the Swedish Metal Workers' Union)
Production worker, Aitik
Boliden shareholding:
20 shares[1]

Rolf Högdahl
Born: 1941
Deputy Member of the Board since 2001
Representative of SiF (Swedish Union of Technical & Clerical Employees in Industry)
Laboratory Technician, Rönnskär
Directorships: Member of the Board of Skellefteå Kraft
Boliden shareholding:
30 shares[1]

Bo Karlsson
Born: 1955
Deputy Member of the Board since 2001
Representative of Metall (the Swedish Metal Workers' Union)
Process Operator, Boliden area
Boliden shareholding:
500 shares[1]

Seppo Ukskoski
Born: 1951
Deputy Member of the Board since 2004
Representative of Tjänstemanna-unionen TU (the Finnish Union of White-collar Workers)
Fire and Security Chief, Boliden Kokkola
Boliden shareholding:
0 shares[1]

[1] Shareholding on 1st March 2005.

Boliden's Group Management

Jan Johansson
Born: 1954
Employed: 2001
President and CEO
Directorships: Member of the Board of Breakwater Resources Ltd and SveMin.
Boliden shareholding:
19,000 shares[1] and 3 million staff stock options

Tom Niemi
Born: 1950
Employed: 2004
Deputy CEO
Boliden shareholding:
10,000 shares[1]

Staffan Bennerdt
Born: 1954
Employed: 2004
CFO
Boliden shareholding:
3,000 shares[1]

Lars-Göran Björkqvist
Born: 1950
Employed: 2004
President, Business Area Marketing and Sales
Boliden shareholding:
1,000 shares[1]

Jukka Järvinen
Born: 1947
Employed: 2004
President, Business Area Smelting Operations
Boliden shareholding:
0 shares[1]

Bengt Lindahl
Born: 1949
Employed: 2001
Senior Vice President, Group Human Resources
Boliden shareholding:
1,500 shares[1]

Marianne Lindholm
Born: 1950
Employed: 2002
Senior Vice President, Legal Affairs
Boliden shareholding:
2,500 shares[1]

Svante Nilsson
Born: 1956
Employed: 2003
President, Business Area Mining Operations
Boliden shareholding:
0 shares[1]

Ulf Söderström
Born: 1964
Employed: 2001
Senior Vice President, Group Communications
Boliden shareholding:
2,500 shares[1]

Auditors

Hans Pihl, Authorised Public Accountant,
Deloitte & Touche AB
Björn Sundkvist, Authorised Public Accountant,
Deloitte & Touche AB

Deputy Auditors

Jan-Hugo Nihlén, Authorised Public Accountant,
Deloitte & Touche AB
Richard Peters, Authorised Public Accountant,
Deloitte & Touche AB

[1] Shareholding on 1st March 2005.

Glossary and Definitions

GLOSSARY

Alloy
Substance with metallic properties and which is composed of two or more chemical elements, at least one of which is a metal.

Anode copper
Unrefined copper with a purity of 98-99 percent.

Base metals
The most commonly occurring metals, such as copper, lead and zinc etc.

Cash cost
Direct costs affecting cash flow, such as production and transportation costs, as well as treatment and refining charges, less deductions for by-metals, converted into US dollars (average exchange rate).

Cash pools
Group account structure in which the main part of the Group's liquidity is administered.

Cathode copper
99.99 % pure copper plates.

Complex ore
Ore that contains several metals, e.g. copper, zinc, lead, gold and silver.

Concentrate
The product that results from the separation (e.g. by milling and flotation) of the economically valuable minerals in an ore from those with no economic value, so that the grade of the valuable minerals is considerably increased.

Concentrator
A plant in which ore is processed mechanically and/or chemically to extract and produce a concentrate of the valuable minerals.

Copper disseminated ore
Scattered distribution in rock of chalcopyrite.

Copper Shuttle
Fast and environmentally friendly rail transport between Rönnskär and Helsingborg. The train runs five days a week, carrying cathode copper and lead to customers in southern Sweden. On the return trip, it carries recyclable material and other smelting materials.

Galvanising
A process whereby zinc is bonded metallurgically to steel to protect it against corrosion and rust.

Gold leaching plant
Hydrometallurgical plant for extracting gold from ores or concentrate. The leaching is achieved with the aid of cyanide.

LBMA
The London Bullion Market Association is responsible for pricing precious metals.

LME
The London Metal Exchange: the international market where non-ferrous metals are bought and sold. Trading on the LME is used as the basis for the daily pricing of metals worldwide. The LME also maintains warehouse stocks of the metals traded.

Metal ashes
Pulverised slag from metal foundries and brass manufacturers.

Metal content
The amounts of copper, zinc, lead, gold and silver contained in concentrates, for example.

Mineralisation
A concentration of minerals in the bedrock.

Open pit
A method of mining mineral deposits located near the surface which involves stripping the overburden to expose the ore.

Ore grade
The average amount of valuable metals in a tonne of ore, expressed in grams per tonne for precious metals and as a percentage for other metals.

Precious metals
The opposite of base metals, i.e. gold, silver, platinum, palladium etc.

Secondary raw materials
Various types of materials from which metals can be recovered, e.g. electronic and other types of scrap metal, metal ashes, slag, dust, scrap lead batteries etc.

Slag
Product generated in conjunction with various types of metallurgical reactions and which primarily consists of oxides.

Smelter
A plant in which metal raw materials are processed to separate metals from impurities by means of high-temperature reactions.

Smelting material
Raw materials for smelters, primarily comprising metal concentrate, but also including scrap, ashes and other recyclable materials.

Treatment and refining charges
The remuneration received by a smelter for processing smelting material and extracting metals.

Yield
The percentage portion of an amount of a given metal in an ore extracted during the concentration process.

Zinc clinker
A refined zinc raw material for producing pure zinc.

DEFINITIONS OF KEY RATIOS

Gross margin
Gross result as a percentage of net sales.

Operating margin
Operating result as a percentage of net sales.

Net margin
Result for the year as a percentage of net sales.

Return on shareholders' equity
Result for the year as a percentage of average shareholders' equity.

Return on capital employed
Operating result divided by average capital employed. The average capital employed consists of an average of the closing figures for capital employed in the last four quarters for each respective year. The calculation for 2003 excludes the transaction with Outokumpu.

Capital employed
Balance Sheet total less interest-bearing investments and non-interest bearing operating liabilities, and excluding tax receivables, tax liabilities and pension liabilities.

Net debt
Interest-bearing current and long-term liabilities (including pension liabilities) less financial assets including liquid assets.

Equity/assets ratio
Shareholders' equity as a percentage of the Balance Sheet total.

Percentage venture capital
The sum of shareholders' equity and deferred tax liabilities (including minorities) divided by the Balance Sheet total.

Net debt/equity ratio
The net of interest-bearing provisions and liabilities less financial assets including liquid assets divided by shareholders' equity.

Interest cover
Result after net financial items plus financial costs divided by financial costs.

Average number of employees
The average number of employees during the year, converted into full-time positions.

Earnings per share (EPS)
Result for the year divided by the average number of outstanding shares.

Cash flow per share
Cash flow divided by the average number of outstanding shares.

Shareholders' equity per share
Shareholders' equity divided by the number of outstanding shares.

Dividend yield
Dividend per share as a percentage of the share price.

P/E ratio
Share price divided by earnings per share.

ABBREVIATIONS

lb = pound = 0.4536 kgs
oz = ounce = "troy ounce" = 31.104 grams
USD = US dollar
USc = US cent
CAD = Canadian dollar
SEK = Swedish kronor
NOK = Norwegian kroner
EUR = euro

Ag = silver
Au = gold
Cu = copper
Pb = lead
Zn = zinc

Boliden Locations

THE GROUP
Boliden AB
Box 44
SE-101 20 Stockholm
Sweden
Visiting address:
Klarabergsviadukten 90
Tel +46 8 610 15 00
Fax +46 8 31 55 45
Fax +46 8 30 95 36
(Legal Affairs)

MARKETING AND SALES
Boliden Commercial AB
Box 44
SE-101 20 Stockholm
Sweden
Tel +46 8 610 15 00
Fax +46 8 736 07 01

Boliden Copper Commercial
SE-932 81 Skelleftehamn
Sweden
Tel +46 910 77 30 00
Fax +46 910 77 33 37

Boliden Zinc Commercial B.V.
Blaak 22
NL-3011 TA Rotterdam
The Netherlands
Tel +31 10 201 2999
Fax +31 10 201 2998

MINING OPERATIONS
Boliden Mineral AB
SE-936 81 Boliden
Sweden
Tel +46 910 77 40 00
Fax +46 910 77 42 34

Boliden Mineral AB
Box 85
SE-982 21 Gällivare
Sweden
Tel +46 970 735 00
Fax +46 970 735 01

Boliden Mineral AB
SE-776 98 Garpenberg
Sweden
Tel +46 225 360 00
Fax +46 225 360 01

Boliden Tara Mines Ltd
Knockumber
NAVAN
Co. Meath
Ireland
Tel +353 46 907 9800
Fax +353 46 907 9899

SMELTING OPERATIONS
Boliden Mineral AB
Rönnskär Smelter
SE-932 81 Skelleftehamn
Sweden
Tel +46 910 77 30 00
Fax +46 910 77 32 15

Boliden Bergsöe AB
Box 132
SE-261 22 Landskrona
Sweden
Tel +46 418 572 00
Fax +46 418 572 05

Boliden Harjavalta Oy
FI-29200 Harjavalta
Finland
Tel +358 2 535 8111
Fax +358 2 535 8239

Boliden Harjavalta Oy
Copper Refinery
P.O. Box 60
FI-28101 Pori
Finland
Tel +358 2 535 8111
Fax +358 2 535 8181

Boliden Harjavalta Oy
P.O. Box 287
FI-02601 Espoo
Finland
Visiting address:
Linnoitustie 4 A 2
Leppävaara, Espoo
(Quartetto Business Park,
Building 'Violin')
Tel +358 2 535 8111
Fax +358 9 547 2532

Boliden Kokkola Oy
PL 26
FI-67101 Kokkola
Finland
Tel +358 6 828 6111
Fax +358 6 828 6005

Boliden Odda AS
Eitrheim
NO-5750 Odda
Norway
Tel +47 53 64 91 00
Fax +47 53 64 33 77

Information about the Annual General Meeting of Shareholders

Boliden's ordinary Annual General Meeting will be held on 27th April 2005 at 3 p.m. at the Expolaris Congress Centre in Skellefteå.

Participation
Shareholders wishing to participate in the Annual General Meeting shall both be registered in the shareholders' register kept by VPC AB on Friday 15th April 2005 (for details of the reregistration process for nominee shareholders, please refer to the next column) and have notified the company of their intention to participate, by either writing to Boliden AB, Legal Affairs, Box 44, SE-101 20 Stockholm, Sweden, or calling +46 (0)8 32 94 29 on weekdays from 9 a.m. to 11.30 a.m. and from 1.30 p.m. to 4 p.m., or faxing +46 (0)8 30 95 36, or visiting the Boliden website at www.boliden.com

The company shall have received all such notifications no later than Thursday, 21st April 2005 at 4 p.m.

Nominee shareholders
In order to be entitled to participate in the Annual General Meeting, nominee shareholders must, no later than 15th April 2005, have their shares temporarily re-registered in their own names with VPC AB. All such requests for registration should be submitted to the relevant trustee well ahead of 15th April 2005.

Financial calendar for 2005
27th April
Interim Report, January-March

25th July
Interim Report, January-June

25th October
Interim Report, January-September

A complete invitation to attend the Annual General Meeting and receive financial and other information may be accessed via the company's website at www.boliden.com
Printed financial information may also be ordered via the Boliden website at www.boliden.com or from:
Boliden AB
Box 44
SE-101 20 Stockholm
Sweden

Questions
Any questions concerning Boliden's financial information can be submitted to Investor Relations at Boliden by calling +46 (0)8 610 15 00 or mailing investorrelations@boliden.com

Alfa Print

BOLIDEN

Boliden AB, P.O. Box 44, SE-101 20 Stockholm, Sweden
Visiting address Klarabergsviadukten 90
Tel +46 8 610 15 00, Fax +46 8 31 55 45
www.boliden.com