



rebuilding value

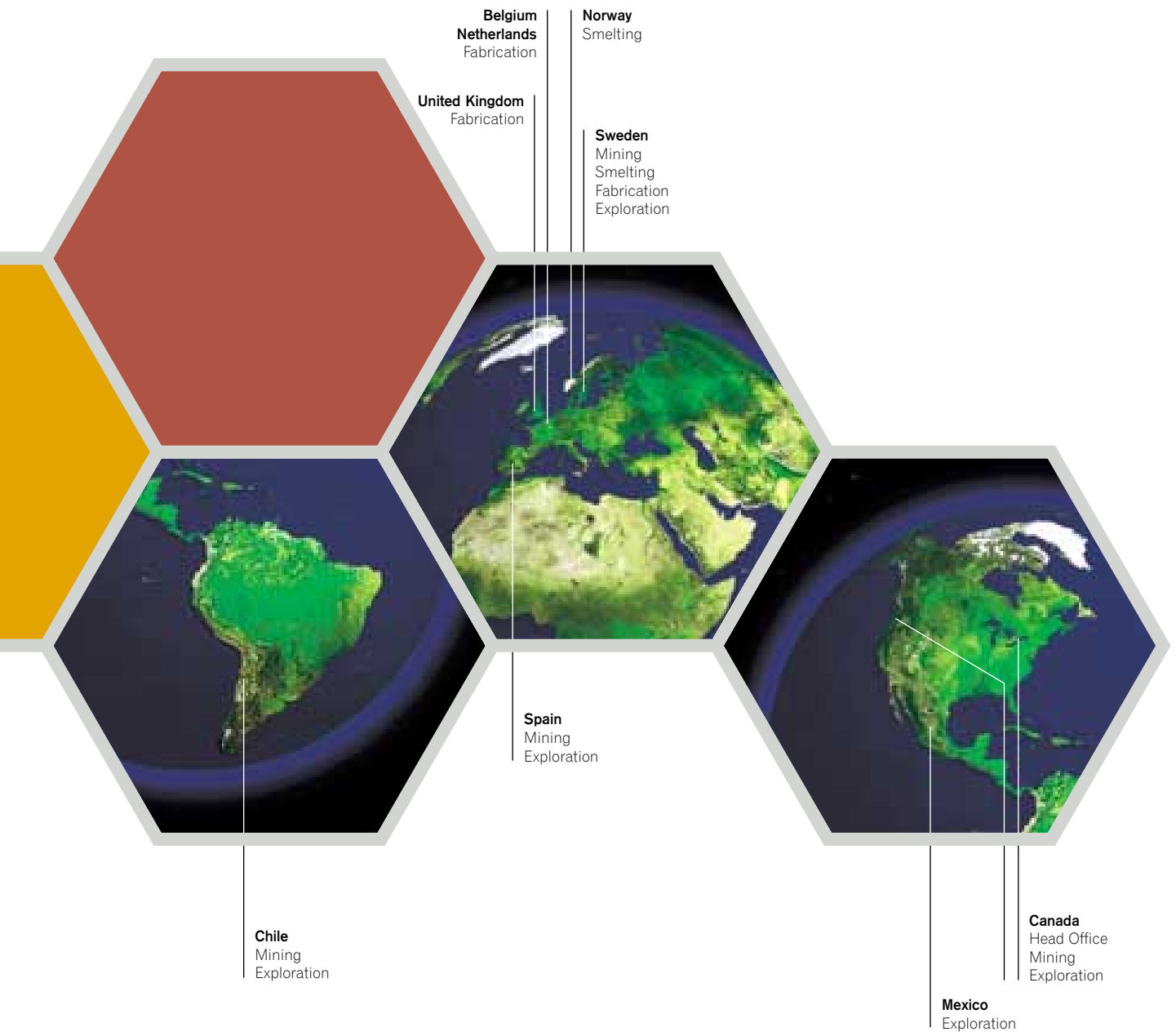


Boliden Limited Annual Report for 1999



rebuilding value

Rebuilding value was our top priority in 1999. We began by restoring the performance of a number of our key operations, setting the stage for a return to profitability, and in turn repositioning ourselves to consider future growth. With these achievements, our management depth and operating capability and a 75 year history of mining and metals production, we are positioned to improve our ranking among the world's integrated base metal companies.



boliden at a glance

profile

On December 10, 1999, we celebrated our 75th anniversary. During the past 75 years, the Company and its subsidiaries (Boliden) have grown to become a major integrated base metals company. Boliden has mining and milling operations in Canada, Chile, Spain and Sweden and smelting and refining operations in Norway and Sweden. Boliden is also engaged in the fabrication and sale of copper tubing and brass products, with fabrication facilities in Belgium, the Netherlands, Sweden and the United Kingdom. In 1997, Boliden moved its head office from Stockholm to Toronto. In June 1997, the Company's common shares were listed on The Toronto Stock Exchange. In May 1999, the Company's common shares in the form of Swedish depository receipts were listed on the OM Stockholm Exchange.

mining



Profile

Boliden's primary metals are copper and zinc. Other metals, including lead, gold and silver, are by-products of Boliden's primary metal production. Boliden's mining operations are located in Canada, Chile, Spain and Sweden. Mining accounted for about 29% of Boliden's revenues in 1999.

Highlights of the Year

- At Los Frailes, mining restarted in April and milling restarted in June.
- Problems with copper recovery at Lomas Bayas were successfully corrected during the second and third quarters and, by the end of 1999, production reached 95% of design capacity.
- Mining restarted at Myra Falls in March after completing a three-month rehabilitation and development program.
- Resource definition drilling at the Simon and Renström Deep zones of the Renström mine, and the Einarsson East and West zones of the Kristineberg mine, continued to deliver high grade intersections.
- Drilling began to test 150 priority targets within the Skellefteå mineral district identified through the re-evaluation of historic geological data.

Performance

Operating income decreased due to weak metal prices, costs associated with the rehabilitation and rampup of Myra Falls, Lomas Bayas and Los Frailes and higher depreciation and depletion charges at Lomas Bayas and Los Frailes.

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Profile

Boliden's smelting operations consist of the Rönnskär copper, lead and precious metals metallurgical complex and the Bergsöe secondary lead smelter, both located in Sweden, and the 50% owned Norzink zinc smelter and refinery located in Norway. Smelting accounted for about 48% of Boliden's revenues in 1999.

Highlights of the Year

- The expansion of the Rönnskär smelter continued on schedule and within budget with only minor interruptions to ongoing production. At the end of 1999, about 60% of the project was completed and a number of key components to the expansion had been successfully commissioned. The project is scheduled for completion in the third quarter of 2000. Expanded refined copper production, at a rate of 240,000 tonnes per year, is anticipated by the end of 2000.
- Operating income from smelting increased by 13% to \$31 million.
- Late in the year, a feasibility study was begun with respect to a 90% expansion of the Norzink smelter to 270,000 tonnes of refined zinc per year. The study is expected to take 18 months to complete.

Performance

Operating income increased primarily due to the positive effects of a company-wide cost-cutting program.



Profile

Boliden produces copper tubing in Belgium and Sweden and brass products in the Netherlands, Sweden and the United Kingdom. Fabrication accounted for about 21% of Boliden's revenues in 1999.

Highlights of the Year

- Major cost-cutting and efficiency initiatives were carried out throughout fabrication.

Performance

Operating income from fabrication declined due to softer demand in the European construction industry during the first half of the year and restructuring charges related to staff reductions at the MKM brass facility in the United Kingdom.

report to shareholders

"We are focused on rebuilding the performance of our

The year in review

As Boliden entered 1999, our objective was to rebuild the performance of our operations after the events of 1998. Our goals included repairing under-performing assets, enhancing operating efficiencies, reducing operating and capital costs and continuing to advance the Rönnskär + 200 expansion project.

I am pleased to report that during the year we were successful in achieving these ambitious goals and that by the fourth quarter operating earnings had turned positive reflecting the efforts of the previous three quarters.

Financial and market review

For 1999, Boliden reported revenues of \$1.03 billion and a net loss of \$68.2 million, or \$0.68 per share. This compares with revenues of \$1.05 billion and a net loss of \$75.7 million, or \$0.71 per share for 1998. The difference in the year-over-year net loss reflects the special provision of \$42.5 million, taken in 1998, to cover the tailings dam failure at Los Frailes, weaker metal prices, costs associated with the rehabilitation and rampup of Myra Falls, Lomas Bayas and Los Frailes and higher depreciation, amortization and financing charges partially offset by the gain associated with the divestiture of assets.

The decline in the prices of our principal metals, copper and zinc, that dominated 1998, continued into the first half of 1999. Copper, which averaged U.S. \$0.75 per pound in 1998, averaged U.S. \$0.71 per pound during 1999 after declining to U.S. \$0.61 per pound in May, the lowest price since 1987. In June, the price of copper began to strengthen reaching its highest price during 1999 towards the end of the year. Zinc, which averaged U.S. \$0.46 per pound in 1998, averaged U.S. \$0.49 per pound during 1999 after declining to U.S. \$0.41 per pound in January, the lowest price since 1994. The price of zinc strengthened ahead of the turnaround in copper, climbing to U.S. \$0.56 per pound in September, then softening and rallying again during the last seven weeks of the year.

Restoring operating performance

As the weakness in metal prices worsened during the first half of 1999, we aggressively applied the Company's management resources and operating expertise to restore the performance of a number of our underperforming assets and position the Company for the future. For example:



operations and returning the Company to profitability."

Anders Bülow

- With only minor disruptions to ongoing production, we continued the expansion of the Rönnskär smelter on schedule and within budget. About 60% of the project is completed and a number of key components have been successfully commissioned.
- At Myra Falls, we achieved a turnaround in productivity and operating effectiveness by combining the knowledge and expertise of management, engineers and unionized employees to address the challenging ground conditions at the mine.
- At Lomas Bayas, we resolved the initial start-up problems created by higher than anticipated levels of chlorides and nitrates in the ore. By the end of 1999, production had reached approximately 95% of design capacity.
- At Los Frailes, after completing the tailings clean-up, we recommenced operations in the second quarter, ramping up production during the balance of the year.
- We completed the divestiture of the closed Gibraltar mine, our Arv Anderson scrap metals business and our 50% interest in the Saudi Company for Precious Metals, permitting us to focus on our core copper and zinc businesses.
- We continued our focus on exploring for additional mineral resources at or near our current operations while at the same time developing a focused number of prospective exploration opportunities for the future.

In 1999, and throughout our 75-year history, our greatest strength has been the exceptional quality of our people. Their depth of experience and strength of commitment have, on many occasions, enabled us to turn adversity into opportunity and success. Boliden is emerging as a stronger company because of the people who believe in our future and have worked to make that future a reality. As a result of their achievements, we ended the year with significantly improved operations and greater focus on our core copper and zinc businesses.

Return to profitability

Our major objective during 1999 was to position ourselves to achieve consistent capacity level production at all operations, thereby enabling the Company to generate operating profits during periods of weak metal prices and to take full advantage of the upside as and when prices improve.

The rehabilitation and rampup of our Myra Falls, Lomas Bayas and Los Frailes operations positioned these assets to achieve capacity levels of production as the year advanced and to contribute to operating income. These successes, combined with company-wide cost cutting activities and our program of more prioritized

and focused capital expenditures, allowed the Company to reverse the operating losses during the first three quarters of the year and achieve operating profitability by the fourth quarter.

Repositioned for growth

The Rönnskär +200 expansion project, scheduled for completion later this year, will soon be making a strong contribution to our operating earnings. However, this important project, developed in the context of the weak commodity price environment of the past two years, has strained our balance sheet leaving us with limited financial flexibility. The strengthening of our balance sheet requires our attention both during and beyond the current year. In February 2000, Boliden's board of directors decided to raise new equity through a common share rights offering. I am pleased to report that we were successful in raising net proceeds of U.S.\$142.6 million pursuant to the offering.

With all our operations producing at or near capacity levels and with the Rönnskär expansion project scheduled for completion in the third quarter of the year, we expect to see strong growth in our metal production and operating income. Furthermore, an environment of more synchronized global economic growth should lead to increased demand for our core base metal products. For every ten percent change in metal prices from 1999 average levels, Boliden's operations are expected to contribute approximately U.S. \$60 million in additional operating income.

As our operating income improves, and as and when we divest of additional non-core assets, we will have the financial resources to reduce our debt and improve our financial flexibility, allowing us to turn our attention to future growth. Our platform for growth is based on the core strengths of Boliden:

- a strong management team which has a demonstrated ability to shift gears in response to changing realities and which values the contributions of our highly experienced workforce;
- a good balance of efficient copper and zinc mining and smelting operations;
- a large portfolio of attractive growth projects, including the expansion of the Lomas Bayas mine and the development of the adjacent Fortuna de Cobre project, the addition of a gold leach circuit to the Boliden area mill and the development of the Simon and Renström Deep mineral resources; and
- a strong environmental, health and safety record, as demonstrated by our leadership in responding fully and effectively to the Los Frailes challenge and our daily commitment to improved environmental, health and safety performance.

Boliden has a strong 75-year history. The success of our rebuilding efforts during 1999 gives us the momentum to forge an even stronger future in 2000.

Anders Bülow
President and CEO

operations review



operations review → focus on core assets

In this report, we hope to provide our shareholders with a better understanding of our core copper and zinc mining and smelting operations and our successes in improving the performance of these operations during 1999.

An integral part of our activities to enhance the future performance of our mining operations is the discovery, delineation and development of additional mineral resources. Exploration and development activities in 1999 were focused primarily on identifying and proving up additional mineral resources adjacent to our existing mines and infrastructure.

Mining and smelting, like many human activities, have an impact on both the physical and social aspects of our society. Boliden is committed to continuous improvement in minimizing the negative impact while maximizing the positive contribution of its industrial activities towards society. Details of our 1999 environmental, health and safety (EH&S) performance are outlined in our EH&S Report for 1999.

Having **restored the performance** of a number of our operations during 1999, we saw a **return to operating profitability** towards the end of the year and are **well positioned to consider our future growth**, both through the expansion of the Rönnskär smelter and through the cautious advancement of a variety of attractive growth opportunities.

Panoramic view of leach pads, solution ponds and SX-EW processing facilities, Lomas Bayas mine, Chile.





copper

Boliden's copper producing operations are the highly integrated **Aitik** open pit copper mine and the **Rönnskär** smelter and refinery, both located in northern Sweden, and the stand-alone **Lomas Bayas** open pit copper mine and solvent extraction-electrowinning (SX-EW) facility in northern Chile. Aitik has the capacity to produce approximately 60,000 tonnes of copper in concentrates per year and Lomas Bayas approximately 60,000 tonnes of copper cathode per year. Rönnskär currently has the capacity to produce approximately 140,000 tonnes of refined copper cathode per year. It also produces quantities of lead, zinc clinker and precious metals. Rönnskär is undergoing a 71% expansion of its refined copper production capacity to 240,000 tonnes of copper cathode per year. The expansion, which is scheduled for completion in the third quarter of 2000, will make Rönnskär a more cost-efficient and competitive facility.



focus on core assets: copper operations

Aitik, Sweden

Aitik is an open pit mine and mill located in northern Sweden approximately 60 kilometres north of the Arctic Circle. Boliden has carried on mining operations at Aitik since 1968 exploiting a 3,000 metre long by 400 metre wide ore body which dips at an angle of 45 to 65 degrees to the north. Under the current long-term mine plan, Aitik's stripping ratio is 1:1.

Mining

Ore is currently being extracted from the northern section of the mine at a depth of about 270 metres with reserves identified down to a depth of 465 metres and mineralization identified below 650 metres. Plans call for third and fourth pushbacks of the north wall of the mine to permit mining down to 465 metres. Ore is transported to an in-pit crusher located at the 165 metre level of the mine. Once crushed, ore is transported to the mill at surface via an underground conveyor. Aitik employs some of the largest equipment in the industry allowing the operation to benefit from economies of scale.

Milling

The Aitik mill was last upgraded in 1990, when its capacity was expanded by approximately one-third and a more cost-efficient, Boliden-developed autogenous grinding system was installed. The current capacity of the mill is 18 million tonnes of ore per year. The copper concentrate produced within the mill is transported by rail on a daily basis to the Rönnskär smelter and refinery, located 400 kilometres from the mine. Concentrate from Aitik currently represents about 50% of Rönnskär's copper concentrate feed.

Outlook for 2000

Production in 1999 was slightly below that of 1998, a result of mining lower grade material according to the long-term mine plan. Aitik is expected to process a similar amount of ore in 2000, but at slightly higher grades than in 1999. Sustaining capital expenditures during 2000 are expected to total approximately \$6 million.

Aitik	1999	1998	1997
Throughput (000 t)	17,736	17,932	17,014
Head Grades			
Cu (%)	0.38	0.38	0.48
Au (g/t)	0.2	0.2	0.2
Ag (g/t)	5.3	3.7	4.9
Concentrate Production			
Cu (000 t)	211	218	251
Concentrate Grade			
Cu (%)	28.3	28.2	28.8
Contained Metal			
Cu (t)	59,838	61,793	72,202
Au (oz)	40,520	48,562	49,035
Ag (000 oz)	2,042	1,546	2,020
Financial Performance			
EBITDA (US\$M)	2.4	6.8	60.4
EBIT (US\$M)	-8.7	-5.5	48.9
Cash Cost (US\$/lb Cu)	63.4	64.7	58.5
Capital Expenditures (US\$M)*	5.6	16.1	17.2
Proven and Probable Reserves**			
Tonnes (000)	213,000	228,000	212,000
Cu (%)	0.40	0.37	0.40
Au (g/t)	0.2	0.2	0.2

* Does not include deferred stripping expenditures of \$2.6M, \$6.7M and \$2.7M in 1999, 1998 and 1997, respectively

** Primary metals only

Trucks dumping ore into in-pit crusher prior to conveyance to surface mill, Aitik mine, Sweden.



Rönnskär, Sweden

Rönnskär is a major integrated metallurgical complex comprising both a copper smelter and refinery and a number of secondary facilities, including slag fuming, precious metals, liquid sulphur dioxide, sulphuric acid and nickel sulphate plants. The complex is strategically located on a small peninsula in the Baltic Sea, 20 kilometres south of the town of Skellefteå on the east coast of northern Sweden.

Production

Rönnskär processes all of the copper and copper/gold concentrates from Boliden's Aitik, BAO and Garpenberg mines (these concentrates represent approximately 60% of Rönnskär's concentrate feed), most of the lead concentrates from Boliden's Laisvall mine and copper and gold concentrates and secondary materials (primarily recycled copper tubing, wire and electronic circuit boards) from third parties. Rönnskär is connected to the Swedish national railway and highway networks, ideally situated to receive and ship raw materials and products by ship, rail and road, and is located close to an abundant source of competitively priced electrical power. The complex, originally constructed in the 1930's, has been progressively expanded and modernized and has an exemplary environmental health and safety record.

Rönnskär	1999	1998	1997
Cu Feed			
Primary (t)	295,215	317,112	324,751
Secondary (t)	107,564	124,038	119,550
Total (t)	402,779	441,150	444,301
Pb Feed			
Primary (t)	43,764	54,397	57,195
Secondary (t)	1,278	1,220	77
Total (t)	45,042	55,617	57,272
Production			
Cu (t)	113,960	125,355	128,414
Pb (t)	34,734	40,566	42,449
Zn Clinker (t)	35,797	37,337	41,400
Au (kg)	9,597	9,283	8,425
Ag (kg)	330,492	286,542	278,797
Sulphuric Acid (t)	210,191	234,634	229,769
Sulphur Dioxide (t)	60,079	59,597	66,832
Financial Performance			
EBITDA (US\$M)	40.6	39.5	43.5
EBIT (US\$M)	27.9	25.8	30.4
Cash Cost (US\$/t Cu)	545	547	541
Capital Expenditures (US\$M)*	82.9	44.9	25.7

* \$79.8M and \$28.0M of this expenditure is due to the +200 expansion project in 1999 and 1998, respectively

Outlook for 2000 - Rönnskär +200 Expansion Project

Rönnskär is currently undergoing an expansion that will increase refined copper production capacity by 71% to 240,000 tonnes per year. The expansion continued on schedule and within budget during 1999 and is scheduled for completion in the third quarter of 2000. Major construction activities advanced or completed during the year include:

- the expansion and modernization of the port facility;
- the extension of the tank house and the installation and commissioning of the new refining cells;
- the construction of the new converter aisle building over the old building, demolition of the old building and installation of the first of the three new and larger converters;

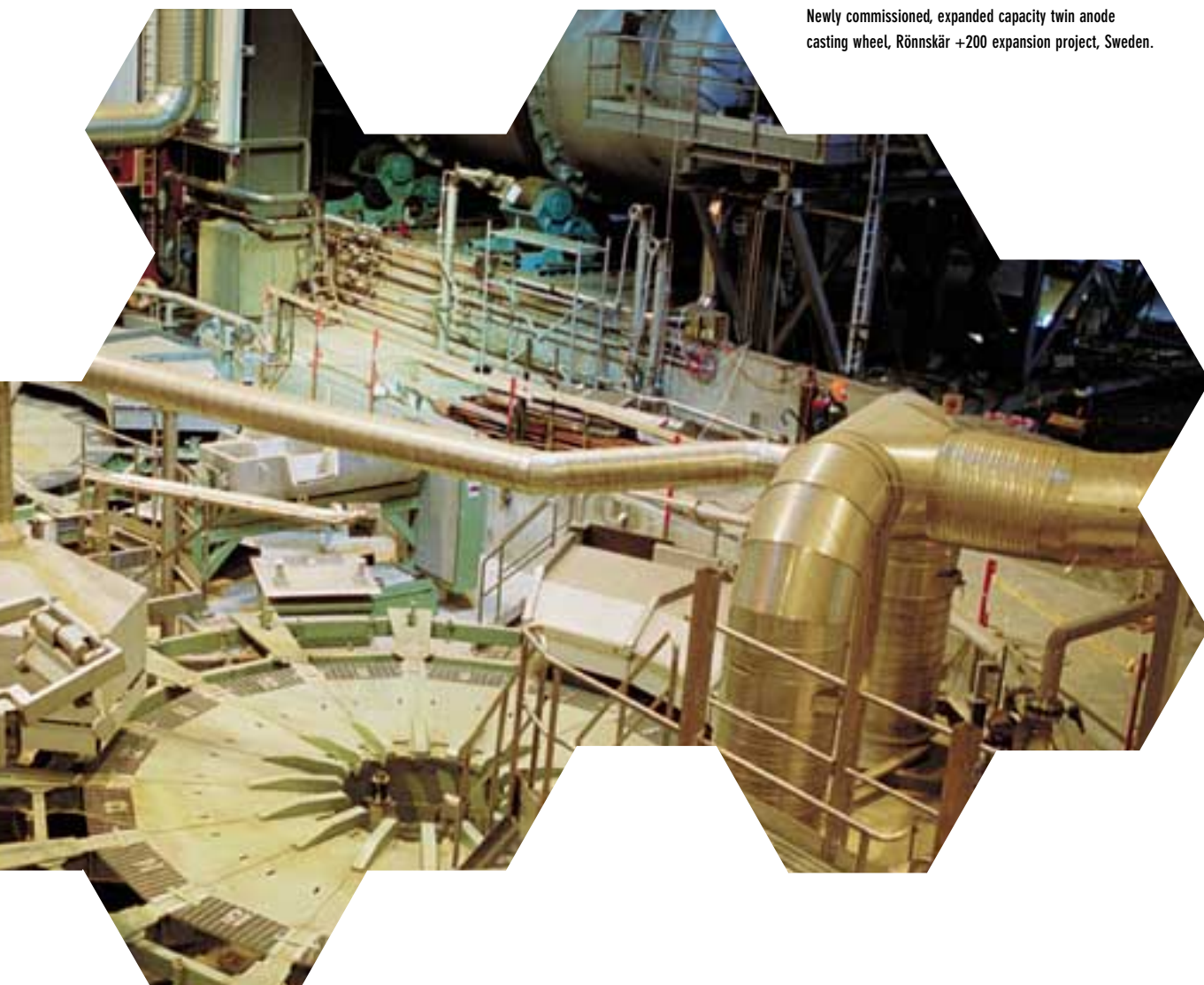


- the installation and commissioning of the new and larger twin anode casting wheel; and
- the installation of the new flash furnace within the newly constructed support structure.

Despite the expansion related activities, disruptions to production have been minimal. Major installations to be commissioned during 2000 include:

- all of the three new and larger converters;
- the new concentrate handling facility;
- the flash furnace; and
- the new and expanded sulphuric acid plant.

The expansion is expected to reduce Rönnskär's operating costs per unit of copper cathode produced by between 25% and 30% per year. The estimated capital cost of the expansion is \$245 million, of which \$128 million had been spent as of the end of 1999. The remainder will be spent in 2000.



Newly commissioned, expanded capacity twin anode casting wheel, Rönnskär +200 expansion project, Sweden.



Lomas Bayas, Chile

Lomas Bayas is an open pit mine and SX-EW plant located approximately 110 kilometres inland from the coastal city of Antofagasta in northern Chile. Lomas Bayas was acquired by Boliden in early 1998, while under construction, through the acquisition of Westmin Resources Limited. Commercial production began in September 1998. The mine sits at an elevation of about 1,500 metres and comprises five closely-spaced mineralized zones with reserves identified to a depth of 300 metres. Based on the current long-term mine plan, Lomas Bayas has a 0.36:1 stripping ratio.

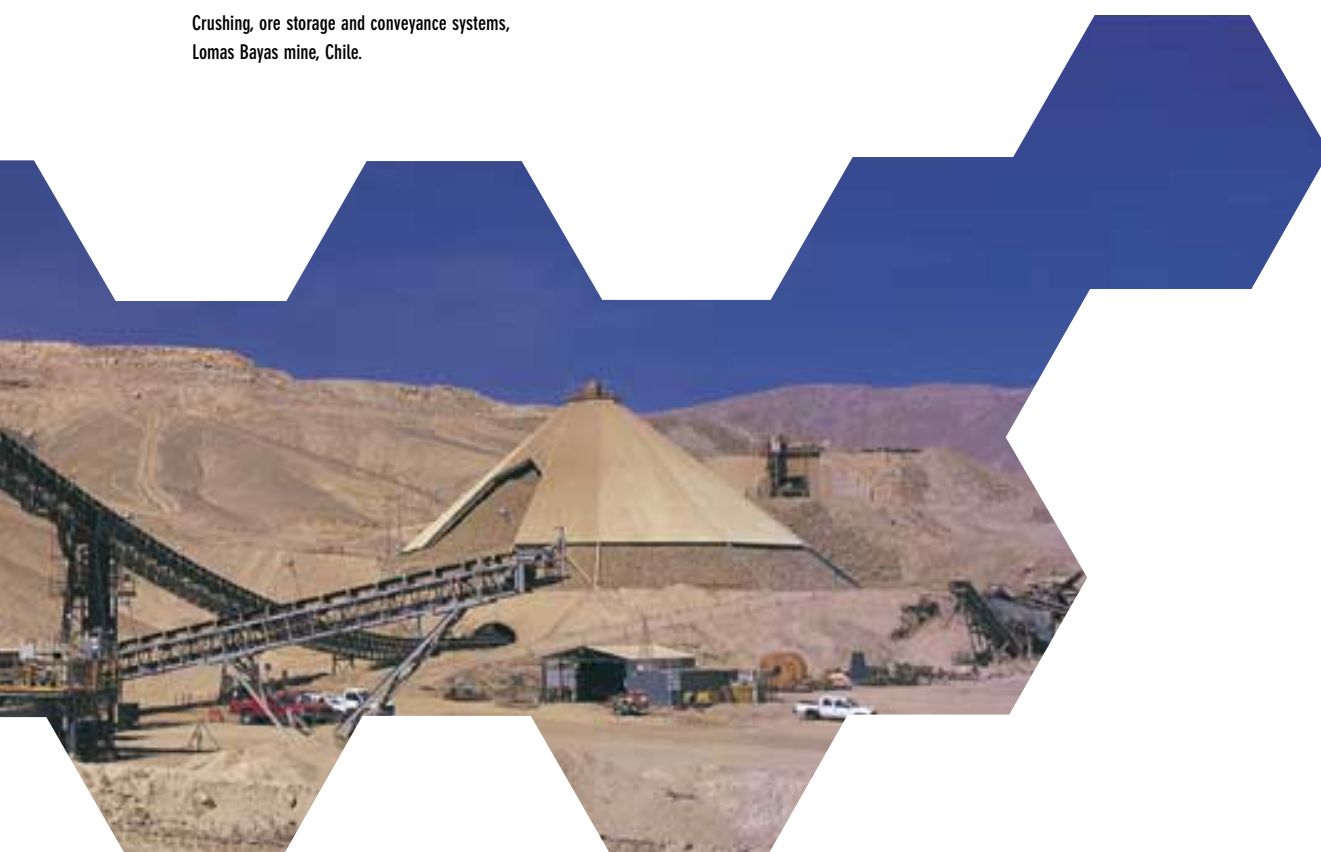
Mining and SX-EW Processing

Lomas Bayas produces LME grade copper cathode on site using the SX-EW process. Mined ore is crushed and stacked on heap leach (HL) pads. Low-grade ore is stacked directly on run-of-mine (ROM) pads to avoid the cost of crushing. Ore on the pads is treated with a weak sulfuric acid solution which is percolated over the heap to dissolve the copper. The dissolved pregnant copper containing acid solution is pumped to the *solvent extraction* processing plant where a copper containing solution is separated from the acid solution. The copper solution passes through a final *electrowinning* cycle to produce high quality, LME grade copper cathode. The copper cathode is transported to the port of Antofagasta by truck and rail and shipped to customers overseas. Mining at Lomas Bayas employs some of the largest equipment in the industry allowing the operation to benefit from economies of scale.

1999 Activities to Enhance Production

During 1999, Boliden successfully implemented an action plan to solve the chloride and nitrate problems that had limited production at Lomas Bayas since the commencement of commercial production in September 1998. Actions taken under this plan included the installation of industrial coalescers,

Crushing, ore storage and conveyance systems,
Lomas Bayas mine, Chile.



reconfiguration of solution flows and replacement of the organic reagent in the solvent extraction cycle of the operation. Towards the end of the third quarter, these activities succeeded in enhancing operating performance and, during the fourth quarter, production averaged 95% of design capacity (60,000 tonnes of copper cathode per year) at an average cash cost of \$0.43 per pound of copper. Based on the strong performance of Lomas Bayas during the fourth quarter, the three-month completion test, required under the project financing agreements, commenced in February 2000.

Lomas Bayas	1999	1998	1997
Ore Stacked			
Heap Leach (000 t)	8,081	2,648	n/a
ROM Leach (000 t)	2,111	0	n/a
Head Grades			
Heap Leach (%)	0.59	0.77	n/a
Cathode Production			
Heap Leach (t)	44,640	19,297	n/a
Financial Performance			
EBITDA (US\$M)	20.3	6.0	n/a
EBIT (US\$M)	1.5	0.3	n/a
Cash Cost (US¢/lbCu)	50.7	56.1	n/a
Capital Expenditures (US\$M)	13.0	103.1	n/a
Proven and Probable Reserves			
HL:			
Tonnes (000)	191,400	196,500	146,518
Cu (%)	0.46	0.46	0.51
ROM:			
Tonnes (000)	227,100	238,000	172,783
Cu (%)	0.21	0.21	0.21

Outlook for 2000 – Expansion Potential

In 2000, Lomas Bayas is expected to perform at levels similar to those of the fourth quarter of 1999. Sustaining capital expenditures during 2000 are expected to total approximately \$11 million.

Expansion potential exists both at Lomas Bayas and the adjacent Fortuna de Cobre project. A study of the feasibility of developing Fortuna de Cobre to produce approximately 75,000 tonnes per year was temporarily postponed in late 1998 due to weak copper prices. When recommenced, this study requires six to nine months to complete.

focus on core assets: zinc operations

zinc

Boliden's zinc producing operations include the polymetallic **Boliden Area Operations** and **Garpenberg** mines in northern and central Sweden, the **Los Frailes** mine in southern Spain and the **Myra Falls** mines on Vancouver Island, Canada. In addition to these mines, Boliden owns the short reserve life, primary lead (secondary zinc) **Laisvall** mine in northern Sweden. Approximately 15% of Boliden's zinc concentrates are treated at its 50% owned **Norzink** zinc smelter, located on the west coast of Norway. At full production, the mines have the capacity to produce approximately 280,000 tonnes of zinc in concentrates per year. Norzink has the capacity to produce approximately 140,000 tonnes of refined zinc per year.



Underground rail tram ore conveyance system,
Petiknäs – Renström mines, BAO, Sweden.

Boliden Area Operations, Sweden

Boliden Area Operations (BAO) comprise the Kedträsk open pit, and the Kristineberg, Petiknäs, Renström and Åkerberg underground, primarily polymetallic mines and a central mill located in the Skellefteå mineral district of northern Sweden. Mining within the BAO exploits a variety of different sized, generally steeply dipping ore lenses. Boliden has carried on operations within the district since 1925 and has developed 27 mines during this period. During 1999, mineral reserves at the Långdål open pit mine were depleted.

Mining

Approximately 35% of 1999 production came from the Kristineberg mine and 42% from the Petiknäs and Renström mines which are connected by an underground rail system. Ore is extracted primarily by cut and fill underground mining methods. Most of the underground mines employ a combination of tunnels and inclined ramps for transport of materials and personnel throughout the mines and the mined ore to underground crushers. Once crushed, ore is transported to surface along inclined ramps or hoisted to surface through vertical shafts. None of the BAO mines operates below 1,200 metres depth.

Milling

Ore from the BAO mines is transported by truck to the BAO mill over distances which vary from 25 to 90 kilometres. The BAO mill, which was built in 1950 and progressively altered and modernized since that time, has the capacity to treat 1.6 million tonnes of primarily polymetallic ore per year to produce zinc, copper, copper/gold and lead concentrates. The mill has two separate lines allowing the treatment on a continuous basis of a blend of Kristineberg and Renström primarily polymetallic ores and the batch treatment of other, often more precious metal rich, ores. Concentrates are transported approximately 50 kilometres by truck to Rönnskär where they are either treated in the Rönnskär smelter (copper, copper/gold and lead concentrates) or blended with other Boliden concentrates and shipped to either Norzink or other European smelters for treatment.

Exploration and Development

Exploration and development activity within the Skellefteå mineral district during 1999 was focused on delineating additional resources adjacent to existing mines. Programs include:

- Diamond drilling from the newly developed 1070 level of the Renström mine to define the Simon and Renström Deep zones, discovered in 1997. Numerous high grade intersections of polymetallic mineralization, with grades better than twice those currently being mined at BAO, were intersected during the year. Drilling to define the strike and dip extension of both zones is scheduled to continue during 2000.

BAO	1999	1998	1997
Throughput (000 t)	1,581	1,639	1,533
Head Grades			
Zn (%)	4.4	3.7	3.6
Cu (%)	0.8	0.8	0.9
Pb (%)	0.5	0.5	0.5
Au (g/t)	1.7	2.0	2.3
Ag (g/t)	64	58	62
Concentrate Production			
Zn (t)	104,806	91,710	82,961
Cu (t)	47,239	48,037	53,184
Pb (t)	8,644	9,640	6,773
Precious Metals (t)	348	363	267
Concentrate Grade			
Zn (%)	54.6	55.3	54.4
Cu (%)	22.2	23.0	22.3
Pb (%)	33.2	34.3	33.2
Contained Metal			
Zn (t)	57,150	50,547	45,164
Cu (t)	10,465	11,031	11,835
Pb (t)	2,838	3,251	2,250
Au (oz)	56,376	70,079	75,248
Ag (000 oz)	1,941	2,062	2,022
Financial Performance			
EBITDA (US \$M)	5.1	7.7	19.4
EBIT (US \$M)	-6.7	-3.6	10.1
Cash Cost (US\$/lb Zn)	39.7	33.4	30.7
Capital Expenditures (US \$M)	9.1	18.2	19.0
Proven and Probable Reserves*			
Tonnes (000)	5,500	6,900	7,400
Zn (%)	4.0	4.3	4.8
Cu (%)	1.0	0.9	0.9

* Primary metals only

focus on core assets: zinc operations

- Diamond drilling of the Einarsson East and West zones, discovered in 1994, approximately 600 metres south-west of the main Kristineberg ore body. High grade gold/copper and zinc mineralization was intersected during the year further defining the strike and dip extensions of the zones. Drilling will continue during 2000.
- Field reconnaissance diamond drilling, begun in late 1999, to test priority targets among approximately 150 near surface and underground geological and geophysical anomalies within the Skellefteå mineral district. Drilling will continue during 2000.
- Completion of a feasibility study with respect to the addition of a gold leach circuit to the BAO mill. The circuit, which is estimated to cost approximately \$11 million and require nine to twelve months to construct, would treat the flow of concentrate tailings from the BAO mill and result in an almost doubling of gold recoveries. Further consideration will be given to this project as funding becomes available.

Outlook for 2000

Production of individual metals varies from year to year due to the polymetallic nature of the ore reserves and the individual mine plans. Production at BAO in 2000 is expected to be similar to 1998 and 1999. Sustaining capital expenditures at BAO during 2000 are expected to total approximately \$13 million.

Select Diamond Drill Results

Renström Mine – Simon Resource Drilling 1999/2000

Drill Hole	Length (m)	From (m)	To (m)	Length (m)	True Width (m)	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)	Au (g/t)
1371	132	85.7	88.3	2.6	2.5	28.8	0.6	7.7	568	10.2
1372	99	79.3	90.9	11.6	11.5	14.4	0.7	3.7	202	4.9
1374	100	80.1	86.0	5.9	5.0	23.0	1.7	3.0	337	12.7
1375	106	79.7	90.1	10.4	10.0	17.6	0.5	2.8	238	5.2
1378	95	73.4	83.0	9.6	8.0	7.2	1.4	1.3	151	41.3
1380	117	93.1	98.1	5.0	4.5	12.0	0.8	1.6	146	7.4
1382	124	81.0	86.4	5.5	5.0	14.1	1.5	2.5	305	6.0

Renström Mine – Renström Deep Resource Drilling 1999/2000

Drill Hole	Length (m)	From (m)	To (m)	Length (m)	True Width (m)	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)	Au (g/t)
1335	202	153.5	168.9	15.4	11.8	16.3	1.4	3.5	320	13.8
1336	184	140.6	162.6	21.9	19.4	7.8	1.6	1.4	199	4.6
1337	163	140.5	148.7	8.2	7.7	7.8	2.0	1.5	208	4.8
1338	332	168.9	177.2	8.3	5.9	18.0	0.7	4.9	588	8.2
1339	178	150.7	156.2	5.4	4.5	14.1	1.1	3.4	337	4.7
1340	222	208.4	216.4	7.9	4.8	20.6	0.9	4.2	217	4.0
1370	484	391.9	399.0	7.1	3.0	12.8	0.7	3.1	288	3.9
1377	501	454.2	460.9	6.7	4.3	15.8	0.9	4.5	577	5.4

Kristineberg Mine – Einarsson Zone Resource Drilling 1999/2000

Drill Hole	Length (m)	From (m)	To (m)	Length (m)	True Width (m)	Zn (%)	Cu (%)	Pb (%)	Ag (g/t)	Au (g/t)
1977	309	83.1	90.2	7.1	4.5	0.1	1.6	-	17	6.5
1985	273	96.7	110.5	13.9	7.0	0.9	2.6	-	32	1.1
1997	116	63.2	70.6	7.4	7.0	0.0	2.4	-	14	3.0
2053	168	85.7	100.5	14.9	13.0	0.0	1.1	-	6	15.6
2061	150	88.6	94.0	5.5	5.0	0.1	1.4	-	8	7.5
2065	249	109.3	120.0	10.7	10.7	0.1	1.7	-	12	4.5
2067	201	109.7	114.7	5.0	5.0	0.1	1.9	-	10	7.5
2069	222	111.5	123.4	12.0	11.5	0.0	1.6	-	7	8.6
2075	252	123.7	132.4	8.7	8.5	0.0	0.5	-	7	13.6

Garpenberg, Sweden

Garpenberg operates two (Garpenberg and Garpenberg North) underground polymetallic mines and a mill located in central Sweden. The Garpenberg mine was acquired by Boliden in 1957. Mining has, however, been carried out in the region for more than 700 years. The mines are located three kilometres apart and consist of a number of different-sized, generally steeply dipping ore lenses.

Mining

Ore is extracted by cut and fill and undercut and fill mining methods. Both mines employ a combination of underground tunnels and inclined ramps for transport of materials and personnel throughout the mine and the mined ore to underground crushers. Once crushed, ore is transported to surface along the ramps or hoisted to surface through vertical shafts. Mining is carried on to depths of approximately 800 and 1,000 metres at the Garpenberg and Garpenberg North mines, respectively.

Milling

The Garpenberg mill was built in 1950 and has been progressively altered and modernized since that time. The mill has the capacity to treat 1.0 million tonnes of polymetallic ore per year to produce zinc, copper/precious metals and lead concentrates. Concentrates are transported approximately 90 kilometres by truck to the port at Gävle on the Baltic Sea. Copper/precious metals concentrates are shipped to Rönnskär for treatment. Some of the zinc concentrates are shipped to Norzink for treatment. The remainder is shipped, along with the lead concentrates, to other European smelters for treatment.

Garpenberg	1999	1998	1997
Throughput (000 t)	976	956	898
Head Grades			
Zn (%)	4.1	4.4	4.3
Cu (%)	0.1	0.1	0.1
Pb (%)	2.1	2.2	2.1
Au (g/t)	0.5	0.5	0.4
Ag (g/t)	125	136	134
Concentrate Production			
Zn (t)	65,231	69,051	65,231
Cu (t)	4,208	3,883	3,544
Pb (t)	22,551	23,321	20,712
Precious Metals (t)	96	78	75
Concentrate Grade			
Zn (%)	54.1	53.8	53.3
Cu (%)	21.7	21.5	19.8
Pb (%)	70.4	71.4	70.4
Contained Metal			
Zn (t)	35,349	37,025	34,740
Cu (t)	916	838	702
Pb (t)	15,891	16,637	14,591
Au (oz)	10,941	10,828	9,057
Ag (000 oz)	2,991	3,170	2,937
Financial Performance			
EBITDA (US\$M)	2.0	4.0	5.7
EBIT (US\$M)	-3.1	-1.2	1.2
Cash Cost (US\$/lb Zn)	43.8	37.2	47.5
Capital Expenditures (US\$M)	4.3	6.1	12.3
Proven and Probable Reserves*			
Tonnes (000)	5,900	5,700	6,000
Zn (%)	4.1	4.1	4.2
Ag (g/t)	114	119	128
* Primary metals only			

Exploration and Development

During 1999, Boliden completed 4,759 metres of a nine-hole underground diamond drilling program to test for mineralization in and between the Garpenberg and Garpenberg North mines. The results of the program are encouraging. Four new mineralization zones were discovered, all of which are open along strike and up or down dip. An investigation into the economic viability of developing these potential mineral resources employing a combination of current and potentially more cost-effective underground bulk mining methods is currently underway.

Outlook 2000

Production of individual metals varies from year to year due to the nature of the ore reserves and the mine plans of each of the two mines. Production scheduling was also disturbed due to an accident in which a portion of reinforced and cemented backfill material collapsed. In 2000, it is expected that production will be similar to the levels achieved in 1998 and 1999. Sustaining capital expenditures at Garpenberg during 2000 are expected to total approximately \$6 million.

Drilling of ore within large open stope, Laisvall mine, Sweden.



Laisvall, Sweden

Laisvall consists of an underground mine and mill located in northern Sweden close to the Norwegian border. Boliden has carried on mining operations at Laisvall since 1943.

Mining

Mining is carried out under and on both sides of Lake Stor-Laisan using large-scale, mechanized room and pillar mining methods. The mine has approximately 240 kilometres of underground tunnels and inclined ramps for transport of materials and personnel throughout the mine and the mined ore to underground crushers. Once crushed, ore is hoisted to surface through a vertical shaft.

Milling

The Laisvall mill was built in the 1940s and has been progressively expanded and modernized since that time. The mill has the capacity to treat 2.0 million tonnes of ore per year to produce lead and zinc concentrates. Concentrates are transported approximately 280 kilometres by truck to the Rönnskär smelter where the lead concentrates are treated or sold to other European smelters. The zinc concentrates are blended with those from BAO and shipped either to Norzink or other European smelters for treatment.

Outlook 2000

Current ore reserves at Laisvall are sufficient to sustain production for an additional two years. Production in 2000 is expected to be similar to 1999. Sustaining capital expenditures during 2000 are expected to be below \$1 million.

Laisvall	1999	1998	1997
Throughput (000 t)	1,950	1,955	1,879
Head Grades			
Zn (%)	1.0	0.6	0.5
Pb (%)	4.3	4.2	4.2
Ag (g/t)	11	10	10
Concentrate Production			
Zn (t)	24,322	14,477	11,680
Pb (t)	93,725	92,129	87,885
Concentrate Grade			
Zn (%)	56.9	57.0	56.7
Pb (%)	79.2	78.5	79.1
Ag (g/t)	177	171	175
Contained Metal			
Zn (t)	13,841	8,255	6,622
Pb (t)	74,259	72,314	69,487
Ag (000 oz)	534	507	495
Financial Performance			
EBITDA (US\$M)	1.6	-2.1	3.7
EBIT (US\$M)	-0.6	-4.2	2.0
Cash Cost (US¢/lb Pb)	21.1	24.4	24.2
Capital Expenditure (US\$M)	0.5	1.8	4.2
Proven and Probable Reserves*			
Tonnes (000)	4,600	6,800	8,600
Pb (%)	4.5	4.6	4.8
Zn (%)	0.7	0.8	0.7
* Primary metals only			

Los Frailes, Spain

Los Frailes is an open pit mine and mill located in southwestern Spain, approximately 45 kilometres west of Seville. The Company's subsidiary, Boliden Apirsa SL, and its predecessors have carried on mining operations in the region since 1987. In 1997, Apirsa began producing from the Los Frailes open pit coincident with the depletion of ore from the adjacent Aznalcóllar pit. The Los Frailes mineralization is an east-west striking ore body, between 400 and 1,000 metres in length (longer at depth) and up to 90 metres in width, which dips at an angle of 30 to 50 degrees to the north (shallower at depth). Mineralization is defined to a depth of 300 metres and is open at depth and to the west. Mining is currently at a depth of 110 metres with pit wall angles varying from 30 to 52 degrees. Based on the current long-term mine plan, Los Frailes has a 7:1 stripping ratio.

In April 1998, the tailings dam used by Apirsa failed resulting in the release of approximately 6.8 million cubic metres of tailings and tailings water. The clean-up of the tailings discharged as a result of the failure was completed by the end of 1998. Apirsa recommenced mining operations in April 1999 and milling operations in June 1999. During the fourth quarter of 1999, production at Los Frailes averaged approximately 80% of planned levels (125,000 tonnes of zinc and 2.9 million ounces of silver per year).

Mining

Ore from the pit is transported by truck to a crusher on surface. Once crushed, ore is transported to the mill via conveyor. The next phase of development of the Los Frailes pit involves commencing a second pushback during the second half of 2000 to provide access to deeper ore reserves in what is called pit 3.

Milling

The original Apirsa mill began operations in 1979 at a capacity of 2.3 million tonnes of ore per year. As part of the development of the Los Frailes deposit, the mill was upgraded and expanded to permit the processing of 4.0 million tonnes per year of ore to produce zinc,

Los Frailes	1999	1998	1997
Throughput (000 t)	1,564	1,100	1,518
Head Grades			
Zn (%)	4.4	3.9	3.9
Cu (%)	0.4	0.3	0.3
Pb (%)	2.4	1.9	1.9
Ag (g/t)	59	51	50
Concentrate Production			
Zn (t)	98,993	65,800	90,200
Cu (t)	6,504	5,800	6,600
Pb (t)	36,008	20,600	25,600
Concentrate Grade			
Zn (%)	46.7	47.3	47.9
Cu (%)	18.5	18.9	19.9
Pb (%)	48.2	50.3	50.8
Ag in Cu (g/t)	1,001	817	787
Ag in Pb (g/t)	473	492	565
Contained Metal			
Zn (t)	46,248	31,152	43,235
Cu (t)	1,219	1,122	1,302
Pb (t)	17,346	10,333	12,992
Ag (000 oz)	743	461	609
Financial Performance			
EBITDA (US\$M)	-9.3	-43.6	-4.8
EBIT (US\$M)	-19.0	-50.1	-9.4
Cash Cost (US\$/lb Zn)	n/a	n/a	65.4
Capital Expenditures (US\$M)*	2.1	13.8	46.9
Proven and Probable Reserves**			
Tonnes (000)	40,200	43,000	44,600
Zn (%)	3.8	3.7	3.8
Pb (%)	2.2	2.1	2.2

(subject to tailings disposal and waste dump approvals)

* Does not include deferred stripping expenditures of \$14.5M, \$5.8M and \$5.7M in 1999, 1998 and 1997, respectively

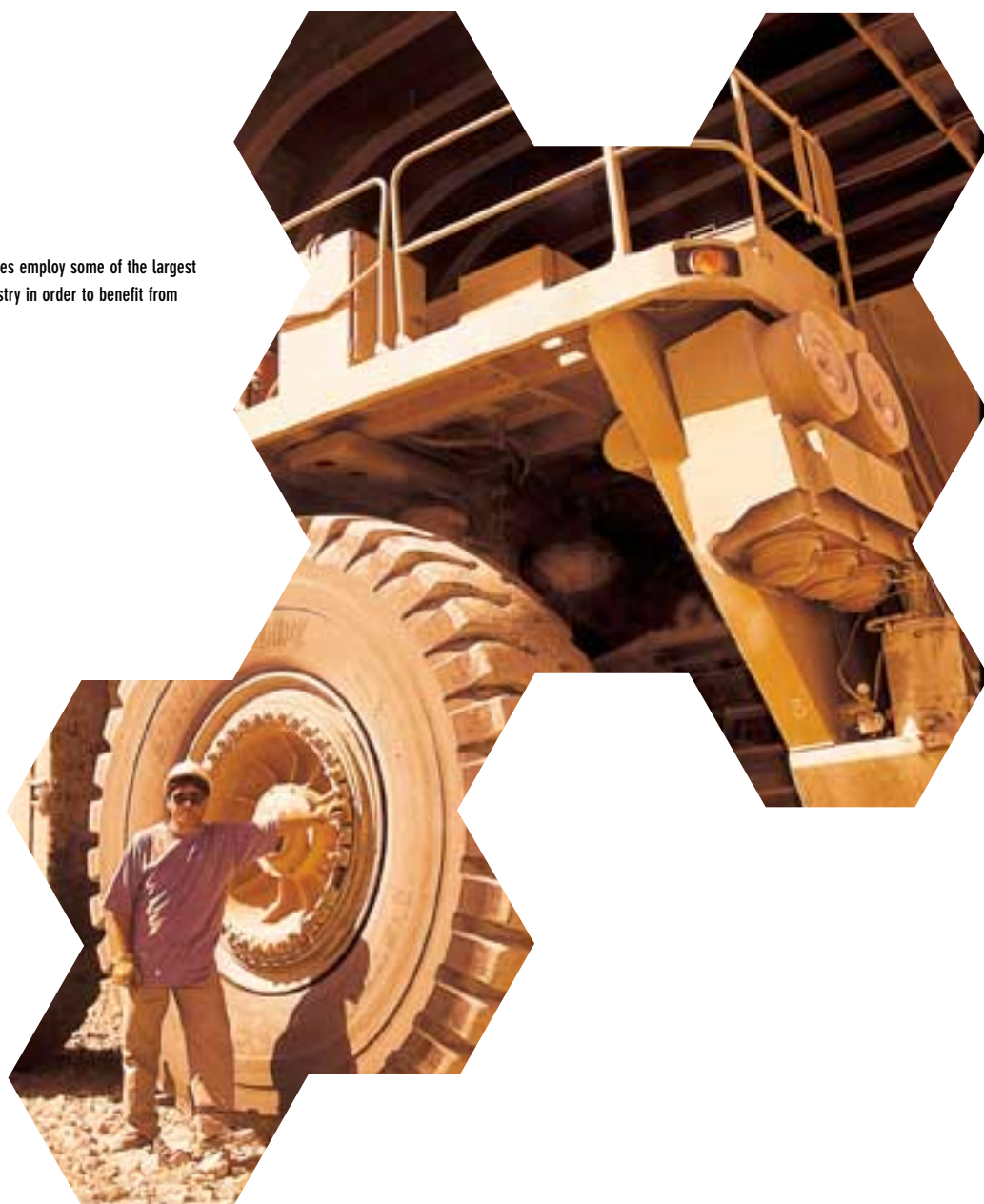
** Primary metals only

copper and lead concentrates. Upgrades include the introduction of autogenous and secondary pebble grinding and the installation of new and larger flotation cells and a pressure filtration dewatering system. Concentrates are transported 90 kilometres by truck to the port of Huelva on the Atlantic Ocean. Some of the zinc concentrates are shipped to Norzink for treatment. The remainder are shipped along with the lead and copper concentrates to other European or Asian smelters for treatment.

Outlook 2000

Los Frailes will continue to ramp up production. Sustaining capital expenditures during 2000 are expected to total approximately \$4 million.

Boliden's open pit mines employ some of the largest equipment in the industry in order to benefit from economies of scale.



Myra Falls, Canada

Myra Falls consists of two (H-W and Battle) underground polymetallic mines and a mill located on Vancouver Island, Canada. Production at Myra Falls began in 1966. The mine was acquired by Boliden through the acquisition of Westmin Resources Limited in 1998. Ore within the mines consists of a variety of generally shallow-dipping, zoned, polymetallic disseminated to massive sulphide bodies along a 6,000 metre long and up to 450 metre thick stratigraphic sequence.

Boliden suspended production at Myra Falls for three months starting in late December 1998 to complete stope and access route rehabilitation and development, primarily in the higher grade Battle mine. Operations were restarted in March 1999. The work was completed within the \$9.8 million budget, of which \$6.6 million was capitalized.

Mining

Until 1999, ore was being extracted using bulk underground mining methods. During 1999, Boliden introduced more controlled cut and fill mining methods to reduce dilution in certain areas of the mines. Myra Falls employs a combination of underground tunnels and inclined ramps for the transport of materials and personnel throughout the mine and the mined ore to underground crushers. A 1.8 kilometre long underground rail line at the 24 metre level connects the Battle mine to the H-W mine and the shaft. Crushed ore, personnel and materials are hoisted to surface through the vertical shaft. Mining is carried out to depths of approximately 700 metres.

Milling

The mill has the capacity to treat 1.1 million tonnes of ore to produce zinc and copper/precious metals concentrates. Crushed ore hoisted to surface is transported one kilometre by conveyor to the mill. Since 1990, the zinc and copper flotation circuit has been streamlined by adding column flotation cells and gold recoveries have been improved through the addition of Knelson gravity concentrators to each grinding circuit. Concentrates are transported 90 kilometres by truck to Boliden's concentrate storage and port facility at Campbell River on the east coast of Vancouver Island and from there by ship to overseas smelters.

Myra Falls	1999	1998	1997
Throughput (000 t)	740	1,047	1,257
Head Grades			
Zn (%)	5.7	5.6	5.4
Cu (%)	1.6	1.7	1.5
Au (g/t)	1.6	1.6	1.6
Ag (g/t)	20	23	21
Concentrate Production			
Zn (t)	69,153	95,450	113,912
Cu (t)	40,004	60,249	63,693
Au (t)	5	6	8
Concentrate Grade			
Zn (%)	45.0	52.1	53.8
Cu (%)	21.6	24.6	25.9
Contained Metal			
Zn (t)	37,861	51,799	61,283
Cu (t)	10,397	15,531	16,470
Au (oz)	13,563	21,586	24,575
Ag (000 oz)	205	356	558
Financial Performance			
EBITDA (US\$M)	1.1	1.4	16.6
EBIT (US\$M)	-7.9	-9.8	4.1
Cash Cost (US\$/lb Zn)	44.2	41.2	26.7
Capital Expenditure (US\$M)	17.3	7.6	4.8
Proven and Probable Reserves*			
Tonnes (000)	7,720	6,785	8,058
Zn (%)	7.3	7.7	7.5
Cu (%)	1.4	1.5	1.6

* Primary metals only

Exploration and Development

During 1999, an underground diamond drill program of 30 holes totalling 12,000 metres was completed to better define the size, consistency and grades of the Marshall Zone. The program produced a number of high-grade polymetallic massive sulphide intersections over an approximate 500 metre strike length thereby advancing the confidence level in the geologic interpretation of the zone. Additional underground access needs to be developed nearer to the zone before the next phase of drilling. Drilling near the old Lynx open pit successfully identified a remnant, high-grade polymetallic ore lens (M lens) with a strike length of roughly 100 metres and outcrops near surface. A conceptual open pit scenario allowing the mining of this material is being developed.

Outlook 2000

It is expected that production will return to planned levels, or approximately that of 1997, during 2000.

During the third quarter of 1999, Boliden commenced work to strengthen and to increase the height of the tailings dam at Myra Falls. The work is intended to enable the tailings dam to meet the recommended operating design and closure standards for seismic stability (ie, able to withstand a one-in-1,000-year-period earthquake) and to provide for tailings storage until the end of 2001. The estimated cost of this work is \$14 million. The dam stabilization work is expected to be completed in 2004. To accommodate tailings storage after 2001, Boliden plans to construct a plant to manufacture tailings paste at a capital cost of approximately \$6.5 million. The tailings paste will be used as backfill in the mines and, subject to governmental approval, placed in the depleted Lynx pit located near the mines.

Norzink, Norway (50% Boliden interest)

Norzink A/S, a corporation owned 50% by each of Boliden and Rio Tinto plc, owns and operates the Norzink zinc smelter and refinery on the west coast of Norway. Norzink has its own ice-free port facilities for receiving zinc concentrates and clinker and for shipping refined zinc and aluminum fluoride powder. It also has access to abundant supplies of competitively priced electrical power. The combination of excellent infrastructure and low-cost power make Norzink one of the lowest cost zinc smelters in the world.

Norzink (100%)	1999	1998	1997
Feed			
Zn Concentrate (t)	214,667	208,145	213,154
Zn Oxide (t)	36,165	37,444	42,178
Production			
Zn Ingots (t)	143,976	137,925	142,249
Zn Cathodes (t)	152,243	146,363	149,745
Aluminum Fluoride (t)	26,427	26,633	27,084
Sulphuric Acid (t)	190,084	186,460	189,356
Financial Performance			
EBITDA (US\$M)	31.4	19.2	36.2
EBIT (US\$M)	21.6	10.8	27.3
Cash Cost (US\$/t Zn)	353	372	369
Capital Expenditures (US\$M)	7.5	7.9	2.7

focus on core assets: zinc operations

Production

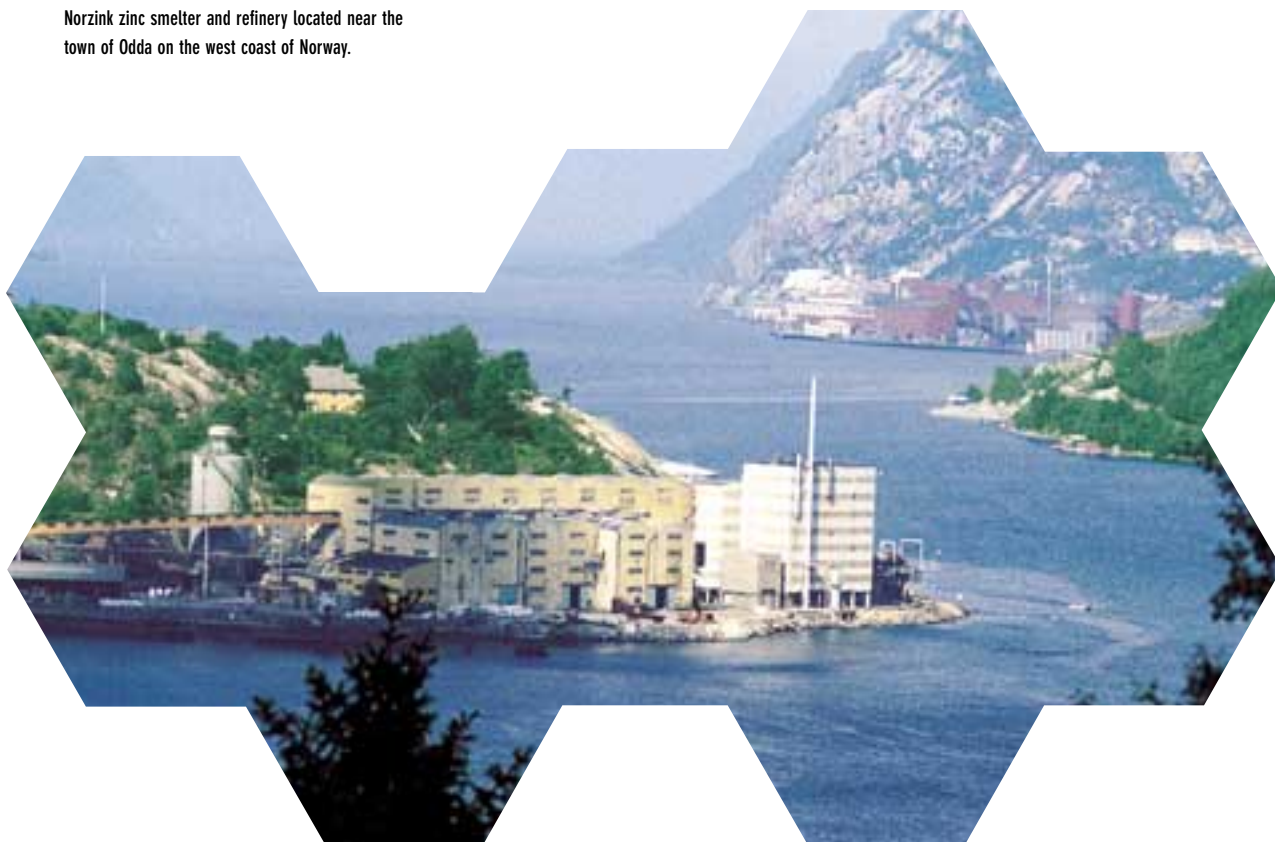
Norzink consists of a zinc smelter and refinery and an aluminum fluoride plant. Zinc smelter and refinery capacity is sufficient to process approximately 200,000 tonnes of zinc concentrates and 40,000 tonnes of zinc clinker per year to produce approximately 140,000 tonnes of refined zinc and approximately 28,000 tonnes of aluminum fluoride per year. Norzink purchases approximately 100,000 tonnes of its zinc concentrates and all of its zinc clinker (sourced from the Rönnskär smelter) from Boliden. During 1999, Norzink began a program to improve operating and health and safety performance. As a result of this program, lost time accidents were reduced from a rate of 26 in 1997 to only three during 1999.

Outlook for 2000

Production in 2000 is expected to be similar to 1999. Sustaining capital expenditures during 2000 are expected to total approximately \$8 million.

A feasibility study was started in early 2000 to investigate expanding refined zinc production capacity at Norzink by approximately 90% to 270,000 tonnes per year. This study is expected to take 18 months to complete at a total cost of approximately \$4 million.

Norzink zinc smelter and refinery located near the town of Odda on the west coast of Norway.



focus on other assets

other operations

Boliden's other operations include its copper tubing and brass **Fabrication** business with facilities in Belgium, the Netherlands, Sweden and the United Kingdom; the **Bergsöe** secondary lead smelter in southern Sweden; and the **Contech** engineering consulting group.

During 1998, both the fabrication business and the Bergsöe secondary lead smelter were identified as non-core assets. Efforts are underway to find suitable buyers. At December 31, 1999, the combined book value of these assets was approximately \$105 million.

Fabrication, Belgium, Netherlands, Sweden and United Kingdom

Boliden's fabrication operations produce copper tubing and brass products for sale throughout Europe. The copper division has two plants, Boliden Cuivre et Zinc (BCZ) in Belgium and part of Boliden Gusum in Sweden. The brass division has three plants: Boliden LDM in the Netherlands, part of Boliden Gusum in Sweden and Boliden MKM in the United Kingdom. Copper tubing production capacity is approximately 45,000 tonnes per year and brass production capacity is approximately 90,000 tonnes per year. Fabrication has been able to increase productivity at its operations during 1999 by increasing plant utilization and reducing its labour force. At December 31, 1999, the book value of the fabrication business was approximately \$94 million.

Bergsöe, Sweden

The Bergsöe secondary lead smelter, located in southern Sweden, recycles substantially all of the scrap lead from manufacturing and most of the spent lead-acid batteries in Scandinavia. Lead bullion and lead alloy production capacity is approximately 90,000 tonnes per year. At December 31, 1999, the book value of the Bergsöe smelter was approximately \$11 million.

Contech

Boliden Contech is an engineering and construction company that sells and licenses technology developed by Boliden. It also provides consulting services and undertakes project management assignments outside the non-ferrous metals industry. Contech's offices are located in Sweden, Germany, Russia, China, Chile and Tanzania. Contech is a major engineering contractor to the Rönnskär expansion project.

Bergsöe	1999	1998	1997
Feed			
Lead (t)	62,319	66,597	55,296
Lead Bullion (t)	49,021	51,887	48,250
Production			
Lead Bullion (t)	49,193	51,065	46,901
Lead Alloys (t)	44,119	46,698	43,425
Tin Alloys (t)	1,384	1,395	1,457
Financial Performance			
EBITDA (US\$M)	3.8	4.9	6.8
EBIT (US\$M)	2.6	3.5	5.4
Cash Cost (US\$/t Pb)	306	290	318
Capital Expenditures (US\$M)	0.3	0.7	1.7

focus on exploration and development

exploration

Our exploration activities are an integral part of our efforts to enhance the future performance of our mining operations.

Exploration activities at Boliden are generally divided into four areas:

- early stage, field exploration – controlled by the exploration group, the cost of which is expensed as incurred;
- resource definition and reserve development – also controlled by the exploration group, the cost of which is expensed as incurred unless the work advances the resource to the next phase;
- mine exploration and reserve development – controlled by the mining operations, the cost of which is capitalized as incurred; and
- feasibility studies – controlled by project teams, the cost of which is capitalized as incurred.

Consistent with Boliden's strategy of prioritized capital expenditures, exploration activities in 1999 were focused primarily on identifying and proving up additional mineral resources adjacent to existing mines and infrastructure. In addition, field exploration was carried out on a small number of generative projects deemed to have high potential for success.

Resource Definition and Development

Resource definition and development involves the enhanced definition of ore which has been geologically identified, but requires further drilling and metallurgical and engineering studies to determine whether it is of sufficient quantity and quality for economic extraction. Reserve development is the definition of resources in preparation for near term mining. Numerous early stage to advanced levels of resource

Exploration activities at the Myra Falls Operations, located within Strathcona Provincial Park, Vancouver Island, Canada.



definition and reserve development were carried out at or near a number of Boliden's mines during 1999. These activities are described in the operations review section of the report for each operation. In summary, they include:

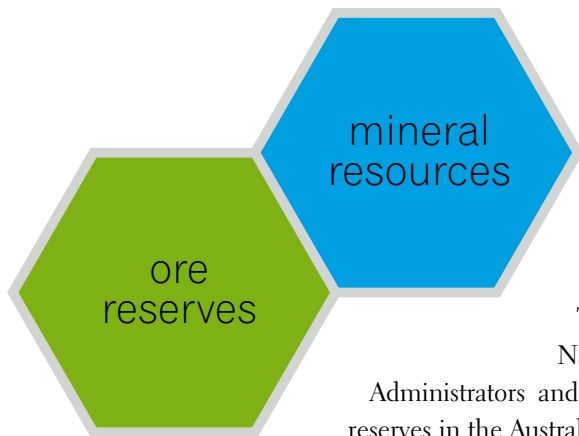
- underground resource definition drilling and drift development to better define the Marshall zone and surface definition drilling to better define the M lens at Myra Falls;
- resource definition drilling of the polymetallic Simon and Renström Deep zones at the Renström mine and the Einarsson East and West zones at the Kristineberg mine at BAO; and
- resource identification drilling at and between the Garpenberg and Garpenberg North mines.

Field Exploration

Field exploration is carried out with the aim of identifying new mineral resources for future growth. During 1999, a small number of early stage field exploration projects were carried out at a number of prioritized sites, in Mexico, Chile and Sweden. One of the most promising of these is within the Skellefteå mineral district in northern Sweden. During 1999, the Company reevaluated its extensive geological data base, compiled over the past 75 years of operations in the district, in search of potential mineral targets. This reevaluation resulted in the identification of approximately 150 new drill targets. Drilling of some of these targets in late 1999 led to the discovery of several new semi-massive to massive sulphide mineral environments. A drill program, estimated to cost approximately \$3.5 million and consisting of approximately 32,000 metres of surface drilling, will be carried out in 2000 to further test these targets and investigate the discoveries.



ore reserves and mineral resources



Boliden bases its definitions of ore reserves and mineral resources on two sets of standards. The definition of mineral resource is from the Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves. The definitions of proven and probable ore reserves are from National Policy No. 2-A published by the Canadian Securities Administrators and correspond to the definitions of proved and probable ore reserves in the Australasian Code. The following is an outline of those definitions.

Ore reserves are that part of mineral resources which can be mined legally and at a profit under economic conditions that are specified and are generally accepted as reasonable. Ore reserve estimates are established from mineral resource estimates only after consideration of the economic, mining, metallurgical, marketing, legal, environmental, social and governmental factors relevant to mining the mineral resources.

Ore reserves are categorized into one of the following two categories:

Proven: Material for which tonnage is computed from dimensions revealed in outcrops or trenches or underground workings or drill holes and for which the grade is computed from the results of adequate sampling, and for which the sites for inspection, sampling and measurement are so spaced and the geological character so well defined that the size, shape and mineral content are established, and for which the computed tonnage and grade are judged to be accurate within stated limits.

Probable: Material for which tonnage and grade are computed partly from specific measurements, samples or production data, and partly from projection for a reasonable distance on geological evidence, and for which sites available for inspection, measurement and sampling are too widely or otherwise inappropriately spaced to outline the material completely or to establish its grade throughout.

A **mineral resource** is an identified in situ mineral occurrence from which valuable or useful minerals may be recovered. Mineral resource categories, which are used for exploration projects, are as follows:

Measured: A mineral resource intersected and tested by drill holes, underground openings or other sampling procedures at locations which are spaced closely enough to confirm continuity and where geoscientific data are reliably known. A measured mineral resource is based on a substantial amount of reliable data, interpretation and evaluation which allows a clear determination to be made of shapes, sizes, densities and grades.

Indicated: A mineral resource sampled by drill holes, underground openings or other sampling procedures at locations too widely spaced to ensure continuity but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable level of reliability. An indicated resource estimate is based on more data, and therefore more reliable, than an inferred resource.

Inferred: A mineral resource inferred from geoscientific evidence, drill holes, underground openings or other sampling procedures where the lack of data is such that continuity cannot be predicted with confidence and where geoscientific data are not known with a reasonable level of reliability.

Mineral resources have not yet been evaluated for technical or economic viability.

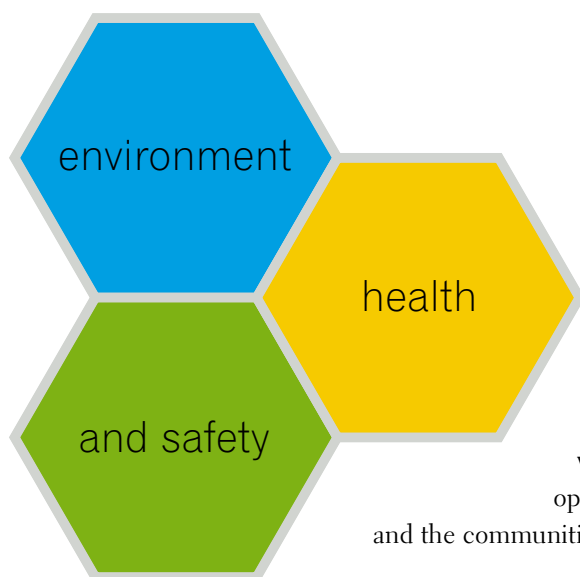
The disclosure with respect to ore reserves and mineral resources in this annual report has been compiled by “qualified persons” (as defined in the proposed National Instrument 43-101, Standards for Disclosure of Mineral Exploration and Development and Mining Properties, published by the Canadian Securities Administrators) under the direction of Mati Sallert, Resources Manager - Mining Operations and Qualified Person of Boliden. Mr. Sallert is a member of the Swedish Society for Mining, Metallurgy and Exploration with over 30 years of experience as a mining engineer.

Ore Reserves and Mineral Resources:	at January 1, 2000						at January 1, 1999					
	Tonnes (000)	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)	Tonnes (000)	Zn (%)	Cu (%)	Pb (%)	Au (g/t)	Ag (g/t)
Mines												
Proven and Probable Reserves												
Aitik	213,000	-	0.40	-	0.2	3	228,000	-	0.37	-	0.2	3
BAO ²	5,500	4.0	1.0	0.6	2.9	76	6,900	4.3	0.9	0.6	2.5	75
Garpenberg	5,900	4.1	0.1	1.9	0.3	114	5,700	4.1	0.1	2.0	0.2	119
Laisvall	4,600	0.7	-	4.5	-	10	6,800	0.8	-	4.6	-	11
Los Frailes ¹	40,200	3.8	0.3	2.2	-	59	43,000	3.7	0.3	2.1	-	58
Lomas Bayas												
Heap Leach	191,400	-	0.46	-	-	-	196,500	-	0.46	-	-	-
ROM	227,100	-	0.21	-	-	-	238,000	-	0.21	-	-	-
Myra Falls	7,720	7.3	1.4	0.5	1.4	39	6,785	7.7	1.5	0.4	1.4	35
Measured and Indicated Resources												
Aitik	873,000	-	0.27	-	0.2	2	873,000	-	0.27	-	0.2	2
BAO ²	1,175	3.4	1.4	0.4	6.2	73	1,440	3.0	1.5	0.3	4.1	58
Garpenberg ²	4,000	3.2	-	1.2	-	122	4,125	3.1	-	1.2	-	117
Laisvall	3,350	1.2	-	2.0	-	9	3,350	1.2	-	2.0	-	9
Los Frailes	30,000	3.6	0.3	2.2	-	60	30,000	3.6	0.3	2.2	-	60
Lomas Bayas	370,500	-	0.24	-	-	-	370,500	-	0.24	-	-	-
Fortuna de Cobre	491,000	-	0.26	-	-	-	491,000	-	0.26	-	-	-
Myra Falls	5,500	7.2	1.4	0.7	1.8	57	5,300	7.7	1.6	0.7	2.0	56

Notes: 1) Subject to tailings disposal and waste dump approvals

2) BAO and Garpenberg each contain an additional 1.3 M tonnes in sill pillars with grades similar to ore reserve grades (quantities are of Measured and Indicated quality)

focus on environment, health and safety



Corporate Objectives

Like all human activity, mining and smelting have an impact on our environment and on society in general. At Boliden, we are committed to the continuous improvement of our environmental, health and safety (EH&S) performance. Our goal is to minimize, and where possible eliminate, any negative impact of our operations. By doing so, we believe that we will maximize the benefits of our operations to our shareholders, customers and employees and the communities in which we operate.

We are also working towards the goal of “sustainable development” – ensuring that the needs of the present are met without compromising the ability of future generations to meet their own needs. That means we address concerns for environment, health and safety at the beginning of the process of planning our industrial activities thereby ensuring that, when an operation closes, it poses no environmental threat and continues to add value to the social, economic, and environmental development of the area.

At Boliden, we also believe that we should participate in the evolution of new technologies, regulations and standards that support sustainable development. Boliden has a long history of productive involvement in national, European and international bodies – regulatory, industrial and academic. In 1999, we continued to increase the level of our involvement.

Achievements

During 1999, Boliden’s major internal EH&S focus was on what we refer to as "housekeeping" – identifying and addressing company-wide issues of importance to the safe and sustainable operation of our assets. To facilitate this housekeeping effort, we developed a comprehensive Environment Manual, defining standards and practices for the entire Company, and updated and adapted our EH&S policies for international application.

"Housekeeping" also has a literal meaning. We believe that the key to success in all our EH&S activities is the knowledge, attitudes and commitment of our employees. One example is the workplace clean-up campaign initiated in 1999 at the Norzink smelter in Norway. This program contributed to a significant turnaround in the performance at Norzink as lost time accidents declined from 26 in 1997 to only three in 1999, and incidents of accidental spills were eliminated.

Details on our 1999 EH&S performance are outlined in a separate EH&S Report. In the first half of the report, we focus on highlights of the year’s achievements, and in the second half, we present the stories behind the numbers. These stories are intended to showcase the "life-cycle" of metal production, providing examples of our activities beginning at the earliest stages of our work, continuing through ongoing operations and concluding with examples of our site decommissioning and reclamation activities.

The theme of our EH&S Report for 1999 is “Minimizing the Footprint.” As you read through the report, you will learn that Minimizing the Footprint is far more than a theme. It is the principle by which we work.

management's discussion and analysis



management's discussion and analysis

Metals Market Overview

Markets for Boliden's primary metals – copper and zinc – were generally weak in 1999, particularly during the first half of the year.

Copper

Copper, which averaged \$0.75 per pound in 1998, averaged \$0.71 per pound in 1999 after declining to \$0.61 per pound in May, the lowest price since 1987. In June, the price of copper began to strengthen as negative sentiment about high London Metal Exchange (LME) inventory levels was replaced by optimism about increased consumption in southeast Asia and rationalization of industry capacity in the southwest United States.

LME inventory levels remain at historically high levels. Renewed optimism regarding increased consumption or additional rationalization of industry capacity will be required before the price of copper strengthens above the levels achieved in 1999.

Zinc

Zinc, which averaged \$0.46 per pound in 1998, averaged \$0.49 per pound in 1999 after declining to \$0.41 per pound in January, the lowest price since 1994. LME inventory levels continued to decline during the year, falling to levels not experienced since 1992 and below the important level of six weeks of consumption. The price of zinc began to strengthen early in the year as a result of low LME inventory levels and a more optimistic outlook for consumption. By September, the spot price had climbed to \$0.56 per pound. During most of the autumn, the price of zinc softened to \$0.50 per pound, before rallying to reach the September price level again towards year end.

LME inventory levels remain at historically low levels. Renewed optimism regarding increased consumption or rationalization of industry capacity could cause zinc prices to strengthen above the levels achieved in 1999, and even reach cyclical highs.

Average LME/LBM Prices	Twelve months ended December 31,	
	1999	1998
Copper \$/lb	0.71	0.75
Zinc \$/lb	0.49	0.46
Lead \$/lb	0.23	0.24
Gold \$/oz	279	294
Silver \$/oz	5.22	5.54

Consolidated Results of Operations

Revenues

The Company generates revenues primarily from three operating segments: mining, smelting and fabrication. In 1999, consolidated revenues from operations decreased slightly to \$1,031.0 million from \$1,053.6 million in 1998.

Mining

Revenue from mining operations was \$353.5 million in 1999 compared to \$333.5 million in 1998. The increase was due primarily to higher production from continuing operations which offset the weaker metal prices.

Copper production (excluding copper produced at the Gibraltar mine, which was closed in February and sold in July 1999) was 16% higher during 1999 than during 1998 due primarily to the addition of a full year of production from Lomas Bayas. By the end of 1999, production from Lomas Bayas had reached approximately 95% of design capacity (60,000 tonnes of copper cathode per year) following the successful implementation of an action plan to solve the chloride and nitrate problems that had limited production to about 70% of design capacity during the first eight months of the year.

Zinc production during 1999 was about 7% higher than during 1998 due primarily to the restart of mining operations at the beginning of April and concentrate production at the end of June at the Los Frailes mine in Spain.

Contained Primary Metal Production from Mining Operations

Metal	1999	1998	change
Copper* (t)	127,475	109,611	16%
Zinc (t)	190,449	178,778	7%
Lead (t)	110,334	102,535	8%
Gold (oz)	141,027	173,125	-19%
Silver (000 oz)	8,456	8,248	3%

* Does not include copper produced at the Gibraltar mine, which was closed at the end of February 1999 and sold during the third quarter of 1999

Smelting

Revenue from smelting operations decreased from \$661.2 million in 1998 to \$585.6 million in 1999 due primarily to weaker metal prices and lower production of copper, lead and zinc clinker at Rönnskär and lead in lead alloys at Bergsöe.

Production of copper, lead and zinc clinker at Rönnskär decreased during 1999 compared to 1998 primarily due to a combination of minor process flow irregularities resulting from construction activities related to the Rönnskär +200 expansion project and extremely cold weather during early 1999. Some of this decrease in production was offset by higher production of gold and silver. The Rönnskär +200 expansion project continued on schedule and within budget throughout 1999. The project will increase the design capacity of the complex by 71%, from 140,000 to 240,000 tonnes of copper cathode per year.

Production of zinc at Norzink increased primarily due to the positive impact of a program initiated by Norzink to improve operating and health and safety performance.

Production at Bergsöe decreased slightly primarily due to a 17 day shutdown following a fire in the shaft furnace gas cleaning system.

Fabrication

Revenue from fabrication was \$259.3 million in 1999 compared to \$270.5 million in 1998. The decrease was a result of lower prices and reduced sales of copper tubing in northern Europe due to weakness in the European construction industry during 1999.

Smelter Production			
Smelter feed / production	1999	1998	change
Rönnskär			
Copper (t)	113,960	125,355	-9%
Lead (t)	34,734	40,566	-14%
Zinc clinker* (t)	35,797	37,337	-4%
Gold (kg)	9,597	9,283	3%
Silver (kg)	330,492	286,542	15%
Norzink			
Zinc** (t)	71,988	68,963	4%
Bergsöe			
Lead in lead alloys (t)	44,119	46,698	-6%

* Zinc clinker produced at Rönnskär is sold as feed to Norzink
 ** Boliden's 50% share of production

Earnings

The Company reported a net loss of \$68.2 million for 1999 compared to a net loss of \$75.7 million for 1998. The difference primarily reflects the special provision of \$42.5 million, taken by the Company in 1998, relating to the tailings dam failure at Los Frailes and higher depreciation, depletion, amortization and financing charges during 1999.

The Company reported an operating loss of \$59.4 million for 1999 compared to an operating loss of \$68.7 million (\$26.2 million before the special provision for Los Frailes) for 1998. Most of the increase in the operating loss (before the special provision for Los Frailes) is due to weaker metal prices, the rehabilitation and rampup of Myra Falls, Lomas Bayas and Los Frailes and reduced operating income from fabrication. Operating losses from mining operations and lower operating income from fabrication were partially offset by increased operating income from smelting operations and reduced corporate and other expenses during 1999.

Mining

Boliden's mining operations had an operating loss of \$73.3 million in 1999 compared to an operating loss of \$42.4 million (before the special provision for Los Frailes) in 1998. The primary reasons for the decline in operating earnings compared to the previous year, despite an increase in production from continuing operations and the implementation of a cost cutting program, include:

- weak metal prices;
- costs associated with the rehabilitation and rampup of Myra Falls, Lomas Bayas and Los Frailes; and
- higher depreciation and depletion charges (\$90.0 million in 1999 compared to \$70.1 million in 1998) due to the recommencement of operations at Los Frailes and the first full year of operations at Lomas Bayas.

Segmented Operating Income (Loss)		
(U.S. \$ millions)	1999	1998
Mining	(73.3)	(42.4)
Smelting	30.9	27.4
Fabrication	3.5	10.5
Corporate and other	(20.5)	(21.7)
	(59.4)	(26.2)
Provision for Los Frailes	—	(42.5)
Total	(59.4)	(68.7)

Smelting

Boliden's smelting operations had operating income of \$30.9 million in 1999 compared to operating income of \$27.4 million in 1998. The primary reason for the increase in operating income was the positive effects of the cost cutting program implemented early in the year.

Fabrication

Boliden's fabrication operations had operating income of \$3.5 million in 1999 compared to operating income of \$10.5 million in 1998. The primary reasons for the decrease in operating income were a decrease in sales and product margins for copper tubing products in northern Europe and restructuring charges related to staffing reductions at Boliden's brass facility in the United Kingdom.

Corporate and Other

Corporate and other includes corporate, research, exploration and development expenditures as well as earnings from Contech, the Company's engineering consulting group. The operating loss from corporate and other was \$20.5 million in 1999 compared to \$21.7 million in 1998. The main reason for this decrease was reduced exploration expenditures as part of a program to focus exploration efforts on prioritized targets close to existing operations. Operating income from Contech was nominal in 1999, compared to \$1.1 million in 1998, primarily due to a reduction in the number of consulting contracts. Contech is a major engineering contractor in the Rönnskär +200 expansion project.

Expenses

Operating Expenses

Depreciation, depletion and amortization expense increased by 19% to \$117.7 million in 1999 compared to \$99.0 million in 1998. The increase was primarily due to additional expenses associated with a full year of operations at Lomas Bayas in 1999 compared to four months in 1998 and nine months of operations at Los Frailes in 1999 compared to four months in 1998. Selling, general and administrative expenses also increased slightly to \$71.6 million in 1999 compared to \$70.2 million in 1998. Exploration, research and development expenses decreased 32% to \$16.5 million in 1999 compared to \$24.3 million in 1998 due to reduced exploration expenses.

Non-Operating Expenses

Interest on long-term debt was \$44.6 million in 1999 compared to \$21.7 million in 1998. Total debt outstanding at December 31, 1999 was \$813.5 million compared to \$785.1 million a year earlier. Interest and other income in 1999 was consistent with 1998.

As a result of operating losses and financial charges, recovery of income taxes in 1999 was \$19.4 million compared to a \$1.7 million provision for income taxes in 1998.

Currencies

Most of the Company's costs are in Swedish, Canadian, Norwegian and Spanish currencies. The average rates of exchange for these currencies for the twelve-month period ended December 31, 1999 compared to the same period in 1998 were as follows:

Average Exchange Rates		
Currency (per U.S.\$1.00)	1999	1998
SEK	8.26	7.95
CAD	1.49	1.48
NOK	7.80	7.55
ESP	156	149

Divestiture of Non-Core Assets

In March 1999, the Company decided to divest of certain non-core assets in order to focus on its core operations and improve its balance sheet. During 1999, the following non-core assets were sold.

- In July 1999, Boliden transferred the closed Gibraltar open pit copper mine, mill and solvent extraction-electrowinning (SX-EW) circuit located in central British Columbia, Canada to a subsidiary of Taseko Mines Limited in exchange for the assumption by Taseko and its subsidiary of various liabilities and obligations (including environmental) with respect to Gibraltar. As part of the transaction, Boliden subscribed for C\$17 million of non-interest-bearing Taseko debentures which are convertible into Taseko common shares at the option of Boliden or Taseko and mature in July 2009. Gibraltar was acquired as part of the acquisition by the Company of the shares of Westmin Resources Limited in 1998. Boliden closed Gibraltar because of ongoing capital requirements, high operating costs and the weak copper price environment.
- In November 1999, Boliden sold, for a purchase price of approximately \$20.2 million, \$15.3 million payable in cash and the balance by the assumption of certain liabilities, the Arv Andersson metals recycling business to Arvmet AB, a company owned 75% by Kuusakoski Oy of Finland and 25% by Boliden.
- In December 1999, Boliden sold, for approximately \$6.9 million, its 50% interest in the Saudi Company for Precious Metals (SCPM), to the Saudi Arabian Mining Company (Ma'aden).

Financial Matters

Financing Activities

Preferred Share Offering

In March 1999, the Company completed a convertible preferred share rights offering. A total of 5,046,958 5% cumulative convertible preferred shares, series 1, were issued by the Company for net proceeds of \$82.9 million.

Bridge Facility

On February 8, 2000, the Company entered into a credit agreement (Bridge Facility) with an international banking syndicate pursuant to which it may borrow up to an aggregate of \$191 million (the Committed Amount), \$85 million (Tranche A) of which is available until February 1, 2001 (subject to extension at the option of the lenders) and \$106 million (Tranche B) of which is available until February 8, 2002. As part of the compensation paid to the lenders in connection with the Bridge Facility, the Company issued warrants, exercisable until February 8, 2005, to purchase an aggregate of one million common shares at an exercise price of C\$4.05 per share.

Under the credit agreement, if Boliden receives funds (a) under any credit agreement entered into after February 8, 2000, (b) through an issuance of debt or equity securities (including under the common share offering described below) or (c) through a disposal of assets for cash proceeds (except in the ordinary course of business), then the Committed Amount will be reduced, pro rata between Tranche A and Tranche B, by an amount equal to all or part of the net funds received. The actual amount of the reduction will depend on Boliden's liquidity requirements at the time, and as agreed with the lenders.

Common Share Offering

In March 2000, the Company completed a common share rights offering (Rights Offering). A total of 107.1 million additional common shares were issued by the Company under the offering for net proceeds of \$142.6 million. The net proceeds of the offering will be applied to repay amounts outstanding under the Bridge Facility and the balance will be used to fund the completion of the Rönnskär +200 expansion project.

Liquidity and Capital Resources

The Company has fully drawn down all amounts available to it under its existing credit facilities other than the Bridge Facility. The Committed Amount available to the Company under the Bridge Facility will be reduced as a result of the Rights Offering. See "Financial Matters – Financing Activities – Bridge Facility." See also note 6 to the consolidated financial statements for a description of the Company's long-term debt.

The Company believes that cash on hand and cash generated from operations, the undrawn portion of the Committed Amount under the Bridge Facility and the net proceeds of the Rights Offering (after repayment of outstanding borrowings under the Bridge Facility) will permit the Company to fund its operations through 2000, including the completion of the Rönnskär +200 expansion, provided that the Company's operations continue to meet planned production levels and there is no significant deterioration in copper or zinc prices.

Capital Expenditures

The following table summarizes Boliden's capital expenditures for the periods indicated.

Capital Expenditures			
	1998	1999	Budgeted
		(unaudited)	2000
	(U.S. \$ millions)		
Lomas Bayas	103.1	13.0	11.0
Los Frailes ⁽¹⁾	19.6	16.6	7.8
Rönnskär +200 expansion	28.0	99.7 ⁽²⁾	117.3
Sustaining and other ⁽³⁾	85.0	58.1	68.2
Total	235.7	187.4	204.3

Notes:

(1) Includes waste rock removal costs associated with operations (\$14.5 million in 1999)

(2) Includes \$19.8 million of assets which are leased

(3) Includes waste rock removal costs associated with operations at Boliden's open pit mines (other than Los Frailes)

The estimated capital expenditure required to carry out the Rönnskär +200 expansion project is approximately \$245 million, of which \$128 million had been spent as at December 31, 1999. The Company expects that it will spend most of the balance by the end of the second quarter of 2000.

Debt Maturity

The following table sets forth the amounts maturing over the next five years under Boliden's credit facilities outstanding at December 31, 1999.

Debt Maturity					
	2000	2001	2002	2003	2004
	(U.S. \$ thousands)				
U.S.\$300 million revolving credit facility	—	—	120,000	120,000	60,000
U.S.\$230 million term loan facility	—	—	—	230,000	—
Lomas Bayas facility	14,350	14,700	15,400	15,400	18,200
Other	—	1,677	—	—	—
Total	14,350	16,377	135,400	365,400	78,200

Boliden's ability to repay or refinance the amounts outstanding under its credit facilities will depend, among other things, on the ability of the Company to sell non-core assets, the market price of the metals produced by the Company (principally copper and zinc) and the ability of the Company's operations to meet planned production levels.

Gearing Ratio

The Company is required under certain credit facilities to maintain a Gearing Ratio (the ratio of the Company's total consolidated borrowings minus cash and cash equivalents to the Company's tangible consolidated net worth) equal to or less than 1.25:1. The Gearing Ratio as at December 31, 1999 was 1.14:1. The Gearing Ratio will be reduced as a result of the Rights Offering. The Gearing Ratio is calculated at the end of each quarter based on the interim or annual consolidated financial statements of the Company.

The Bridge Facility contains a mechanism that may be used to ensure that the Company does not exceed the Gearing Ratio limit. If so requested by the Company, the lenders may exchange all or part of their respective advances under the facility on a dollar for dollar basis for preferred shares of Boliden Rönnskär AB, the subsidiary of the Company that owns the Rönnskär smelter. The banking syndicate may also exercise the exchange feature if an event of default occurs under the facility.

Risks and Uncertainties

Boliden's earnings and cash flows are sensitive to a number of factors, over some of which the Company has little or no control. These include fluctuations in production levels at Boliden's mining and smelting operations, metal prices, exchange rates and interest rates.

Production Levels

Boliden's planned contained metal production at its mining operations for 2000 is approximately 280,000 tonnes of zinc, 150,000 tonnes of copper, 130,000 tonnes of lead, 150,000 ounces of gold and 10 million ounces of silver, an increase over 1999 production levels following the rehabilitation and rampup of Myra Falls, Lomas Bayas and Los Frailes. Boliden's ability to reach these production levels will require good operating performance at all its mining operations.

Boliden's ability to continue to produce at or near capacity levels at Rönnskär will depend, among other things, on its ability to complete the Rönnskär +200 expansion project without incident.

Metal Prices

At December 31, 1999, Boliden had sold 30 million ounces of silver in an option strategy that provides the Company with a maximum average price of \$5.67 per ounce. Boliden's other metals are essentially unhedged.

The following table shows the approximate impact of changes in metal prices on Boliden's operating income for a full year based upon planned production levels for 2000 and average 1999 metal prices. The sensitivities relate only to Boliden's mining and smelting businesses and do not take into account the impact of metal price and foreign exchange hedging.

	Change in Metal Price (U.S. \$)	Impact on Operating Income (U.S. \$ millions)
Copper	0.10 per pound	33.1
Zinc	0.05 per pound	20.9
Lead	0.01 per pound	3.1
Gold	10.00 per ounce	1.6
Silver	0.10 per ounce	0.9

Exchange Rates

The Company publishes its financial statements in United States dollars and has significant investments in operations in Sweden, Spain, Canada and Norway. Most of Boliden's revenues are in United States dollars while most of its costs are in Swedish, Spanish, Canadian and Norwegian currencies.

At December 31, 1999, the Company had in place a hedging program covering more than two years exposure to exchange rate fluctuations in these currencies. A combination of options and forward contracts has been used to hedge costs in Swedish, Spanish, Canadian and Norwegian currencies against the United States dollar at minimum average rates of 7.81, 149, 1.48 and 7.62, respectively, and maximum average rates of 7.89, 151, 1.48 and 7.65, respectively.

Interest Rates

The interest rates on Boliden's long-term debt are floating rates and are largely unhedged.

Hedging

Boliden's total position under hedging instruments at December 31, 1999 is summarized in note 13 to the consolidated financial statements. The Company does not consider the credit risk associated with its hedging instruments to be significant.

Credit Risk

Boliden sells its metals to a limited number of high quality customers. All of Boliden's credit risks are managed through a rigorous cash management program. The Company does not consider the credit risk with its customers, or with any single customer, to be significant.

Los Frailes

In 1998, the Company took a special provision of \$42.5 million to cover the estimated loss, net of insurance proceeds, from the tailings dam failure at the Los Frailes mine owned by the Company's Spanish subsidiary, Boliden Apirsa SL. While the Company has not been required to do so to date, there can be no assurance that the Company will not be required to increase the special provision or to write down the carrying value of the Company's investment in Apirsa and Los Frailes.

Year 2000 Computer Issue

Before the end of 1999, Boliden implemented an action plan with specific contingency plans to address potential Year 2000 problems. Boliden did not experience any Year 2000 related disruptions at any of its operations. Costs related to Year 2000 compliance were \$5 million of which \$1.5 million was spent in 1999.

Outlook

The Company's financial performance in 2000 will depend primarily on metal prices and production levels at its mining and smelting operations. Although metal prices improved during the second half of 1999, no clear trends are evident. The Company believes that renewed optimism regarding increased consumption or rationalization of industry capacity are required before copper and zinc prices exceed the price levels reached in 1999.

Management faces two important challenges, each of which will have an effect on the financial performance of Boliden in 2000:

- completion of the Rönnskär +200 expansion project on schedule and within budget; and
- the continuation of the rampup at Los Frailes in Spain.

The Company intends to continue its program to reduce expenditures and operating costs and increase productivity at all of its operations during 2000, excluding those expenditures required to complete the Rönnskär +200 expansion project. During 2000, management will continue to monitor the Company's financial situation closely, including keeping tight controls on discretionary expenditures.

financial review



management's responsibility for financial reporting

The information in this annual report has been reviewed and approved by management. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles. Where alternative accounting methods exist, management has chosen those methods deemed most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgments. The financial information presented throughout this report is consistent with that in the consolidated financial statements.

Boliden has developed systems of internal accounting and administrative control to provide assurance of the reliability of the financial information, consistent with reasonable cost. The Company maintains formal policies and procedures, carefully selects and trains personnel, and requires the appropriate delegation of authority and segregation of responsibilities.

Boliden's board of directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements and the accompanying management's discussion and analysis. The board carries out this responsibility principally through its Audit Committee. The Company's auditors have full access to the Audit Committee.

Anders Bülow
President and Chief Executive Officer

Jan Petter Traaholt
Senior Vice President, Finance and
Administration and Chief Financial Officer

auditors' report to the shareholders

We have audited the consolidated balance sheets of Boliden Limited as at December 31, 1999 and 1998 and the consolidated statements of operations and cash flows for each of the years in the three-year period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1999 in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Toronto, Canada

March 6, 2000, except as to note 17 which is as of April 5, 2000

consolidated balance sheets

(In thousands of U.S. dollars)
December 31, 1999 and 1998

	1999	1998
Assets		
Current assets:		
Cash and short-term investments	\$ 66,463	\$ 75,096
Accounts and metals settlements receivable	183,022	166,957
Inventories (note 3)	184,591	176,761
	<u>434,076</u>	<u>418,814</u>
Capital assets (note 4)	1,366,499	1,387,692
Future income tax assets (note 7)	39,218	–
Deferred expenses and other assets	37,110	37,009
	<u>\$ 1,876,903</u>	<u>\$ 1,843,515</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued charges	\$ 276,863	\$ 256,476
Income and other taxes payable	–	1,251
Deferred revenue	3,300	9,478
Debt, including current portion of long-term debt (note 6)	89,481	69,888
	<u>369,644</u>	<u>337,093</u>
Long-term debt (note 6)	723,985	715,171
Future income tax liabilities (note 7)	47,662	38,954
Deferred revenue	13,200	–
Provision for reclamation costs	51,145	79,701
Other long-term liabilities	18,130	19,520
Shareholders' equity (note 9)	653,137	653,076
Commitments and contingencies (notes 6 and 10)		
Subsequent events (note 17)		
	<u>\$ 1,876,903</u>	<u>\$ 1,843,515</u>

See accompanying notes to consolidated financial statements.

On behalf of the board:

Robert R. Stone

Frederick W. Telmer

Director

Director

consolidated statements of operations

(In thousands of U.S. dollars except per common share amounts)

Years ended December 31, 1999, 1998 and 1997	1999	1998	1997
Revenue	\$ 1,031,004	\$ 1,053,637	\$ 1,201,985
Operating expenses:			
Cost of sales of metals and other products	884,718	886,420	947,007
Depreciation, depletion and amortization	117,671	98,955	68,240
Selling, general and administrative	71,587	70,214	54,509
Exploration, research and development	16,459	24,263	20,508
Provision for Los Frailes incident	–	42,500	–
	1,090,435	1,122,352	1,090,264
Operating income (loss)	(59,431)	(68,715)	111,721
Interest on long-term debt	(44,591)	(21,670)	(4,099)
Interest and other income (note 11)	16,386	16,379	5,671
	(28,205)	(5,291)	1,572
Earnings (loss) before income taxes	(87,636)	(74,006)	113,293
Provision for (recovery of) income taxes (note 7)	(19,421)	1,680	31,489
Net earnings (loss)	\$ (68,215)	\$ (75,686)	\$ 81,804
Earnings (loss) per common share (note 2(1))	\$ (0.68)	\$ (0.71)	\$ 0.82

See accompanying notes to consolidated financial statements.

consolidated statements of cash flows

(In thousands of U.S. dollars)

Years ended December 31, 1999, 1998 and 1997

	1999	1998	1997
Cash Provided By (Used In):			
Operating Activities:			
Net earnings (loss)	\$ (68,215)	\$ (75,686)	\$ 81,804
Items not affecting cash:			
Depreciation, depletion and amortization	117,671	98,955	68,240
Gain on asset dispositions	(13,557)	–	–
Future income taxes	(24,140)	(6,103)	20,296
Other	4,111	(14,432)	(382)
	15,870	2,734	169,958
Net change in non-cash operating working capital	1,051	15,856	(37,895)
Cash provided by operating activities	16,921	18,590	132,063
Financing Activities:			
Additions to (repayments of) debt	37,528	668,586	(2,810)
Convertible preferred shares issued, net of issue costs	82,925	–	–
Dividends paid on convertible preferred shares	(2,165)	–	–
Repayment of 11% senior secured notes	–	(144,692)	–
Redemption of preferred shares in subsidiaries	–	(46,594)	–
Capital advances from parent	–	–	29,434
Cash received from Trelleborg AB	–	–	35,789
Cash provided by financing activities	118,288	477,300	62,413
Investing Activities:			
Capital expenditures	(167,913)	(235,663)	(149,629)
Proceeds on asset dispositions	24,866	1,368	2,381
Other assets	(3,373)	–	–
Acquisition of Westmin Resources Limited, net of cash acquired	–	(246,636)	(13,644)
Cash used in investing activities	(146,420)	(480,931)	(160,892)
Effect of exchange rate changes on cash balances in foreign currencies	2,578	663	(251)
Increase (decrease) in cash and short-term investments	(8,633)	15,622	33,333
Cash and short-term investments, beginning of year	75,096	59,474	26,141
Cash and short-term investments, end of year	\$ 66,463	\$ 75,096	\$ 59,474

See accompanying notes to consolidated financial statements.

notes to consolidated financial statements

(Years ended December 31, 1999, 1998 and 1997)

(Tabular amounts in thousands of U.S. dollars)

1. General and Basis of Presentation:

These consolidated financial statements include the accounts of Boliden Limited and its consolidated subsidiaries and joint ventures (collectively, the "Company").

Boliden Limited was incorporated under the Canada Business Corporations Act on April 18, 1997 and acquired the mining and metals businesses of Trelleborg AB and its subsidiaries (collectively, "Trelleborg") concurrent with the closing of the initial public offering by way of secondary offering by Trelleborg of common shares of the Company which closed on June 17, 1997. The net assets acquired from Trelleborg are stated at carrying values based on their historic cost to Trelleborg.

2. Significant Accounting Policies:

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada, consistently applied. The principal accounting policies followed by the Company are summarized below:

(a) Basis of consolidation:

These financial statements consolidate the financial statements of all controlled companies and include the Company's proportionate interests in the accounts of entities that are jointly controlled, including Norzink. Intercompany transactions and balances have been eliminated.

(b) Translation of foreign currencies:

Exchange gains and losses on foreign currency transactions are included in income in the current year, except when hedged or when the gains or losses relate to a monetary item with a fixed or ascertainable life extending beyond the end of the following fiscal year. In the latter case, the gain or loss is deferred and amortized to income on a straight-line basis over the period the related monetary item is outstanding. Financial statements of self-sustaining foreign operations are translated into United States dollars using the current rate method. Under this method, assets and liabilities are translated at the rate of exchange in effect at the year end, while revenue and expense items (including depreciation, depletion and amortization) are translated at the average of the rates of exchange prevailing during the year. Exchange gains and losses from the translation of such financial statements are deferred and disclosed as a separate component of shareholders' equity.

(c) Revenue recognition:

Revenue is recorded when the rights and obligations of ownership pass to the buyer.

(d) Valuation of inventories:

Metals inventories, including metals in purchased concentrates, are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value. Cost includes direct labour and material costs, mine site overhead and depreciation and depletion of capital assets. Supplies inventories are valued at the lower of average cost of acquisition and replacement cost.

(e) Forward, futures and option contracts:

The Company uses forward and option contracts to hedge the effect of exchange rate changes on foreign currency exposures, interest rate swaps to hedge the effect of interest rate changes on certain of its debt and forward and option contracts to hedge the effect of price changes on a portion of the metals it sells. Gains and losses on these contracts are reported in revenue as a component of the related transactions. From time to time, the Company has entered into futures, options and forward contracts for the purchase or sale of metals and currencies not designated as hedges. These contracts are carried at quoted market values and gains or losses arising from the changes in the market values of these contracts are recognized in earnings in the period in which the changes occur.

(f) Capital assets:

Property, plant and equipment and related capitalized development and preproduction expenditures are recorded at cost. Repairs and maintenance expenditures are charged to operations; major betterments and replacements are capitalized.

The Company generally depreciates plant and equipment used in mining operations on a straight-line basis over the lesser of their estimated useful lives and the lives of the producing mines to which they relate. Smelting and other plant and equipment are depreciated on a straight-line basis over their estimated useful lives.

Mine development costs incurred to maintain the current production of operating mines are included in operating costs. Mine development costs incurred to expand the capacity of operating mines, to develop new ore bodies or to develop mine areas substantially in advance of current production are capitalized and charged to operations on a unit-of-production basis.

Mining costs associated with waste rock removal at open pit mines are deferred and recognized in operations based on the average stripping ratio for each mine. The average stripping ratio is calculated as the tonnes of material estimated to be mined to the tonnes of ore estimated to contain economically recoverable metals. Where the stripping ratio over the life of the mine is relatively uniform, mining costs are expensed as incurred.

Financing costs, including interest, are capitalized for projects involving the development, construction or expansion of significant mineral properties and facilities.

When events or changes in circumstances indicate that the carrying amount of a capital asset will not be recoverable, it is written down to its net recoverable amount based on estimated future net cash flows.

(g) Exploration:

Exploration costs incurred to the date of establishing that a property has reserves or resources which have the potential of being economically recoverable are charged against earnings. Further costs are generally capitalized and then amortized as appropriate under the policy for capital assets described above.

(h) Income taxes:

The Company accounts for income taxes under the asset and liability method. Under this method, future tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying value and tax basis of assets and liabilities.

Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(i) Environmental and reclamation costs:

Ongoing environmental and reclamation costs are expensed as incurred. Estimated reclamation costs to be incurred when operations are closed are accrued and expensed over the lives of the operations.

(j) Stock-based compensation plan:

The Company has a stock-based compensation plan which is described in note 9. No compensation expense is recognized for this plan when stock options are issued to employees. Any consideration paid by employees on exercise of stock options is credited to share capital.

(k) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

(l) Earnings (loss) per common share:

For 1999, loss per common share (after giving effect to the impact of the convertible preferred shares) is calculated based on the weighted average number of common shares outstanding during the year, being 107,019,193 (1998 - 106,085,764; 1997 - 99,640,315).

The conversion of outstanding preferred shares and the exercise of common share options would have an anti-dilutive impact on loss per share in 1999 and 1998.

3. Inventories:

	1999		1998	
In process	\$	80,055	\$	70,132
Finished products		50,173		48,659
Materials and supplies		54,363		57,970
	\$	184,591	\$	176,761

4. Capital Assets:

1999	Cost	Accumulated Depreciation	Net Book Value
Mining:			
Property acquisition and deferred mine costs	\$ 785,040	\$ (166,920)	\$ 618,120
Buildings and equipment	761,089	(295,867)	465,222
Construction in progress	6,244	–	6,244
	1,552,373	(462,787)	1,089,586
Smelting:			
Property, plant and equipment	484,282	(294,191)	190,091
Construction in progress	39,638	–	39,638
Fabrication	106,775	(61,005)	45,770
Other property, plant and equipment	10,385	(8,971)	1,414
	641,080	(364,167)	276,913
	\$ 2,193,453	\$ (826,954)	\$ 1,366,499

1998	Cost	Accumulated Depreciation	Net Book Value
Mining:			
Property acquisition and deferred mine costs	\$ 773,376	\$ (138,583)	\$ 634,793
Buildings and equipment	811,024	(297,362)	513,662
Construction in progress	5,054	–	5,054
	1,589,454	(435,945)	1,153,509
Smelting :			
Property, plant and equipment	471,131	(304,668)	166,463
Construction in progress	9,222	–	9,222
Fabrication	113,825	(61,854)	51,971
Other property, plant and equipment	19,271	(12,744)	6,527
	613,449	(379,266)	234,183
	\$ 2,202,903	\$ (815,211)	\$ 1,387,692

Interest on debt capitalized during 1999 amounted to \$2.6 million (1998 - \$17.4 million).

5. Joint Ventures:

A portion of the Company's activities is carried out through joint venture arrangements. The results of the Company's 50% interest in Norzink and 50% interest in SCPM are proportionately consolidated in the Company's financial statements. The Company's share of the financial results of these joint ventures is summarized as follows:

	1999		1998	
Working capital	\$	21,456	\$	24,234
Non-current assets		27,178		44,281
Non-current liabilities		(2,822)		(7,355)
Net assets	\$	45,812	\$	61,160

	1999		1998		1997	
Revenue	\$	101,945	\$	104,258	\$	128,544
Expenses		93,406		99,022		116,603
Net earnings	\$	8,539	\$	5,236	\$	11,941
Cash provided by operating activities	\$	12,887	\$	7,057	\$	13,027
Cash used in financing activities	\$	(1,838)	\$	(11,022)	\$	(412)
Cash used in investing activities	\$	(4,276)	\$	(4,250)	\$	(1,598)

In December 1999, the Company disposed of its interest in SCPM. Net assets for 1999 do not include SCPM.

6. Long-Term Debt:

	1999		1998	
\$300 million revolving credit facility (a)	\$	300,000	\$	273,161
\$230 million term loan facility (b)		230,000		230,000
Lomas Bayas facility (c)		127,050		140,000
SEK 250 million medium-term bonds (d)		29,343		31,017
Other (note 8)		51,942		53,943
Total long-term debt		738,335		728,121
Less amounts maturing within one year		14,350		12,950
	\$	723,985	\$	715,171

(a) \$300 million revolving credit facility:

Pursuant to a revolving credit agreement with an international banking syndicate, the Company may borrow up to \$300 million, reduced by \$60 million in June 2002 and every six months thereafter. Under the agreement, the Company may borrow and repay amounts at any time and from time to time up to the credit limit, at a LIBOR-based interest rate. Any amounts outstanding under the facility are repayable in full on June 26, 2004. The Company pays a standby fee on the unused portion of the credit facility.

(b) **\$230 million term loan facility:**

Pursuant to a credit agreement with an international banking syndicate, the Company may borrow up to \$230 million. Under the agreement, the Company may borrow and repay amounts at any time and from time to time up to the credit limit at a LIBOR-based interest rate. Any amounts outstanding under the facility are repayable in full on July 7, 2003. The Company pays a standby fee on the unused portion of the credit facility.

(c) **Lomas Bayas facility:**

The Company is party to a secured loan agreement with an international banking syndicate used to finance a portion of the cost of the Lomas Bayas Project at a LIBOR-based interest rate. The loan is repayable in 16 semi-annual installments beginning on June 30, 1999, ranging from \$5,600,000 to \$13,300,000.

Repayment of 50% of excess cash flow from Lomas Bayas is mandatory on each principal repayment date. This will increase to 100% if the Lomas Bayas Project fails to maintain certain financial ratios specified in the loan agreement. Lomas Bayas is required to hedge its interest and copper price exposure and to maintain insurance. The Company has entered into interest rate swaps which fix the interest rate at 8.95% for approximately 75% of the outstanding loan balance.

(d) **Swedish kronor ("SEK") 250 million medium-term bonds:**

The Company issued bonds in the aggregate amount of SEK 250 million at a STIBOR-based (Stockholm IBOR) interest rate. The bonds mature on September 3, 2006.

(e) **Gearing ratio:**

Under the terms of the Company's borrowing facilities under (a), (b) and (d) above, the Company is required to maintain a Gearing Ratio (as defined in the lending agreements) equal to or less than 1.25:1. At December 31, 1999, the Company's Gearing Ratio was 1.14:1. The Company's ability to continue to satisfy the Gearing Ratio requirement will depend, among other things, on the extent to which Rights (note 17) are exercised, the prices of the metals produced by the Company (principally zinc and copper) and the willingness of the banks providing the Bridge Facility to exercise the exchange feature (note 17).

(f) **Principal payments on long-term debt:**

Principal payments on long-term debt for the next five years are as follows:

2000	\$	14,350
2001		16,377
2002		135,400
2003		365,400
2004		78,200
Thereafter		128,608
	\$	<u>738,335</u>

7. Income Taxes:

(a) The income tax provision consists of the following:

	1999	1998	1997
Current	\$ 4,719	\$ 7,783	\$ 11,193
Future (recovery)	(24,140)	(6,103)	20,296
Total income taxes	\$ (19,421)	\$ 1,680	\$ 31,489

- (b) The difference between the amount of the reported consolidated income tax provision and the amount computed by multiplying the earnings (loss) before income taxes by the applicable Swedish (being the principal country in which the Company operates) tax rate of 28% is reconciled as follows:

	1999	1998	1997
Income taxes computed using the Company's tax rates	\$ (24,538)	\$ (20,722)	\$ 31,722
Adjust for:			
Income of foreign subsidiaries taxed at differing effective tax rates	(1,027)	(9,188)	(5,434)
Losses of subsidiaries not tax benefited	10,562	27,730	1,360
Non-deductible items	1,980	2,012	2,073
Other	(3,954)	1,848	1,768
Change in valuation allowance	(2,444)	–	–
Income tax provision	\$ (19,421)	\$ 1,680	\$ 31,489

- (c) The tax effects of temporary differences that give rise to significant portions of the future tax assets and liabilities at December 31, 1999 and 1998 are as follows:

	1999	1998
Future tax assets:		
Capital assets, principally due to provisions taken for accounting purposes	\$ 17,249	\$ 18,326
Net operating loss carryforwards	129,796	75,505
Financial instruments, principally due to deferred revenue for financial reporting purposes	–	1,254
Provisions and other allowances	1,128	16,151
Total gross future income tax assets	148,173	111,236
Less valuation allowance	87,340	72,001
Net future income tax assets	\$ 60,833	\$ 39,235
Future tax liabilities:		
Excess depreciation taken for income tax over accounting purposes	\$ 68,751	\$ 77,667
Other	526	522
Total future income tax liabilities	\$ 69,277	\$ 78,189
Net future tax liability	\$ 8,444	\$ 38,954
After taking into account the right of offset these balances are presented as:		
Net future tax asset	\$ 39,218	\$ –
Net future tax liability	\$ 47,662	\$ 38,954

- (d) At December 31, 1999, the Company and subsidiaries included in these consolidated financial statements have \$115 million of available gross tax loss carryforwards which expire between the years 2001 and 2010, and \$270 million of available gross tax loss carryforwards with no expiry date. Tax losses arising from intercompany transactions have not been recognized in these consolidated financial statements.

8. Retirement Plans:

The Company maintains defined benefit plans providing pension, death and termination benefits for certain salaried and hourly employees principally in Sweden, Norway, Canada and the United Kingdom. Pension benefits are calculated based upon length of service and final average earnings. As permitted by Swedish law, the Company can choose to satisfy its pension obligations to Swedish employees either by participating in a government-sponsored multi-employer plan (where pension benefits for employees are fully funded through group annuity contracts) or by maintaining an unfunded defined benefit plan. The Company's obligation, net of unamortized experience gains and losses, under the Swedish unfunded defined benefit plans of \$46.5 million (1998 - \$47.9 million) is included in long-term debt. The Norwegian, United Kingdom and Canadian defined benefit plans are funded plans.

The status of the company's defined benefit plans is as follows:

	1999	1998
Funded plans:		
Plan assets, at market value	\$ 76,853	\$ 79,010
Projected benefit obligations	(76,309)	(77,305)
	\$ 544	\$ 1,705
Unfunded plans - projected benefit obligations	\$ (43,705)	\$ (43,998)

Discount rates used in determining the projected benefit obligations for 1999 range from 6% to 7%.

9. Shareholders' Equity:

(a) Shareholders' equity is comprised as follows:

	1999	1998
Common shares	\$ 641,963	\$ 641,918
Convertible preferred shares	83,875	—
Deficit	(103,159)	(31,283)
Foreign currency translation account	30,458	42,441
Shareholders' equity	\$ 653,137	\$ 653,076

During 1997, the Company was incorporated and acquired, concurrent with the closing of its initial public offering on June 17, 1997, the mining and metals businesses of Trelleborg (note 1), in exchange for 99,640,315 common shares of the Company. Accordingly, effective June 30, 1997, the balance of capital employed has been reclassified to common shares and retained earnings have been accumulated from June 30, 1997. The balance of retained earnings at December 31, 1998 represents earnings from July 1, 1997 through to December 31, 1998.

The Company's authorized capital stock consists of an unlimited number of preferred shares, issuable in series, and an unlimited number of common shares.

	Capital Employed	Common Shares		Preferred Shares		Retained Earnings (Deficit)
		Number	Amount	Number	Amount	
Balance, January 1, 1997	\$ 530,859	–	\$ –	–	\$ –	\$ –
Net earnings, January 1, 1997 to June 30, 1998	37,401	–	–	–	–	–
Advances from parent	29,434	–	–	–	–	–
Transfer of tax deductions from affiliated companies	(5,045)	–	–	–	–	–
Balance, June 30, 1997	592,649	–	–	–	–	–
Issue of common shares to Trelleborg	(592,649)	99,640,315	592,649	–	–	–
Net earnings, July 1, 1997 to December 31, 1997		–	–	–	–	44,403
Balance, December 31, 1997	–	99,640,315	592,649	–	–	44,403
Shares issued on acquisition of Westmin	–	7,376,290	49,269	–	–	–
Net loss	–	–	–	–	–	(75,686)
Balance, December 31, 1998	–	107,016,605	641,918	–	–	(31,283)
Convertible preferred shares issued for cash, net of costs	–	–	–	5,046,958	82,965	–
Conversions	–	30,907	45	(2,720)	(45)	–
Loss for the year	–	–	–	–	–	(68,215)
Convertible preferred share dividend, including Part VI tax	–	–	–	–	–	(2,706)
Accretion on convertible preferred shares	–	–	–	–	955	(955)
Balance, December 31, 1999	\$ –	107,047,512	\$ 641,963	5,044,238	\$ 83,875	\$ (103,159)

(b) Convertible preferred shares:

In March 1999, the Company completed a convertible preferred share rights offering. A total of 5,046,958 5% cumulative convertible redeemable preferred shares, Series 1 (the "Convertible Preferred Shares") were issued for net proceeds of \$82.9 million. The Convertible Preferred Shares have a face value of Cdn. \$25 each.

Holders of Convertible Preferred Shares are entitled to receive, as and when declared by the board of directors of the Company, a fixed cumulative preferential cash dividend of 5% (Cdn. \$1.25) per share per annum, payable quarterly. The Company may, at its option, subject to receipt of any required regulatory approvals, satisfy the dividend payable by it on any dividend payment date by delivering to holders that number of Common Shares determined by dividing the amount of the dividend by 95% of the weighted average trading price of the Company's common shares on the Toronto Stock Exchange for the 20 consecutive trading days ending five days earlier (the "Calculated Market Price").

In December 1999, the board of directors of the Company decided to postpone the payment of dividends on the Convertible Preferred Shares pending completion of the expansion of the Rönnskär smelter and refinery. At December 31, 1999, cumulative unpaid dividends and associated taxes totalled \$1.4 million.

Before March 30, 2009, each Convertible Preferred Share is convertible into a fixed number of common shares. As at December 31, 1999, the Conversion Rate is 11.3636. The Conversion Rate is subject to adjustment upon the occurrence of certain events, including the issuance of rights to the holders of the outstanding common shares.

On March 30, 2009, and thereafter on the last day of June, September, December and March of each year, each Convertible Preferred Share will be convertible at the option of the holder into that number of common shares determined by dividing Cdn. \$25 plus all accrued and unpaid dividends by the greater of Cdn. \$0.50 and 95% of the Calculated Market Price. The Company may elect to redeem any Convertible Preferred Shares tendered for conversion on or after March 30, 2009, at an amount per share equal to Cdn. \$25 plus all accrued and unpaid dividends.

On and after March 30, 2004, the Company may redeem Convertible Preferred Shares at an amount per share equal to Cdn. \$25 plus all accrued and unpaid dividends (the "Redemption Amount"). The Company may, at its option, subject to receipt of any required regulatory approvals, satisfy its redemption obligations by delivering to holders that number of common shares determined by dividing the Redemption Amount by 95% of the Calculated Market Price.

(c) Share options:

A summary of the options outstanding under the Company's option plans as of December 31, 1999 and changes in the three-year period ended December 31, 1999 is presented below:

	Number	Weighted Average Exercise Price
Outstanding, December 31, 1996	–	\$ –
Granted	790,000	16.00
Outstanding, December 31, 1997	790,000	16.00
Granted	239,000	9.80
Granted on acquisition of Westmin Resources Limited	2,019,111	11.52
Cancelled	(164,000)	15.65
Outstanding, December 31, 1998	2,884,111	12.37
Granted	2,075,000	1.94
Forfeited	(197,000)	5.09
Cancelled	(911,879)	10.47
Outstanding, December 31, 1999	3,850,232	\$ 7.57

The following table provides additional information with respect to the Company's stock options outstanding at December 31, 1999:

Range Of Exercise Prices	Outstanding, December 31, 1999	Weighted Average Exercise Price	Weighted Average Life	Exercisable At, December 31, 1999	Weighted Average Exercise Price
\$ 1.00 - \$ 2.00	1,390,000	\$ 1.37	9.19	–	\$ –
3.00 - 4.00	575,000	3.43	9.52	425,000	3.39
5.00 - 6.00	30,000	5.10	8.83	10,000	5.10
7.00 - 8.00	12,576	7.96	1.15	12,576	7.96
8.00 - 9.00	6,288	8.75	0.17	6,288	8.75
9.00 - 10.00	26,645	9.39	2.83	26,645	9.39
10.00 - 11.00	200,418	10.35	0.90	200,418	10.35
11.00 - 12.00	197,771	11.93	6.19	87,104	11.91
12.00 - 13.00	408,799	12.35	1.75	408,793	12.35
13.00 - 14.00	332,733	13.81	1.75	332,739	13.81
14.00 - 15.00	47,214	14.28	1.54	47,214	14.28
15.00 - 16.00	618,525	16.00	7.38	245,192	15.99
17.00 - 18.00	4,263	17.83	1.33	4,263	17.83
	3,850,232	\$ 7.57	6.73	1,806,232	\$ 10.70

10. Commitments and Contingencies:

(a) Los Frailes incident:

Apirsa may be exposed to fines and may be held liable, in whole or in part, for the damages suffered by third parties as a result of the failure, including the costs incurred by the Spanish governmental authorities in cleaning up a portion of the area affected by the tailings dam failure. Apirsa may have claims against third parties for damages suffered by it as a result of the failure.

(b) Litigation:

In the fourth quarter of 1998, statements of claim were filed in Ontario and British Columbia in respect of a class action commenced on behalf of persons who acquired installment receipts representing common shares of the Company pursuant to the Company's initial public offering (note 1). The statements of claim allege that the prospectus used by the Company in connection with the initial public offering (the "Prospectus") contained misrepresentations with respect to the construction, maintenance and structural integrity of, and seepage from, the tailings dam at the Los Frailes mine and that investors relied on the misrepresentations and suffered damages as a result.

The actions are at a preliminary stage. Legal counsel to the Company has advised that it is too early to form an assessment of the potential exposure, if any, of the Company to liability for the claims made against it in the action. If damages were awarded, the Company intends to rely upon an indemnity provided to it by Trelleborg at the time of the initial public offering.

In the underwriting agreement entered into between Trelleborg, the Company and Nesbitt Burns and the other underwriters of the initial public offering (collectively, the "Underwriters"), Trelleborg and the Company jointly and severally agreed to protect and indemnify the underwriters from and against all losses (including reasonable legal fees and disbursements) suffered by them and arising directly or indirectly by reason of any information or statement contained in the Prospectus being or being alleged to be a misrepresentation.

Pursuant to an indemnity entered into by Trelleborg at the time of the initial public offering, Trelleborg agreed to indemnify the Company from and against all losses (including reasonable legal fees and disbursements) suffered by it and arising directly or indirectly out of any claim made against it arising out of the initial public offering.

The Company believes that Trelleborg AB currently has the financial capacity to satisfy its obligations under its indemnity in favour of the Company. There can be no assurance, however, that this will be the case if damages are awarded in the future against the Company.

(c) Environmental and reclamation:

All of the Company's mining operations are subject to reclamation and closure requirements. Minimum standards for mine reclamation have been established by various governmental agencies which affect certain operations of the Company. A reserve for mine reclamation costs has been established for restoring certain abandoned and currently disturbed mining areas based upon estimates of costs to comply with existing reclamation standards. Mine reclamation costs for operating properties are accrued using the unit-of-production method. The estimated amount of metals or minerals to be recovered from a mine site is based on internal and external geological data and is reviewed by management on a periodic basis. Changes in such estimated amounts which affect reclamation cost accrual rates are reflected on a prospective basis. The Company's estimate of its ultimate accrual for reclamation costs may change due to changes in laws and regulations, and interpretations thereof, and changes in cost estimates.

(d) Rönnskär expansion:

During 1998, the Company began an expansion of the copper cathode capacity of its Rönnskär smelter and refinery, expected to be completed in 2000.

At December 31, 1999, the Company had contractual commitments for most of the remaining cost of the project (\$117 million).

(e) Taseko Mines Limited ("Taseko"):

Under the terms of a sale agreement between the Company and Taseko, with respect to the Gibraltar mine, the Company agreed to subscribe for Cdn. \$17 million of convertible debentures of Taseko. As at December 31, 1999, the Company had invested Cdn. \$5 million and was committed to subscribe for the balance in 2000.

11. Interest and Other Income:

Interest and other income (expenses), net, include the following:

	1999	1998	1997
Interest income	\$ 1,848	\$ 6,280	\$ 2,525
Interest expense	(3,029)	(3,242)	(50)
Gain on sale of assets	15,501	1,732	382
Gain (loss) on commodity and other contract trading activities	1,180	(1,091)	1,841
Realized foreign exchange gain on debt	3,500	12,700	–
Other financial items	1,497	–	973
Royalty interest written off	(4,111)	–	–
Total interest and other income	\$ 16,386	\$ 16,379	\$ 5,671

12. Related Party Transactions:

The Company has an agreement with Trelleborg Metech, Inc. ("Metech"), pursuant to which Metech sources and sells to the Company, at market rates, secondary materials for processing at Rönnskär. The agreement may be terminated on 12 months notice. The amount paid to Metech during 1999 was \$33.7 million (1998 - \$25.8 million).

13. Financial Instruments:

(a) Fair values of financial assets and financial liabilities:

The carrying values of cash and short-term investments, accounts and metals receivable, accounts payable, accrued liabilities and short-term obligations approximate their fair values due to their short-term maturities.

The Company holds cash and marketable short-term investments which are subject to various risks, such as interest rate, credit and liquidity. These risks are mitigated by restricting both the type and the term of investments. The Company deals with highly rated counterparties to reduce credit risk.

(b) Foreign exchange exposure management:

The Company manages its exposure to changes in foreign exchange rates through the use of forward exchange contracts and put and call options to hedge certain future transactions and investments denominated in foreign currencies. The Company hedges a portion of its anticipated but not yet committed foreign currency exposures when such transactions are probable and the significant characteristics and expected terms are identified.

At December 31, 1999, the Company's principal currency hedge positions were as follows:

Maturing In	2000		2001		2002	
	\$ Million	Rate	\$ Million	Rate	\$ Million	Rate
Swedish Kronor:						
Forward sales	226	7.83	366	7.76	378	8.05
Put options bought	135	7.53	–	–	–	–
Call options sold	135	8.24	–	–	–	–
Norwegian Kroner:						
Forward sales	44	7.46	39	7.68	20	7.90
Call options sold	–	–	4	7.80	18	7.80
Spanish Pesetas:						
Forward sales	71	148	78	151	–	–
Put options bought	22	140	–	–	–	–
Call options sold	22	156	–	–	–	–
Canadian Dollars:						
Forward sales	66	1.50	77	1.48	–	–
Put options bought	15	1.42	–	–	–	–
Call options sold	15	1.45	–	–	–	–

The fair value of these currency contracts at December 31, 1999 was an unrealized loss of \$71.4 million (1998 - \$21.1 million).

(c) Commodity price exposure management:

The Company manages its exposure to changes in commodity prices for its products through hedge transactions. Hedge transactions include forward sales contracts and put and call options.

Gains and losses resulting from the sale or conversion of commodity hedge instruments prior to maturity are deferred and recognized at the original maturity terms of the instruments.

As at December 31, 1999, the Company's principal commodity hedge positions were as follows:

Maturing In	2000		2001		2002		2003	
	Quantity (000's oz)	Average Price (per oz)	Quantity (000's oz)	Average Price (per oz)	Quantity (000's oz)	Average Price (per oz)	Quantity (000's oz)	Average Price (per oz)
Silver								
Call option sold	6,000	\$ 5.83	6,000	\$ 5.83	9,000	\$ 5.57	9,000	\$ 5.58
Maturing In	2000		2001		2002		2003	
	Quantity (000 t)	Average Price (per lb)	Quantity (000 t)	Average Price (per lb)	Quantity (000 t)	Average Price (per lb)	Quantity (000 t)	Average Price (per lb)
Copper								
Put option bought	20	0.68	–	–	–	–	–	–
Call option sold	30	0.90	–	–	–	–	–	–

The fair value of these commodity contracts at December 31, 1999 was an unrealized loss of \$8.5 million (1998 - unrealized gain of \$14.5 million).

(d) Interest rate exposure management:

The Company manages its exposure to changes in interest rates through periodically entering into interest rate swaps. The fair value of interest rate swaps at December 31, 1999 was an unrealized gain of \$0.2 million (1998 - unrealized loss of \$4.3 million).

14. Segmented Data:

The Company operates principally in three operating segments: mining, smelting and fabrication of copper and brass products:

	Mining	Smelting	Fabrication	Corporate and Other	Consolidation Adjustments	Total
Year ended						
December 31, 1999:						
Revenue	\$ 353,468	\$ 585,607	\$ 259,347	\$ 18,451	\$ (185,869)	\$ 1,031,004
Operating income (loss)	(73,324)	30,860	3,516	(20,483)	–	(59,431)
Depreciation, depletion and amortization	90,013	20,007	6,834	817	–	117,671
Capital employed	1,076,779	236,811	94,563	(7,755)	–	1,400,398
Capital expenditures	70,501	90,172	6,660	580	–	167,913
Year ended						
December 31, 1998: ⁽¹⁾						
Revenue	333,462	661,163	270,510	22,212	(233,710)	1,053,637
Operating income (loss)	(84,876)	27,404	10,454	(21,697)	–	(68,715)
Depreciation, depletion and amortization	70,097	22,067	6,613	178	–	98,955
Capital employed	1,093,796	201,699	101,189	3,357	–	1,400,041
Capital expenditures	174,546	51,172	9,669	276	–	235,663
Year ended						
December 31, 1997: ⁽¹⁾						
Revenue	348,240	768,551	320,396	31,091	(266,293)	1,201,985
Operating income (loss)	84,940	41,691	4,900	(19,568)	(242)	111,721
Depreciation, depletion and amortization	34,755	24,277	8,265	943	–	68,240
Capital employed	371,965	180,222	113,870	31,937	–	697,994
Capital expenditures	112,288	32,558	3,846	937	–	149,629

⁽¹⁾ The financial results for the years 1997 and 1998 have been restated to reflect the reclassification of Arv Andersson from Fabrication to Smelting.

The Company defines capital employed as capital assets and working capital, excluding cash and certain interest-bearing receivables and liabilities. Intersegment revenue principally represents sales from the Company's operating mines to its smelters, which are recorded at fair market value.

The carrying values of the Company's capital assets, by country in which the operation is located, are as follows:

	1999		1998	
Capital assets:				
Chile	\$	592,144	\$	619,362
Sweden		414,062		394,690
Spain		145,942		157,022
Canada		155,241		140,456
Norway		23,386		24,622
United Kingdom		17,154		16,751
Belgium		11,000		15,558
Saudi Arabia		–		10,481
Netherlands		7,251		8,442
Other		319		308
	\$	1,366,499	\$	1,387,692

The Company's revenues are derived from sales originating in the following countries:

	1999		1998		1997	
Revenue:						
Sweden	\$	544,854	\$	559,204	\$	746,320
Norway		96,141		98,274		114,683
United Kingdom		74,505		94,492		110,994
Netherlands		53,413		61,943		68,018
Canada		36,534		45,641		–
Spain		33,702		39,139		15,047
Germany		29,340		32,276		37,566
Belgium		23,789		32,157		40,101
Denmark		26,330		28,948		31,365
Chile		75,189		24,569		–
France		19,490		20,861		20,229
Saudi Arabia		6,641		8,625		11,739
Finland		6,641		7,508		5,923
Poland		4,435		–		–
	\$	1,031,004	\$	1,053,637	\$	1,201,985

Revenue from one customer of the smelting segment represents approximately 15% (1998 - 15%; 1997 - 18%) of the Company's total revenue.

15. Acquisition of Westmin Resources Limited:

On February 9, 1998, the Company completed the acquisition of Westmin Resources Limited (“Westmin”). The total cost of the acquisition, including expenses, was approximately \$360 million and has been accounted for by the purchase method effective January 1, 1998. The purchase cost has been allocated to the assets and liabilities acquired as follows:

Current assets	\$	76,014
Non-current assets		22,752
Capital assets		699,825
		798,591
Current liabilities		43,973
Provision for reclamation costs		63,665
Deferred taxes		43,484
Long-term debt		285,169
Other long-term liabilities		1,600
Total purchase cost	\$	360,700
Consideration:		
Common shares	\$	49,269
Cash		311,431
	\$	360,700

16. Supplementary Cash Flow Information:

	1999	1998	1997
Interest paid	\$ 41,424	\$ 23,126	\$ 4
Taxes paid	6,379	9,960	11,193
Non-cash investments	–	49,269	–

17. Subsequent Events:

Bridge Facility:

On February 8, 2000, the Company entered into a credit agreement with an international banking syndicate pursuant to which it may borrow up to an aggregate of \$191 million (the "Committed Amount"), \$85 million of which ("Tranche A") is available until February 1, 2001 (subject to extension at the option of the lenders) and \$106 million of which ("Tranche B") is available until February 8, 2002.

Under the credit agreement, if Boliden receives funds (a) under any credit agreement entered into after February 8, 2000, (b) through an issuance of debt or equity securities (including the rights offering described below) or (c) through a disposal of assets for cash proceeds (except in the ordinary course of business), then the Committed Amount will be reduced, pro rata between Tranche A and Tranche B, by an amount equal to all or part of the net funds received. The actual amount of the reduction will depend on the Company's liquidity requirements at the time, and as agreed with the lenders.

Subject to certain exceptions, the credit agreement contains a negative pledge applicable to the Company and its subsidiaries and a prohibition on the payment of dividends on the Company's common shares. The credit agreement requires the Company to maintain certain financial ratios, including specified covenants relating to (a) net debt to earnings before interest, taxes, depreciation and amortization and (b) earnings before interest, taxes, depreciation and amortization to net interest payable. The agreement also requires the Company to maintain a Gearing Ratio equal to or less than 1.25:1 (note 6).

The Company pays commitment fees on unused portions of the facility. As part of the compensation paid to the lenders, the Company issued warrants, exercisable until February 8, 2005, to purchase an aggregate of 1,000,000 common shares at an exercise price of Cdn. \$4.05 per share.

The Bridge Facility contains a mechanism that may be used to ensure that the Company does not exceed the Gearing Ratio limit. If so requested by the Company, the banks may exchange all or part of their respective advances under the facility on a dollar for dollar basis for preferred shares of Boliden Rönnskär AB, the subsidiary of the Company that owns the Rönnskär smelter (the "exchange feature"). The banking syndicate may also exercise the exchange feature if an event of default occurs under the facility.

Rights Offering:

On March 30, 2000, the Company completed a rights offering to the holders of its common shares. A total of 107.1 million additional common shares were issued by the Company under the rights offering for net proceeds of \$142.6 million. The issuance of additional common shares under the rights offering will result in an adjustment to the Conversion Rate in accordance with the terms of the Convertible Preferred Shares.

glossary

by-product credits: all revenues received from by-product metals. By-product revenues are received in United States dollars.

capacity: the design number of units which can be produced in a given time period based on operations with a normal number of shifts and maintenance interruptions.

cash production costs: all production and transportation costs and all treatment and refining charges, translated where applicable from the local currency into United States dollars at the average exchange rate, net of by-product credits. The treatment and refining charges used by Boliden to calculate cash production costs on deliveries to Rönnskär and Norzink are prevailing market charges.

concentrate: a metal-rich product from a mineral separation process such as flotation, from which most of the waste material in the ore has been separated. The metals are “concentrated” from the ore and the remainder discarded as tailings.

concentrator or mill: a plant where ore is ground and undergoes physical or chemical treatment to extract and produce a concentrate of the valuable minerals.

contained primary metal production: the copper, zinc, lead, gold and silver contained in concentrates and copper cathode.

copper cathode: pure copper plate from a copper refinery or solvent extraction-electrowinning (SX-EW) process.

cut and fill: a method of mining in which mining proceeds upward from a primary access level in a series of slices. Each mined out slice is removed and a backfill floor created using tailings or other waste material. The next slice is then mined off the backfill floor.

drift: an underground tunnel driven alongside an ore deposit from a shaft or ramp to gain access to the deposit.

flotation: a milling process in which some mineral particles are induced to become attached to bubbles of froth and float, and others to sink, so that the valuable minerals are concentrated and separated from the worthless materials.

grade: the amount of valuable mineral in each tonne of ore, expressed as troy ounces or grams per tonne for precious metals and as a percentage for other metals.

leaching: a process in which metal is extracted from ore by repeatedly spraying the ore with an acid solution which dissolves the metal content. The metal-laden solution is collected for further metal recovery. Heap leaching (HL) occurs on constructed low level heaps of crushed ore built on sloping impermeable pads. Run-of-mine leaching (ROM) occurs on uncrushed ore dumped by haulage trucks on sloping impermeable pads.

lens: a body of ore that is thick in the middle and thin at the edges.

ore: a natural aggregate of one or more minerals which, at a specified time and place, may be mined and sold at a profit, or from which some part may be profitably separated.

ounce: troy ounce.

ramp: an inclined underground tunnel which provides access for exploration or a connection between levels of a mine.

reclamation: the process by which lands disturbed as a result of mining activity are brought back to a beneficial land use. Reclamation activity includes the removal of building, equipment, machinery and other physical remnants of mining, closure of tailings impoundments, leach pads and other mine features and contouring, covering and revegetation of waste rock piles and other disturbed areas.

recovery rate: the percentage of a particular metal contained in ore that is recovered during processing.

shaft: a vertical or steeply inclined passageway to an underground mine used for moving personnel, equipment, supplies and material, including ore and waste.

stripping ratio: the ratio of the number of tonnes of waste material to the number of tonnes of ore removed. The term is used in connection with open pit mining.

SX-EW (solvent extraction-electrowinning): a process which takes copper-bearing aqueous solutions (usually generated by heap leaching copper-bearing ores), purifies the solution by removing metals other than copper from the solution through the use of organic solvents and then electroplates copper cathodes.

tailings: fine-grained rock particles remaining after the extraction of economic minerals from the ore during the milling and concentrating process.

undercut and fill: a method of mining in which mining proceeds downward from a primary access level in a series of slices. The mined out slice is replaced by backfill consisting of cemented tailings or other cemented waste material. This stabilized backfill becomes the roof for the next slice.

zinc clinker: zinc oxide which contains at least 65% zinc.

Metric/Imperial Conversion Table

The imperial equivalents of the metric units of measurement used in this report are as follows:

Metric Unit		Imperial Equivalent
1 gram	=	0.03215 troy ounces
1 hectare	=	2.4711 acres
1 kilogram	=	2.20462 pounds
1 kilometre	=	0.62139 miles
1 metre	=	3.2808 feet
1 tonne	=	1.1023 short tons

corporate governance

Mandate of the Board

The responsibility of the board of directors is to supervise the management of the business and affairs of the Company and to act with a view to the Company's best interests.

The board oversees and reviews significant corporate plans and initiatives, including the development and implementation of the long-term plan and the annual business plan and budget, major acquisitions and dispositions, public communications policies and senior management recruitment, assessment and succession.

The board held sixteen meetings in 1999. Eight meetings of the board are scheduled for 2000.

Composition of the Board

The board of directors is composed of seven members, five of whom are free from any interest and any business or other relationship which could materially interfere with a director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding.

Board Committees

The board of directors has two committees, the Audit Committee and the Corporate Governance and Human Resources Committee.

The Audit Committee is composed of Messrs. Nilsson, Stone (chair) and Telmer, all of whom are free from any interest and any business or other relationship which could materially interfere with a director's ability to act with a view to the best interests of the Company, other than interests and relationships arising from shareholding. The Audit Committee held six meetings in 1999. Four meetings of the Audit Committee are scheduled for 2000.

The Audit Committee is responsible for overseeing the adequacy and effectiveness of internal controls over the Company's accounting and financial reporting systems, reviewing the scope and terms and the results of external audits of the Company and monitoring the actions taken by management with respect to any significant recommendations made by the Company's external auditor. The committee also reviews and approves the Company's quarterly financial statements and reviews the Company's annual financial statements before they are submitted to the board of directors. The committee maintains direct communications with the Company's external auditor and the Company's senior officers responsible for accounting and financial matters.

The Corporate Governance and Human Resources Committee is composed of Messrs. McDermott, Stone and Telmer (chair). The Corporate Governance and Human Resources Committee was established in February, 2000. Three meetings of the Corporate Governance and Human Resources Committee are scheduled for 2000.

The responsibilities of the Corporate Governance and Human Resources Committee include reviewing specific matters of corporate governance, reviewing the composition, needs and performance of the board of directors and its committees and the contribution of individual directors, reviewing and recommending the structure and amount of directors' compensation, developing a succession plan for directors and identifying suitable candidates for election or appointment to the board of directors. The committee's responsibilities also include reviewing existing management resources and succession planning for senior management positions, reviewing and assessing the performance of the Chief Executive Officer and recommending to the board of directors the compensation of the officers of the Company.

Independence from Management

Mr. Telmer, who is chair of the board of directors, is not an executive officer of the Company.

Decisions Requiring Board Approval

In addition to those matters which must by law be approved by the board of directors, the board oversees and reviews significant corporate plans and initiatives, including the long-term plan and the annual business plan and budget, major acquisitions and dispositions and other significant matters of corporate strategy or policy.

Shareholder Feedback

The board of directors considers that management should speak for the Company in its communications with shareholders and the investment community.

The Company conducts an active shareholder and investor relations program, under the direction of the Company's Vice President, Investor and Public Relations. The program involves receiving and responding to shareholder inquiries, briefing analysts and fund managers with respect to reported financial results and other announcements by the Company, as well as meeting with individual investors and other stakeholders. The board reviews the Company's major communications with shareholders and the public.

Expectations of Management

The board of directors believes that management is responsible for the development of long-term strategies for the Company and that the role of the board is to review, question, validate and ultimately approve the strategies proposed by management. The board's expectations of management are developed and communicated during the annual strategic planning and budgeting process and also during regular board and committee meetings, where members of senior management review and advise the board on the Company's progress and on strategic, operational and financial matters affecting the Company.

directors and officers

Directors

Carl Ameln of Lidingö, Sweden,
is President of LKAB

Alex Balogh of Oakville, Ontario,
is a Corporate Director

Anders Bülow of Mississauga, Ontario,
is President and Chief Executive Officer
of Boliden Limited

Robert McDermott of Toronto, Ontario,
is a Partner at McMillan Binch

Lars Olof Nilsson of Saltsjöbaden, Sweden,
is Senior Vice President and Group Treasurer
of Trelleborg AB

Robert Stone of Vancouver, British Columbia,
is a Corporate Director and Consultant

Frederick Telmer of Burlington, Ontario,
is a Corporate Director

Officers

Frederick Telmer,
Chair of the Board of Directors

Anders Bülow,
President and Chief Executive Officer

Thomas Cederborg,
Senior Vice President, Smelting Operations

Kjell Larsson,
Senior Vice President, Mining Operations

Jan Petter Traaholt,
Senior Vice President, Finance and
Administration and Chief Financial Officer

Thomas Atkins,
Vice President, Investor and Public Relations

William Fisher,
Vice President, Exploration

Anders Haker,
Treasurer and Controller

Staffan Jähkel,
Vice President, Technology Sales

Bengt-Olof Johansson,
Vice President, Fabrication

Lars-Åke Lindahl,
Vice President, Environmental Affairs

Robert McDermott,
Secretary

Karl-Axel Waplan,
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shareholder information

Stock Exchange Listings

Toronto Stock Exchange
(Common Shares, Preferred Shares)

OM Stockholm Exchange
(Swedish Depository Receipts)

Ticker Symbols

BOL (Common Shares, Swedish Depository Receipts)

BOL.PRA (Preferred Shares)

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Sweden

Auditors

KPMG LLP
Toronto, Canada

Legal Counsel

McMillan Binch
Toronto, Canada

Dividend Policy

Common Shares

The Company did not pay dividends on its common shares in 1999 and has no intention to do so in 2000. Any decision to pay dividends on the common shares will be made by the Company's board of directors on the basis of the earnings, financial position and financing requirements of Boliden and other relevant factors.

Preferred Shares

As and when declared by the board of directors, a fixed cumulative preferential cash dividend of 5% (C\$1.25) per share per annum, is payable quarterly on the last day of June, September, December and March of each year. Preferred share dividends were postponed in December 1999, pending the completion of the Rönnskär +200 expansion project scheduled for the third quarter of 2000.

Annual Meeting

The annual shareholders' meeting will be held May 29, 2000, at the Metro Toronto Convention Centre, Room 206 B, D and F, 255 Front Street West, Toronto, Canada, at 10 a.m.

Shareholders' Information Meeting

A shareholders' information meeting will be held May 30, 2000 at the Ex Polaris Congress Centre, Kanalgatan 75, Skellefteå, Sweden, at 6:30 p.m.

Shareholder Inquiries

For information regarding share certificates, stock transfers, etc., please contact:

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Internet

Information about Boliden is available on the internet at <http://www.boliden.ca>



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