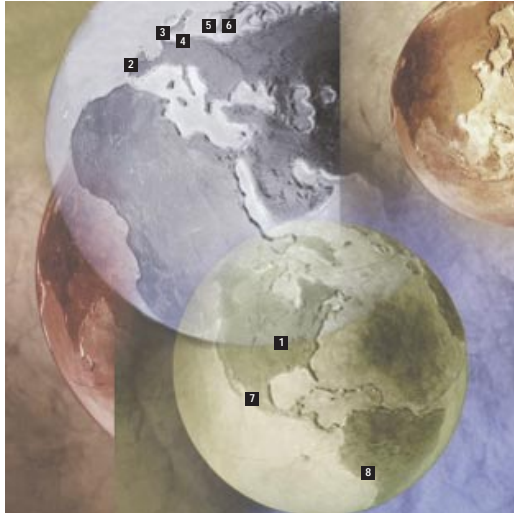




FOCUSSING ON FUNDAMENTALS

Annual report 2000



BOLIDEN WORLDVIEW

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Focussing on fundamentals

In December 1924, on a remote boulder-strewn bog in northern Sweden, six determined prospectors laboured in a search for gold. Undaunted by failure at the first drill hole, persistence pushed them to sink a second. There they struck ore, setting off the "Swedish gold rush." The company they represented emerged as Boliden, Scandinavia's largest industrial group in non-ferrous mining and metallurgy.

That spirit of determination has carried Boliden through the remainder of the 20th century. Each decade has had its own unique set of challenges, but the goal has always been the same, to overcome problems with innovative approaches.

Today the challenge is cost cutting and reducing debt while improving production and efficiency in a consolidating industry. Seventy-six years after the first strike, the men and women in Boliden's operations must face the new century with the same resolve and need for innovation.

Rich heritage a footing for the future

Throughout its history, Boliden has applied talent and ingenuity to solve mining and metallurgical problems. Boliden constructed the Rönnskär smelter in the 1930s because existing European smelters could not process the concentrates mined in northern Sweden, which contain higher-than-average levels of arsenic and mercury. In the 1960s, Boliden adapted the KALDO furnace as a cost-effective method of treating both primary and secondary materials at Rönnskär.

Due to its advanced technology, Rönnskär is able to process metallurgically complex concentrates and a wide variety of secondary materials. During 2000, Boliden completed the Rönnskär +200 expansion project on time and on budget. The expansion increased Rönnskär's design capacity by 71 per cent from 140,000 tonnes to 240,000 tonnes of copper cathode per year. Rönnskär is one of the world's cleanest and most cost-effective smelters.

Through the years, the corporation has changed, expanding or consolidating as markets shifted while successive management teams contended with the realities of their times. Current global economic uncertainty has created unsettled metal markets, challenging Boliden to regain financial strength through reorganization and a focus on fundamentals.

Boliden at a glance



Boliden is an integrated mining and metals producer operating on three continents. Incorporated in Canada in 1997, we mine, process and market copper and zinc as well as lead and significant amounts of gold and silver.

We work 12 open pit and underground mines, and own and operate two smelters. Our fabrication division manufactures and sells brass rod, copper tubing and other brass and copper products from facilities in Belgium, the Netherlands, Sweden and the United Kingdom.

Boliden Contech, our technology sales subsidiary, was established in 1981 to market and sell technology derived from the Company's own mining, smelting and chemical operations.

Boliden completed a common share rights offering in 2000. The offering was over 97 per cent subscribed, with a total of 107,122,402 common shares issued under the offering for net proceeds of US\$142.6 million. The Company's common shares trade on the Toronto Stock Exchange and Swedish depository receipts (each of which represents one common share) trade on the Stockholm Exchange.

Mining

Our mines in Canada, Chile, Spain and Sweden produce copper, zinc and lead. By-products from our primary metal production include gold and silver. Mining accounted for 29 per cent of Boliden's revenues in 2000.

Highlights of 2000:

- Operating performance at Swedish mines showed significant improvement over 1999, setting production records at Garpbenberg and Aitik. Completed reorganization of staff, implemented new shift procedures to improve productivity. Completed a pre-feasibility expansion study for Aitik.
- Suspended further investment in our Spanish subsidiary Boliden Apirsa SL. The Los Frailes mine will complete the existing phase, mining pit two, by October 2001.
- Myra Falls Operation in Canada met customer commitments, increased drift and fill mining to realize ore reserve and exceeded planned production from the Lynx open pit.
- Increased copper production at Lomas Bayas in Chile by 16 per cent, resulting from successful replacement of reagent in the solvent extraction-electrowinning (SX-EW) circuit and improved run of mine (ROM) production. Achieved a significant improvement in copper cathode quality.



Smelting

Our smelting facilities are comprised of Rönnskär, an integrated metallurgical complex in northern Sweden, and Bergsöe, a secondary lead smelter in the south. Rönnskär includes both a copper and a lead smelter and a copper refinery, as well as a slag fuming plant and five other plants producing precious metals, liquid sulphur dioxide, sulphuric acid and nickel sulfate. Smelting accounted for 51 per cent of Boliden's revenues in 2000.

Highlights of 2000:

- Completed a comprehensive two-year reconstruction program at Rönnskär, increasing copper cathode capacity from 140,000 to 240,000 tonnes while significantly lowering cost of copper cathode production. Project included infrastructure expansion of harbour and new closed materials conveyor belt system. Smelter expansion included addition of a new flash furnace, converters and anode casting plant. As well, the converter aisle was expanded along with the tank house and sulphuric acid and oxygen plants.
- Bergsöe smelter achieved record production of 47,000 tonnes of lead and significantly reduced cost of production.
- With partner Rio Tinto plc, we signed an agreement to sell our respective 50 per cent interests in Norzink A/S, owner and operator of the Norzink zinc smelter, refinery and aluminum fluoride plant near Odda, Norway.

Fabrication

We manufacture high quality copper tubing sold to customers in sanitary and industrial tubing markets throughout Europe and brass rods, hollows and specialty products. Overall, the fabrication companies were able to reduce costs and increase productivity during 2000. Fabrication accounted for 19 per cent of Boliden's revenues in 2000.

Highlights of 2000:

- Boliden MKM and Boliden LDM both successfully increased market share in brass fabrication. MKM by two per cent in the United Kingdom, giving it a 30 per cent market share. LDM has seen an increase of 70 per cent over the past six years in its most important market, Germany.
- MKM worked with major tube and fittings manufacturers to provide a high-grade alloy for a new range of plumbing fixtures, while LDM produced a new alloy used to engineer parts for diesel engines.
- Boliden Gusum increased productivity over the previous year by three per cent for extruded rods, nuts and copper tubing.
- Boliden Cuivre & Zinc increased productivity by three per cent while reducing costs by 4.5 per cent, Boliden LDM achieved similar savings.

Technology sales

In addition to research, development and sales of mineral, smelter, refining, chemical and environmental technologies, Boliden Contech has built substantial sales providing spare parts, inspection surveys and other services. Technology sales accounted for one per cent of Boliden's revenues in 2000.

Highlights of 2000:

- Awarded two contracts in China for engineering, construction supervision and commissioning of a 24 tonne-per-year and a 30-tonne-per-year gold refinery.
- Sold three EDITUBE wet electrostatic precipitators to different companies in Europe. The EDITUBE is an excellent mist and dust collector built from special stainless steel and used in sulphuric acid plants or other gas cleaning applications.
- Sold a second KALDO furnace to a United States mining company to convert palladium matte.
- Awarded a contract for delivery of a gas cleaning plant in Russia. Scope of work includes basic engineering and project construction supervision and commissioning.
- Formed joint venture with Chilean engineering company in order to pursue new business opportunities in Chile and other South American countries.

CEO Report to shareholders

The year 2000 was turbulent for Boliden. Like most of the world's mining and metals producers, we have experienced the effects of unsettled world markets.

Under the interim direction of the Executive Management Committee, we developed our capital management program at the beginning of the third quarter of 2000. This has resulted in changes in our executive ranks and ongoing restructuring throughout the company.

I welcome this opportunity to introduce myself and report on the year past, including the substantial steps we have taken to restore our financial strength and operating flexibility.

OUR YEAR IN REVIEW

Capital management program

The program is more fully described elsewhere in this report, but in short, the objectives are to reduce debt and costs and increase productivity. Consequently, we have put our growth strategy and shareholder dividends on hold.

A few of the steps taken include transferring some work from our head office in Toronto to Stockholm, shifting responsibility to our operating units and downsizing our corporate staff.

We have implemented an action plan to improve performance at our Swedish mining operations, consolidated administrative functions at our technology and fabrication companies and taken steps to secure partners for operations that require capital expenditures.

Our plan to sell assets has shown results in the successful sale, together with Rio Tinto, of our respective 50 per cent interests in Norzink A/S to Outokumpu Oyj. Norzink A/S owns and operates the Norzink zinc smelter, refinery and aluminum fluoride plant on the west coast of Norway.

Rönnskär expansion complete

Our major achievement in 2000 was the completion within budget and on schedule of the Rönnskär smelter expansion. Reconstruction and commissioning of the various plants in the complex took place while maintaining full production. The two-year expansion project will increase production from 140,000 tonnes to 240,000 tonnes of copper cathode annually when the operation reaches full production during the second quarter of 2001. We anticipate the expansion to reduce production costs by as much as 25 per cent.

The seventy one-year old plant now ranks as one of the cleanest and most modern smelters in the world. The project was one of the largest industrial developments in Sweden in recent years. We were also able to minimize lost-time accidents, achieving a very low lost-time rate during construction.

Commitment to the environment

Early in 2000, we finalized a comprehensive environmental manual. As part of our continuing commitment to environmental, health and safety issues, the manual sets out corporate guidelines and minimum performance criteria for the Boliden group, integrating codes of practices from our operations in Scandinavia and the Americas.

The manual will ensure the application of procedures and practices that will lead to continual improvement at all operations. It will also help our management meet legal requirements, our environmental policy, internal performance criteria and industry 'good management practices.'

This year marks the publication of our third Environmental, Health and Safety report. This report describes our environmental work and represents our dedication to the steady improvement of environmental, health and safety management systems.

Increasing gold production

During 2000, we began construction of a technologically advanced gold leaching plant in the Boliden area. The new plant, the first of its kind in Sweden, will process ore from the Kristineberg and Petiknäs mines. It became economically feasible when underground-drilling programs revealed a significant gold-copper mineralization in the Einarsson zone at Kristineberg, historically a copper-zinc mine.

Traditional concentration methods using flotation were unable to recover enough of the gold in the ore. We discovered that by leaching the flotation residue, we were able to recover over 90 per cent of the gold. Annual gold production will increase from two to about three-and-a-half tonnes. The leaching plant will result in a net gain of approximately 800 kilograms of gold annually.

Lomas Bayas resolves production problems

Our Lomas Bayas operations include an open pit copper mine and solvent extraction-electrowinning (SX-EW) plant located in the Atacama Desert in northern Chile. Since the desert is one of the driest areas in the world, its climate and topography have presented some distinct challenges.

In Sweden, exploration has centered on the two main operating areas of Renström and Kristineberg. Additional surface diamond drill programs continued at Aitik near existing ore bodies.

We have addressed new exploration opportunities through a joint venture with North Atlantic Natural

Slowing economic growth as we enter 2001, the weak Euro, geopolitical uncertainty and higher energy prices will continue to affect metals prices.



IMPROVING OUR COMPETITIVE STRENGTH TO DEAL WITH CHALLENGING INTERNATIONAL MARKETS

A high concentration of surface salts in the ore impeded the copper-acid transfer required to produce cathode. Working with international engineering firms and biochemists, Lomas Bayas has progressively resolved the problems.

Dust in the open pit is a safety issue. During the year, Lomas Bayas purchased two new larger water trucks and has taken other measures to help minimize dust.

Focussing exploration resources

We have approached our exploration activities this past year by prioritizing our capital expenditures. Our primary objective has been to identify and prove additional mineral resources adjacent to our mines.

Resources AB (NAN). The joint venture involves development of the Storliden zinc-copper deposit owned by NAN in the Skellefte mineral district of northern Sweden. Current projections are for production of 250,000 and 350,000 tonnes of ore annually, with a life expectancy of at least six years.

2001 market outlook and strategy

During the past year, the growth rate of the world's industrialized nations averaged about three per cent. Copper and zinc consumption was good in 2000, lowering the London Metal Exchange (LME) warehouse stocks to critical levels, however the markets disregarded the fundamentals, driving down the prices for both metals during the fourth quarter of 2000.

For both copper and zinc, China is a swing factor. Chinese zinc exports to the West have been high, but the rapidly expanding Chinese economy needs zinc. Chinese imports of both copper concentrate and refined metal increased dramatically in the past year.

With our capital management program and increased production from Rönnskär, we have improved our competitive strength to deal with challenging international markets. Our business strategy in 2001 is focussed on debt reduction, restructuring and our capital management program. We are working hard to resolve our financial problems and regain credibility as a solid mining and metals producer.

APRIL 11, 2001

A handwritten signature in blue ink, appearing to read 'T. Cederborg', written over a light blue background.

THOMAS CEDERBORG
PRESIDENT AND CHIEF EXECUTIVE OFFICER
STOCKHOLM, SWEDEN

Focussing on fundamentals:

Creating a sharper focus with updated capital management program

We developed our capital management program to meet the challenges of lower metals prices and rising debt. Under the direction of the Executive Management Committee, at the beginning of the third quarter of 2000, we moved decisively to implement the plan.

We have built our strategy on a three-year planning cycle based on conservative and realistic analysis. Our goal is to reduce debt by 30 per cent by 2003 and to rebalance our portfolio. Under the terms of this plan, we expect to restore the Company's financial strength and operating flexibility by reducing costs and increasing productivity.

The highlights of the capital management program are as follows:

Reducing costs

We have transferred some of the activities carried out in the Toronto office to Stockholm and have transferred certain previously centralized functions to individual operations. These actions have resulted in downsizing at both locations. In addition, we have leased smaller, less expensive office premises outside Stockholm.

Further cost cutting included installing a new management structure to improve the performance of our Swedish mining operations. This phase of our program resulted in the downsizing of our technology and exploration groups as well as some staff functions at the Boliden Area Operations (BAO) office located in the town of Boliden.

Boliden Contech has moved from Stockholm to Skellefteå. As well, our copper and brass fabrication business, which operates in Belgium, the Netherlands, the United Kingdom and Sweden, has consolidated corporate activities at the Boliden Gusum facility in Sweden.

Increasing productivity

The Company has introduced new shift change procedures at our Aitik and Garpenberg mines that will significantly increase effective work time at the operations. Following consultation, we expect to introduce these new procedures during the year at other mining operations.

We completed the extensive expansion of Rönnskär smelter within budget and on schedule in the fall of 2000. The expansion increased Rönnskär's design capacity from 140,000 tonnes to 240,000 tonnes of copper cathode per year, and is expected to reduce annual operating costs by at least 25 per cent per unit of copper cathode when full production is reached during the second quarter of 2001.

Now in its second year, Rönnskär's health and safety awareness program reduced the lost-time accident rate from 23.4 accidents per million working hours in 1999 to 21.3 in 2000.

Postponing discretionary expenditures

Upon adoption of the capital management program in 2000, we suspended further investment in our Spanish subsidiary, Boliden Apirsa SL. This included further financing for the next phase of the Los Frailes mine plan. Apirsa is completing the current phase, mining out pit two, but will not continue with the next phase, the pushback for pit three.

In order for the mine to preserve its assets and to pay creditors in an orderly manner, Apirsa filed a court application for commencement of 'suspension de pagos' proceedings. This will ensure operations will continue until the planned completion of pit two in the fall of 2001.

The Myra Falls zinc mine in British Columbia requires additional capital spending. We have initiated a process to secure a partner for this operation.

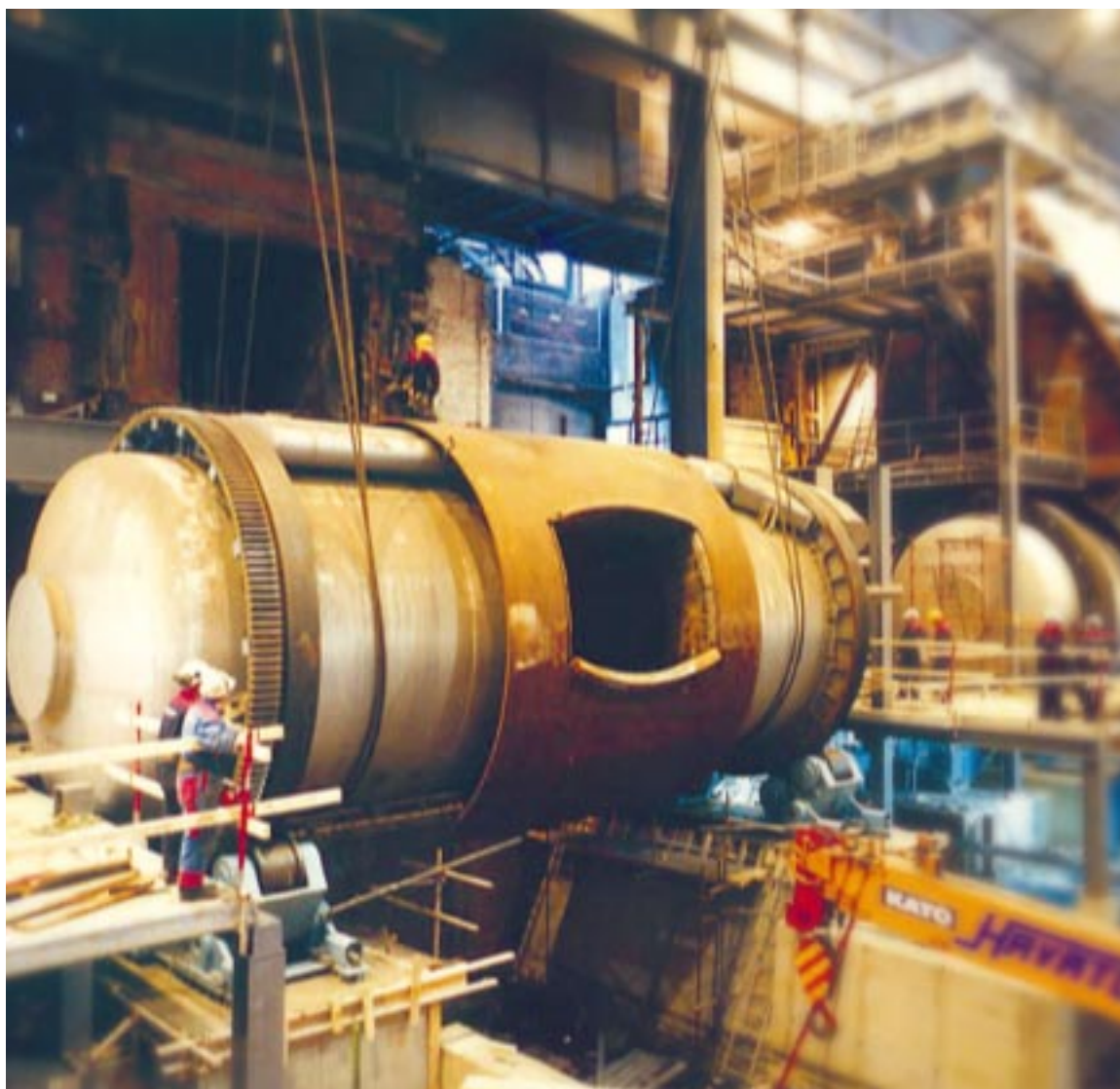
Asset sales

The capital management program includes the sale of assets. Our subsidiary, Boliden Mineral AB, and partner Rio Tinto plc signed a definitive agreement after year-end to sell to Outokumpu Oyj their respective 50 per cent interests in Norzink A/S, the owner of the Norzink zinc smelter, refinery and aluminum fluoride plant located near Odda on the west coast of southern Norway.

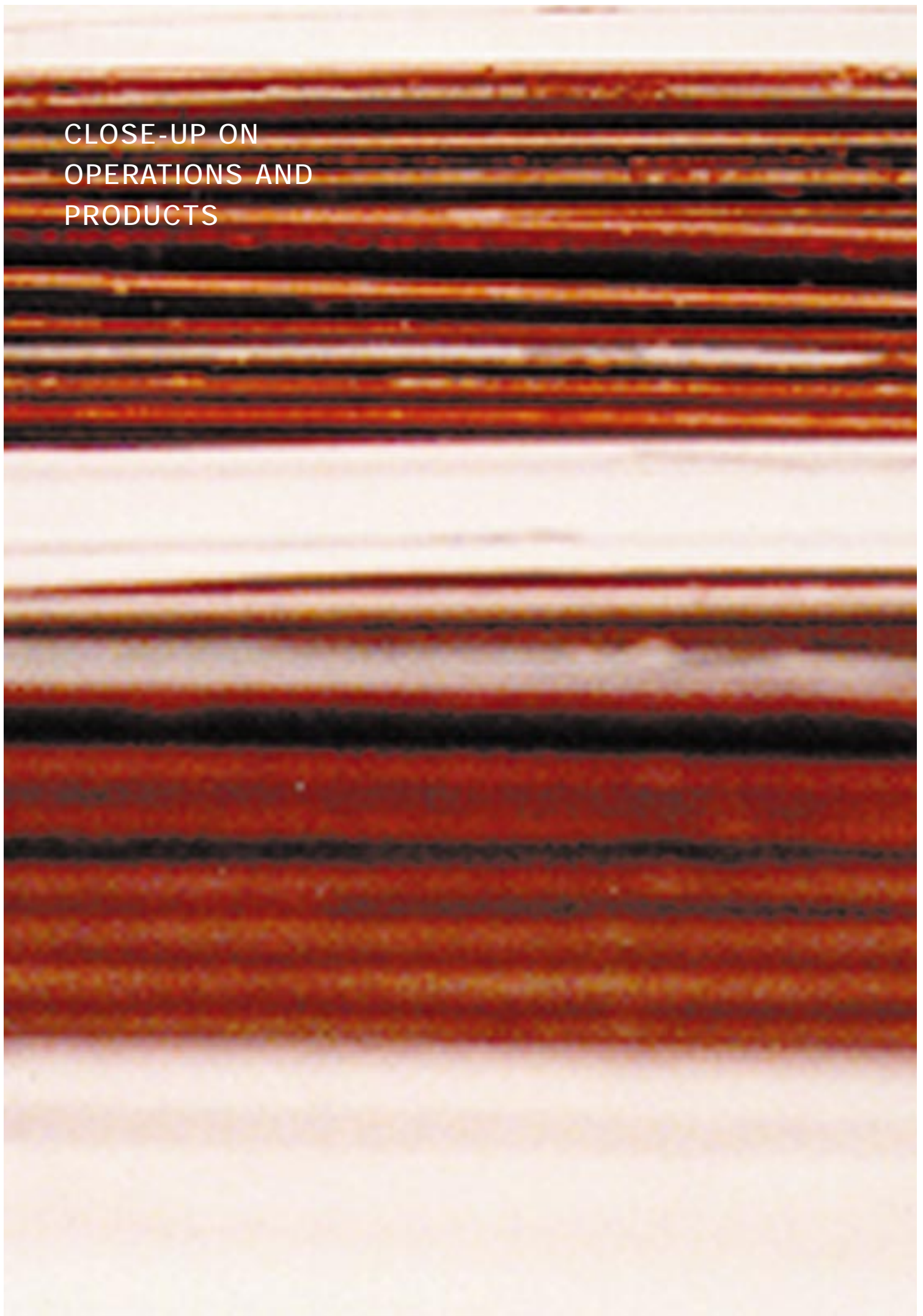
Also after year-end, we signed a letter of intent to sell the Lomas Bayas solvent extraction-electrowinning (SX-EW) copper project and adjacent Fortuna de Cobre copper deposit located in Chile to Noranda Inc. and Falconbridge Limited.

We have also entered into preliminary agreements with respect to the sale of our copper tubing production facility located in Liège, Belgium.

THE EXPANSION OF RÖNNSKÄR IS EXPECTED TO REDUCE PRODUCTION COSTS BY 25 PER CENT WHEN FULLY OPERATIONAL IN 2001.



CLOSE-UP ON
OPERATIONS AND
PRODUCTS



A closer look at our products –

the ore we mine, the concentrates and metals we produce

Globe's ability to support population sustained by metals

Since the Bronze Age, human progress has been largely dependent upon the use and accessibility of metals and the products manufactured from them. Around the world, the production and availability of metals are essential to sustain the global population, and few of the earth's nearly six billion people pass a day in which they do not use or rely on a product of this industry.

As the world's population continues to grow and the quality of life improves, the global demand for metals will continue to rise. Accordingly, assured supplies of metals will be required to meet these needs.

Concerns have been raised about possible shortages of metals. However, even though the consumption of metals is increasing, exploration activities have kept up, and known reserves are not diminishing, but increasing as well. Of more pressing concern is the utilization and depletion of renewable resources such as agricultural land, or fish and forests.

Boliden believes that exploration, mining and primary metal processing activities enable us to meet society's requirements for metals while contributing to sustainable development and enhancing shareholder value.

Mining and metal production can serve as a catalyst for regional economic and social development, but companies must engage in effective public consultation and adopt appropriate risk management strategies to minimize adverse environmental, human health and community impacts.

Copper and zinc mined from only a fraction of earth's crust

Our mines in Sweden and the Americas yield two primary ores, copper and zinc. The mines are 'polymetallic', containing complex ore comprised of several metals resulting in the production of significant amounts of gold and silver.

Metals such as copper, zinc, molybdenum, tin and over 70 other elements comprise a fractional 0.286 per cent of the earth's crust. Despite the fact that copper and zinc are found everywhere in our environment, they are only present in concentrations high enough to warrant mining in certain areas or deposits. Many of these deposits are unreachable under the world's oceans or arctic areas.

Production statistics record that from the mid-1990s over 10 million tonnes of copper have been extracted from the earth each year. But identified global copper reserves are estimated to be approximately 340 million tonnes. The largest known mineable copper deposits are on the two American continents, representing nearly 60 per cent of global reserves.

In 1999, world mine production of zinc reached more than 7.8 million tonnes. The primary regions for zinc mining are the Americas, the Asia-Pacific region, Europe and Africa. World consumption of zinc has risen from 500,000 tonnes in 1900 to 8.2 million tonnes in 1999, but verified global reserves are estimated to be in excess of 140 million tonnes.

Sustainability by utilizing both primary and secondary feed

The principle reason we will not exhaust the world's supply of metals is the fact that metals are not consumed, but exist as a resource for recycling and reuse. The largest stock of metals is in fact the metals in use, as demonstrated by the statistics showing that 80 per cent of the copper ever mined is still being used. Zinc and copper can be recycled repeatedly without losing their physical and chemical properties. Currently more than 30 per cent of copper and zinc comes from recycling.

Humanity has always recycled metals, but technology, environmental awareness and economic advantage have advanced our recycling production. Metal production at Boliden is built on a combination of primary and secondary raw materials.

Our mines produce metal concentrates that are either sold to customers for further refining, or treated at our own smelter, Rönnskär. At the Lomas Bayas mine in Chile, we employ the solvent extraction-electrowinning (SX-EW) method of producing 99.99 per cent copper cathode.

At the Rönnskär metallurgical facility we have the capacity to recover our own by-products, materials that previously were treated as waste and sent to landfills. Recycling is a major part of our metal production at the facility. We recycle electronic waste and scrap, including discarded computers, keyboards, printers and switchboards, circuit boards, cables and other materials to produce copper and some precious metals.

The facility also imports and recycles lead-copper cables, granulated cables, copper zinc ashes and electronic furnace dust produced from car recycling, via electric steel furnaces.

Bergsöe recycles all of the lead batteries collected in Sweden and imports lead for recycling from other Scandinavian countries. This has proved to be environmentally and economically sound.

LOADING ZINC CONCENTRATE FROM BOLIDEN'S MYRA FALLS OPERATION FOR SHIPMENT TO ASIA.



Versatile copper best conductor of electricity

From antiquity to 21st century satellites

Archaeological discoveries reveal that man began using copper nearly 9000 years ago. A few thousand years later, when early technology found ways to mine and smelt carbonate and oxide copper ores, consumption increased dramatically, often in the form of alloys such as arsenic-copper and bronzes. Historical sites confirm that a copper industry existed in Iran, between the southern most point of the Dead Sea and the Gulf of Arabia as early as 4000 BC. During the Roman Empire, the demand for copper flourished.

In contrast to those ancient times, in July 2005, a 499 kilogram copper projectile launched from earth will collide with comet P/Tempel, at a speed of 10 kilometres per second. The impact will produce a crater as big as a football field and as deep as a seven-story building.

Studies of the material ejected from the comet will help 'Deep Impact' mission scientists understand the evolution of comets and the primordial building blocks of our solar system. The projectile is made of copper because native copper in comets is unlikely to be significant, and when vaporized on impact, copper will cause the least interference with spectral analysis of the material ejected from the comet.

While this is a unique example of the use of copper, more common and intensive uses are found today in wire and cable for the transmission of power and information. Today's rapid development of information technology has been made possible only because of the use of copper in wiring and circuit boards.

Growing worldwide applications

Copper remains one of the world's most important metals, largely due to its remarkable properties of thermal and electrical conductivity. Copper wiring of buildings, new residential construction, home renovation and industrial buildings are the largest single markets, and the ones that offer the largest growth opportunities.

Boliden is a member of the International Copper Association whose mandate is to promote the use of copper worldwide. Results of these efforts can be seen in Asia where consumption has increased more than seven per cent in 1999 to over 5.2 million tonnes. Residential construction is increasingly turning to copper plumbing as a high-quality, cost-effective system that offers warranty protection.



Discovered in the 1930s, Aitik is Europe's largest open pit mine. Boliden has mined the low-grade orebody, containing copper and precious metals, since 1968. The mine is located near Gällivare in Lappland, in northern Sweden approximately 60 kilometres north of the Arctic Circle. The operation was last upgraded in 1990, when capacity was expanded by nearly one-third. Installation of a more cost-efficient Boliden-developed autogenous grinding system raised milling capacity to 18 million tonnes. The copper concentrate moves by rail on a daily basis south to Rönskärs smelter.

Aitik, Sweden

Site profiles

Versatile copper best conductor of electricity (cont'd)

Energy efficiency is a critical issue and, with the support and encouragement of governments, research is underway to improve the performance of industrial motors through heavier cross-sections of copper conductors. Other research is focussing on the development of a die-cast copper motor rotor, which would reduce the manufacturing cost of premium efficiency motors and yield improvements to electric transmission cables and transformers.

In the commercial and industrial building market, proliferation of computers and other electronic equipment is creating power quality concerns, and the industry is responding with copper-intensive robust wiring, proper grounding systems and dedicated transformers.

This durable and malleable metal has long been the material of choice in North America and Europe for the diverse plumbing industry, but in some parts of

the world it competes with other materials. International copper marketing organizations have embarked upon campaigns in Southeast Asia and South America to train housing authorities, architects and builders on the uses and advantages of copper in both wiring and plumbing. Similar efforts are also underway in China, which was a major growth market in 2000.

Other building applications around the world include a wide range of architectural uses, from roofs to interior decoration.

Copper, health and environment

Copper is indispensable because it is necessary for normal growth in living beings. It is a natural ingredient in many foods, including potatoes, beans and peas, nuts, grains, fruits and chocolate. A natural element found in the earth's crust, all natural water contains traces of copper.

As with any other element, too much can be just as harmful as too little. There has been some concern about the impact of the increased use of copper on health and the environment. However, according to the United Nations World Health Organization (WHO), the risk of negative health effects from too much copper is minimal. Copper deficiency is a greater concern.

Anti-bacterial properties in copper have wide-ranging implications for the food processing industry. Results of research conducted during 2000 demonstrate that E. Coli bacteria survive for much shorter periods on copper and brass surfaces compared to other materials.

Site profiles

Acquired in 1998 while still under construction, Lomas Bayas includes an open pit copper mine and a solvent extraction-electrowinning (SX-EW) plant located in the Atacama Desert in northern Chile. Now in commercial production, the operation has a design capacity of 60,000 tonnes of copper cathode. Situated at an elevation of 1,500 metres, the mine comprises five closely spaced mineralized zones, with reserves identified to a depth of 300 metres. Cathode is transported by truck and rail to the port of Antofagasta for shipment.



Lomas Bayas, Chile

Revitalized Rönnskär metallurgical complex ready for new century

Meeting the challenges of the 21st century

There are few precedents for a reconstruction project of the magnitude undertaken at Rönnskär, our integrated metallurgical complex in northern Sweden. To accomplish a project of this size and complexity, we assembled a project team that included significant participation from smelter operations and management, as well as from Boliden Contech. The coordinated efforts of the project group delivered the reconstruction project on time and within budget.

The mission for the team was to design and execute a total expansion of the operation, increasing production of copper cathode by 71 per cent, and the challenge was to implement such a large-scale rebuilding strategy without stopping production.

Since its construction in 1930, the Rönnskär smelter has been adapted to meet changing economic, metallurgical or environmental requirements. Many of the base-metal sulphide ores in northern Sweden contain higher-than-average levels of arsenic and mercury. Numerous upgrades during its 71-year lifetime have contributed to an unparalleled accumulation of experience in smelting and refining complex copper, lead and zinc concentrates.

Strategic planning critical to reconstruction

Our approach to the future of Rönnskär began in 1996 by creating a multi-task working group that brought together all the critical operations for discussions on the massive expansion.

The team included engineering, operations, research and development, finance, raw materials supply, environment, health and safety as well as union representatives working closely together to develop the solutions.

The existing smelting area had reached capacity, requiring an entirely new smelter, which in turn created a need for a new oxygen production plant for the smelter. We also needed to extend the converter aisle to handle the higher flow of copper matte. New larger converters were contained in the design. The project included a new anode casting plant, and the extension of the tankhouse to increase copper cathode capacity.



Revitalized Rönnskär (cont'd)

To accommodate the increased production of sulphuric acid, the existing plant required modification. Infrastructure improvements encompassed construction of a new enclosed conveyor transport system for raw materials and enlarging the harbour, increasing the berthing quay to simultaneously handle three deep-sea freighters and increasing power supply.

The two-year reconstruction involved the replacement of the entire production flow and the buildings housing it. The converter aisle was a major hurdle. Low and narrow, new construction was hampered by two operating 60-tonne overhead cranes.

The new design increased the converter aisle both vertically and horizontally, doubling its cross-section. Engineers devised a plan to rebuild the area in four sections. Beginning with a new wall eight metres higher, construction moved forward allowing the installation of the new overhead crane rail and two 100-tonne cranes. Construction of the 185-metre long building took 19 months.

Improving operational awareness

Prior to the expansion, process control was largely manual and localized. A new approach to process control resulted in a streamlining of control rooms, modernizing process control with an integrated Distributed Control System (DCS) and centralizing operational and environmental

monitoring and reporting. Sensors on production units are linked in a network to provide real-time readings that are displayed in the control rooms.

The operators are now continuously updated on the process and have direct access to historic data. This not only improves productivity but also provides real-time data for environmental care.

Leader for the future

Rönnskär is a unique facility. The ingenuity of the people behind the machines has allowed for pursuit of niche market applications developed from complex feed materials, resulting in higher and more stable revenues. The combinations of copper-zinc, copper-nickel, precious metals, copper and plastics that form today's feed are some examples.

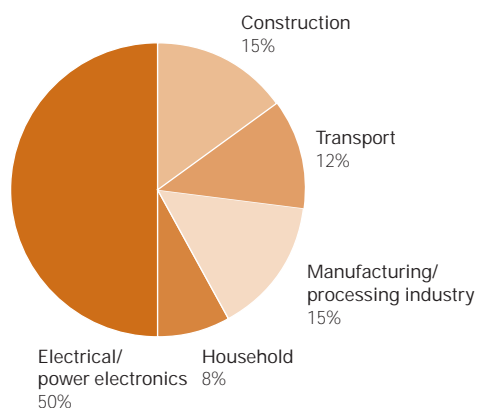
Rönnskär is a major integrated metallurgical complex comprising both a copper smelter and refinery and a number of secondary facilities, including slag fuming, precious metals, liquid sulphur dioxide, sulphuric acid and nickel sulphate plants. The complex is strategically located on a small peninsula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



| Rönnskär, Sweden

Over the years, the facility has advanced as a leader, adapting to the challenges of the future. Whether it was learning to process ore high in arsenic during the early years or later by incorporating fuming technology to recover extra metal values or the adaptation of new lead KALDO flash smelting, Rönnskär has survived and prospered.

With the completion of the expansion in 2000, Rönnskär is well positioned as one of the world's most versatile and cost-effective smelters.



| Worldwide use of Copper

| Site profiles

Engineering activities were consolidated in our subsidiary, Boliden Contech, in 1981. The objective for the enterprise was to sell technical solutions to international companies derived from our own mining and smelting operations.

By 1988, Contech was providing a range of technical and marketing expertise on major international projects. Focussing on mineral, metal and chemical technology as well as precious metals and environmental technology, Boliden Contech has won design and construction projects for precious metals plants and smelters both in Europe and around the world.

Global sales and installations of Boliden-developed innovations included the selenium filter to remove mercury from gases, the KALDO technology to treat both concentrates and secondary materials and the EDITUBE wet electrostatic precipitator.

Today Contech is engaged in similar large-scale metal processing projects in Russia, China and India while continuing to support Boliden mining and metallurgy.

| Boliden Contech, Sweden

Zinc protects the world's steel and heals wounds

First mined in the 6th century

Although zinc is found everywhere in our daily lives, it is one of the least known metals, possibly because it is the least visible. In manufacturing, it is applied to other products. In health, it is seldom used alone, usually appearing as an ingredient in common pharmaceuticals and cosmetics.

Metallic zinc was first mined in Persia in the 6th century, and introduced in Europe in the late 16th century. The first European zinc smelter was constructed in 1743 in Bristol, in the United Kingdom. Nearly 100 years later, the German chemist Robert Wilhelm Bunsen invented the first carbon-zinc electric cell in 1841.

Today, zinc is the most cost-effective method of protecting steel against corrosion or rust. A coating of zinc provides threefold protection. It provides a tough and adherent coating that

seals the underlying metal from contact with the corrosive forces of the environment, it corrodes more slowly than iron. Its most unusual attribute is found if the coating is damaged and the steel exposed, it then protects the steel in an action called "sacrificial protection."

Some economic estimates calculate that an industrialized nation can lose as much as four per cent of its annual gross domestic product (GDP) through corrosion of infrastructure and other steel products, such as automobiles but when steel is galvanized, it can prolong the life of those products by up to five times.

Industrialized world requires zinc

The use of galvanized steel in industrial, commercial and residential construction for framing, ductwork and roofing is growing. It is an environmentally and economically sound

alternative to wood. Zinc-coated steel resists decay, corrosion, fire and floods better than any other material. In home construction it does not warp, shrink or expand with changes in humidity and is more resistant to earthquakes than wood-framed structures.

Large amounts of zinc-coated steel are used in infrastructure projects such as power plants and electrical transmission lines. Worldwide, an average of 50 million automobiles are produced each year, and corrosion protection provided by zinc coating ranges from 6 to 12 years on most new vehicles.

The strength of zinc alloys makes them an ideal material for thousands of items ranging from household appliances to precision parts for cars as well as computer parts and communications equipment. The most common metals alloyed with zinc for these applications are aluminum, copper and magnesium.

Site profiles

Boliden Area Operations (BAO), located in the Skellefteå district of northern Sweden, comprises five mines and a central milling facility. The district is one of the major sulphide ore areas in the world. Boliden has carried on operations in the district since 1925, developing 28 mines. There are four polymetallic mines. Kristineberg, Petiknäs and Renström are underground and Maurliden, opened in 2000, is an open pit. Åkerberg is a small underground gold mine.

Milling of ore from all mines takes place at the central mill, located just outside the village of Boliden. Built in the 1950s and progressively modernized, it treats 1.6 million tonnes of ore, producing zinc, copper, copper-gold and lead concentrates. A gold leaching plant now under construction is expected to go into production in 2001.



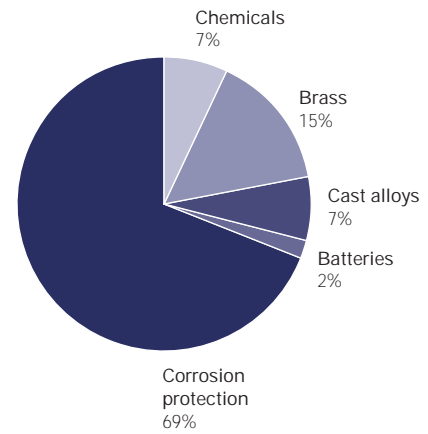
Boliden Area Operations, Sweden

Zinc an essential element for all life

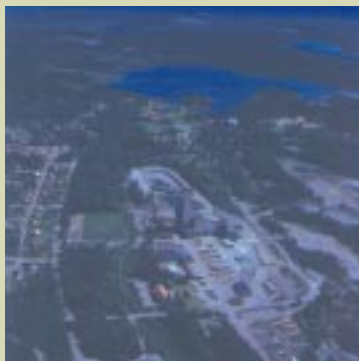
An essential element for all life, zinc is vital for numerous biological functions including disease resistance and wound healing. Principal sources of dietary zinc are meat, poultry and seafood. United Nations studies indicate that nearly half of the world's populations, especially those in developing countries, have a dietary deficiency of zinc.

Zinc is widely used in surgical applications to speed up healing of incisions and is an important element in cosmetics, sun block creams and lotions. Zinc compounds are used to treat sunburns and prevent diaper rash, and is also found in acne, cold sore and dandruff remedies.

Boliden is a member of various zinc metal industry organizations, including the International Zinc Association (IZA), which provides a forum for discussion and dialogue with industry and stakeholder groups, and the International Lead and Zinc Research Organization (ILZRO), which conducts research on behalf of the international community of lead and zinc miners and smelters.



| Worldwide use of Zinc



Boliden acquired the Garpenberg mining and milling operation in 1957. It is located about 200 kilometres northwest of Stockholm in the Bergslagen mineral district where metals have been mined since the 8th century. Mining takes place to depths of 800 to 1,000 metres in two adjacent mines. The mill has the capacity to treat one million tonnes of ore annually, producing zinc, copper and lead concentrates with secondary silver and gold. The concentrates are shipped to smelters in Europe and Asia through the port of Gävle on the Baltic Sea.

| Garpenberg, Sweden

The precious metals

Gold remains one of the world's scarce metals

Gold has always been considered rare and at times, mystical.

There are stories of medieval kings who employed alchemists to manufacture gold and fill their coffers. The Egyptian Pharaohs created their royal treasures from this soft and lustrous metal, and in South America the Conquistadors pursued Incan gold.

Boliden began its life as a gold-producer, but today our gold production is a by-product from our polymetallic mines as well as from recycled electronic scrap. Our gold production is used in Europe for jewelry fabrication. It is significant to note that all the gold ever mined is still in use or circulation today.

Silver historically used as means of payment

Humans first used silver nearly 6000 years ago. Its initial use was decorative, but Egyptian inscriptions show that silver served as a measure of value, and thereby, a means of payment.

Historical references show that coins were first minted in the Babylonian era, but it was the Greeks who popularized silver's role as a currency, using mines on Grecian islands and on mainland Turkey.

We recover silver from our ores and the silver content from these ores is relatively low, ranging from 20 to 60 grams per tonne. We extract silver at Rönnskär by refining copper concentrate. Our silver production is sold for use in the photographic industry, including the production of x-ray film and for jewelry fabrication.

Site profiles

The underground mines and milling facility of Boliden's Myra Falls Operation are located in Strathcona Provincial Park on Vancouver Island, British Columbia. The ore deposits are complex polymetallic volcanogenic massive sulphides, producing zinc, copper and gold concentrates. Acquired by Boliden in 1998, Myra Falls began production in 1967. Milling takes place in a facility that has been progressively modernized with improved column flotation cells and Knelson gravity concentrators to improve gold recovery. Concentrates are trucked to a deep-sea terminal at Campbell River, 90 kilometres from the mine, for shipping overseas.



| Myra Falls, Canada

Focussing on fundamentals:

Value of strategic Human Resources fundamental for the future

The year 2000 has been a difficult period for our employees as our capital management program has affected all operations and corporate offices. Despite these difficulties, we continue to have a strong and dedicated group of employees who represent the future of Boliden.

We are in the midst of rapid economic and technological change. To regain economic strength and global competitiveness, we must retain current employees while attracting new people.

The work our Human Resources professionals and their network have done to develop policies to guide us into the future are embodied in our Human Resources Manual which is summarized below.

Organizational culture

Boliden is an international company and has its own unique culture. Each operation has its own mini-culture. We accept this diversity and are committed to managing in this multi-cultural environment without losing the spirit and heritage of the Company. The task will be to integrate the best practices from each area of the organization and to generate a proactive leadership that inspires corporate culture.

Providing competence

To achieve success today and in the future, competent leadership and management are required from all levels of the organization. Therefore, common efforts must be made to develop new skills and behaviors necessary to meet tomorrow's challenges. Effective recruitment, selection and promotion are essential as well as strengthening the level of employee skills through effective training and performance management programs.

Health and Safety

Boliden recognizes the right of all employees to a safe work environment to enable them to live socially and economically productive lives. Employees themselves have the responsibility to perform their work in a safe manner. Boliden believes that a safe work environment is a productive environment and is best achieved through cooperation between management and employees at all levels.

Compensation principles

It is our policy to pay employees in a competitive and equitable manner in order to attract, motivate and retain capable employees with growth potential who will contribute to their own success through their contributions to the organization.

Cooperation with the unions

The union organizations are important cooperation partners in our operations. The objective of the cooperation is to make the unions part of the work of improving the company's operations.

Focussing on fundamentals:

Maintaining value with exploration and development

Exploration work in 2000 focussed on replacing the ore reserves at our producing mines by carrying out exploration within economic haulage distance to the mills. Exploration away from operations was suspended. Nevertheless, we have achieved valuable exposure to exploration projects through affiliated companies and joint ventures.

Mine Site Exploration

Mine site exploration has concentrated in the Skellefte field of northern Sweden, where the reserve base requires substantial upgrading. The Renström Deep program has investigated the extent and grades of ore in the zone from the 1,070-metre level down to the 1,750-metre level.

At the Kristineberg mine, our focus is on the recently discovered gold-copper bearing Einarsson zones. This year, our teams discovered the copper-gold rich Einarsson West and a new zinc zone. The new Einarsson west zone contains probable reserves of 491,000 tonnes grading 7.0 grams gold per tonne, and 0.98 per cent copper as additional feed for our new gold leach plant. The zinc zone is open to the west and drilling is continuing.

Outside the Skellefte field, additional surface diamond drill programs continued at Aitik near existing ore bodies. At the Garpenberg mine, the recently discovered Kaspersbo and Gransjö areas are at the trial mining stage and potential is good for additional resources.

In 2000, Myra Falls continued mine site exploration, converting resources into reserves as we identified additional areas of economic potential along the strike of known mineralized trends.

Field Exploration

As part of the capital management program most field exploration activities have been suspended. We also halted most of our international exploration programs, although limited exploration continued on projects in Mexico, Chile and Sweden.

Other party exploration

Other companies are carrying out exploration activities, which accrue to the benefit of Boliden.

- In 2000, a US\$8.5 million exploration joint venture with INMET of Toronto was formed with no cash required from Boliden for four years. Exploration activity will centre in the Bergslagen district of central Sweden.
- Also in 2000, we signed a letter of intent with 38 per cent owned North Atlantic Natural Resources AB (NAN) for the joint development of the Storliden zinc-copper deposit owned by NAN in the Skellefte mineral district.
- In Canada's Yukon Territory, Boliden's 35 per cent owned affiliate, Expatriate Resources of Vancouver, has consolidated the Finlayson Lake mineral district. Expatriate's pre-feasibility study describes a possible project with an annual production of 109,000 tonnes of zinc at a cash cost of US 20 cents per pound.

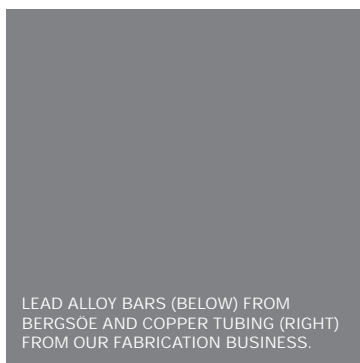


Highlights of our other assets

Bergsöe secondary lead smelter

Boliden Bergsöe operates a secondary lead smelter strategically located on the south coast of Sweden in Landskrona. The Bergsöe smelter recycles scrap lead and most of the spent lead-acid batteries collected in Scandinavia.

The smelter is a modern facility that recycles approximately 60,000 tonnes of lead per year from batteries and operates a small tin line recycling scrap tin. A slag is produced as a by-product of the lead recovery process and is sold for the production of sulphuric acid. Heat is recovered from the off-gases from the furnace, a portion of which is sold to the Landskrona district heating system.



The fabrication business

Our brass and copper fabrication business produces high quality copper tubing and brass products for customers across Europe. Boliden Gusum is located in Sweden, Boliden LDM in the Netherlands, Boliden MKM in the United Kingdom and Boliden Cuivre & Zinc in Belgium.

The raw materials for brass production are primarily scrap copper and brass with zinc and other alloying metals added during the smelting process. We estimate that nearly 90 per cent of the base metal feed for our brass businesses comes from recycling.

Each of the brass production facilities operates a smelting furnace and casting machines. Our products include wire for cold heading and welding purposes, nuts and special alloys.

Together, the fabrication companies produce approximately 85,000 tonnes per year of brass products and over 40,000 annual tonnes of copper tubing products.



Operations in transition

Boliden Apirsa SL, Spain

Boliden acquired Apirsa SL in 1987. At the time, Apirsa was mining the Aznalcóllar open pit zinc mine, which was depleted in 1996, after 19 years in operation. Apirsa's operations are located approximately 45 kilometres west of Seville in southwestern Spain.

Production of zinc concentrate commenced at the Los Frailes open pit mine in 1997. Apirsa upgraded and expanded its existing mill to improve recovery rates and operating efficiencies. In addition to zinc, the operation produced smaller quantities of silver, copper and lead.

In April 1998, a landslide caused the tailings dam at the site to fail. By the end of 1998, the clean up of the discharge was completed,

and Apirsa received Spanish government approval to recommence mining in April 1999. Milling began in July the same year.

In the third quarter of 2000, Apirsa decided to complete the current phase of the mine plan, the mining of pit two, but not to proceed with the next phase of the mine plan, the pushback for pit three. In order to preserve its assets and to pay creditors in an orderly manner, Apirsa has filed a court application for commencement of "suspension de pagos" proceedings, which are similar to proceedings under the Canadian Companies' Creditors Arrangement Act. The mining out of pit two will be completed by October 2001.

Laisvall, Sweden

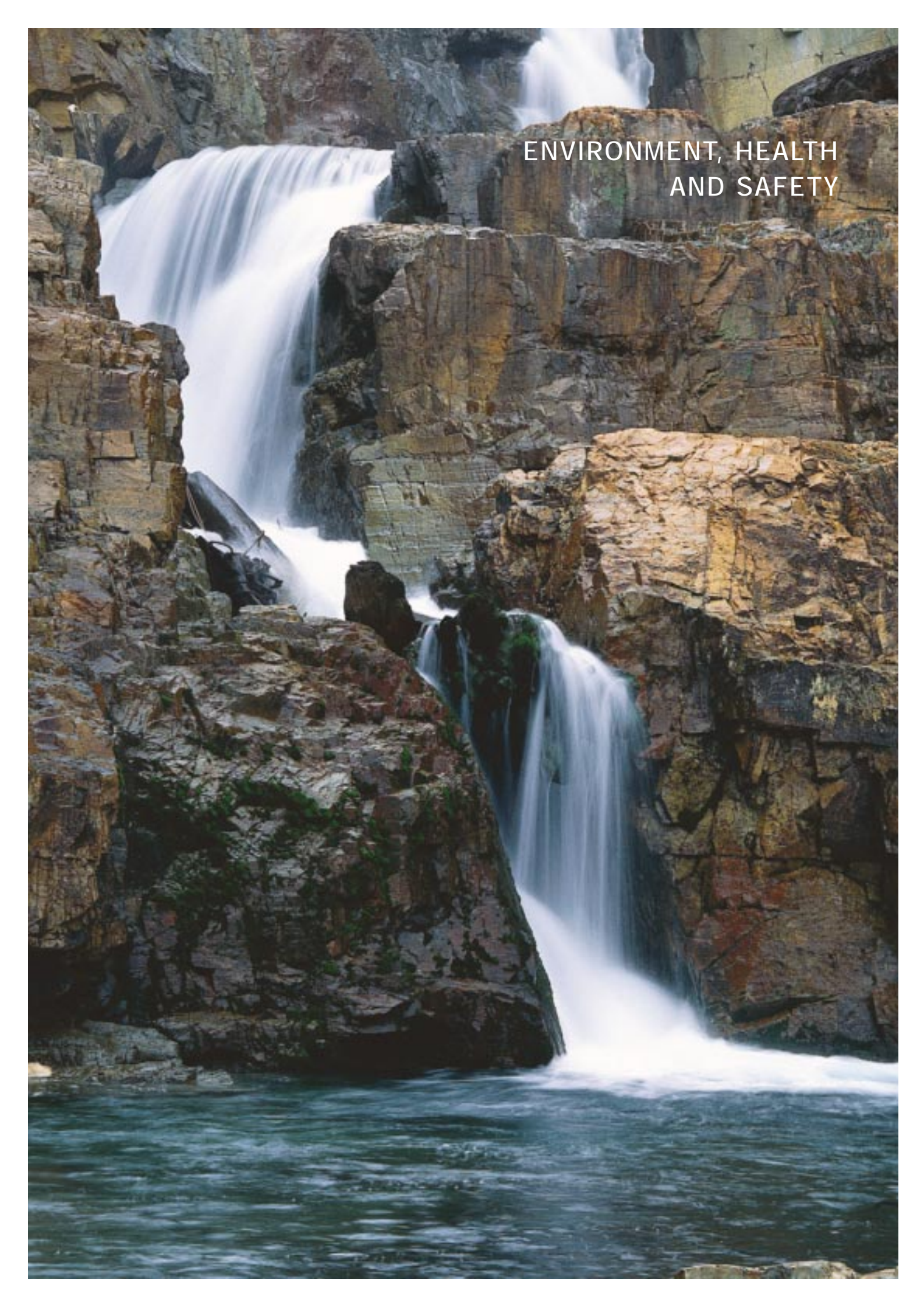
Laisvall, located in the foothills of the Caledonian mountains in northern Sweden, close to the Norwegian border, is Europe's largest lead mine. Mining operations at Laisvall originated with the discovery of lead-bearing boulders in Lake Stor-Laisan in 1938 and began in 1943 when World War II threatened to cut off Sweden's supply of lead. At the time, it was a wartime improvisation, but ultimately became a permanent operation. Boliden will close the Laisvall mine in 2001 after having exhausted the ore.

Norzink A/S, Norway

Norzink is a joint venture corporation owned 50 per cent each by Boliden and Rio Tinto plc that operates a zinc smelter and refinery and aluminum fluoride plant on the west coast of Norway, near the town of Odda. After year-end Boliden and Rio Tinto plc signed a definitive agreement to sell their respective 50 per cent interests in Norzink A/S to Outokumpu Oyj. Closing of the deal is expected to be completed in April 2001.

Boliden Cuivre & Zinc

We have entered into a letter of intent to sell our interest in Boliden Cuivre & Zinc, the owner of our copper tubing production facility located in Liège, Belgium, to an industry participant.



ENVIRONMENT, HEALTH
AND SAFETY

Focus on environment, health and safety –

Essential to Boliden's future

The fundamentals of history and strategies for the future

At Boliden, we draw upon experience gained over three quarters of a century mining and smelting non-ferrous minerals. From the beginning, we recognized the need to follow sound environmental practices. Our history chronicles environmental concerns as one of the factors in the location and construction of the Rönnskär smelter in the 1930s. In the 1970s, Sweden introduced tough environmental legislation and we have always met those standards.

Boliden has matured with the passage of time. In the rich Skellefte field, site of our first discovery, we have operated 28 mines. Today we work 12 open pit and underground operations on three continents, and own two smelters and four copper and brass fabrication plants. We have continuously developed and environmentally upgraded Rönnskär. The most recent project completed in 2000 will ensure it remains one of the world's cleanest smelters.

During Sweden's presidency of the European Union, the Swedish government has made the environment one of three priorities. Boliden is proud to be involved with the European Commission and the Swedish Environmental Protection Agency in the development of mine waste legislation.

Internationalization adds a new dimension


The Company's expansion into the Americas in 1997 obliged us to concentrate on a broader range of environmental issues than ever before, integrating different national environmental requirements into a cohesive set of corporate standards and practices.

Our efforts resulted in a comprehensive manual of environmental management procedures and practices to improve environmental performance at all our operations. The manual establishes a standardized system of environmental reporting, and we update the codes of practice regularly.

Boliden's commitment to environmental and safety issues prompted us to launch a company wide review of tailings facilities in 1997. The tailings dam accident at our Spanish subsidiary in 1998 added urgency to our examination, which we completed in 1999. We implemented action where required and revised a manual of operation, supervision and maintenance for our tailings facilities that incorporated guidelines from international organizations in dam safety.

In spite of our best efforts, a tailings dam incident in 2000 at our Aitik mine in northern Sweden shows that we still have a way to go. We are working with scientists, authorities and other dam owners to further develop knowledge about the performance of these dams, as well as improved monitoring techniques and equipment.

A network of environmental coordinators at each of our sites provides employees access to environmental knowledge and experience, creating opportunities to exchange information and research. We recognize that environmental improvements are dependent upon new technologies but more importantly on the creativity and skill of all our employees.



(RIGHT) RECLAMATION AT OUR SWEDISH MINE SAXBERGET AN EXAMPLE OF MULTI-LAYERED, DRY-COVER TECHNIQUES FOR CLOSED TAILINGS FACILITIES.

A safe workplace is a more productive one

While we have promoted and implemented sound environmental practices, health and safety issues are equally important. Recognizing the right of all employees to a safe work environment and believing that a safe workplace is a more productive one, we strive to achieve these goals through cooperation between management and employees at all levels.

Our mining operations have implemented programs that include regular safety audits, hazard analysis, risk assessment as well as education and training. We moved to reduce or prevent mining accidents arising from rock falls by establishing rock technology groups to work with health and safety departments and implemented improved

methods of ground reinforcement, the use of scaling machines and smooth blasting.

At Rönnskär, a 13-point program has strengthened workplace safety. In 2000, Rönnskär hosted a seminar for several large Swedish companies to exchange information and procedures. Planned as an annual event, the facility held an open house for worker's families, focussing on safety and worker protection measures. During the recent expansion at Rönnskär, outside contractors were required to have their employees receive one day of safety training before working at the site.

New era, new challenges

Today we deal with environmental issues only recently recognized by society as a global threat. Scientific studies are providing indications of climate change

from global warming and developed nations are grappling with treaty negotiations to reduce industrial emissions containing carbon dioxide, methane and other greenhouse gasses.

A new integrated global business model has replaced traditional trading arrangements. This globalization influences metal prices, leaving markets vulnerable to constant fluctuation. Faced with these economic pressures, the mining and metals industry continues to produce, but faced with lower prices, must find ways of doing so more efficiently and at lower cost.

Topping the new century's environmental agenda is a concept called 'sustainable development', defined as the ability to fulfil present needs without compromising the ability



of future generations to meet their needs. We firmly believe that our industry contributes to the sustainable development of society by the production of 'sustainable materials' needed for societal development, and we contribute in the economical development of the areas in which we operate. The challenge lies in doing this with minimal environmental impacts.

Adding value and sustainability

The outlook for Boliden's two principal metals, copper and zinc, continues to show growth. In addition to mine production, we took a leadership role in the 1960s recycling electronic scrap and waste as well as a variety of other industrial materials increasing production as well as adding value and a sound environmental profile.

Copper remains the wire of choice in the building market around the world, and provides solutions to improve the efficiency of electrical equipment such as motors and transformers.

Industrial use of zinc and zinc alloys is growing. By prolonging the life and durability of steel from corrosion, zinc saves enormous amounts of energy that would otherwise be required to replace corroded steel. Galvanizing, the process of coating steel with zinc, is growing at a rate of 3.4 per cent per year.

Our dedication to sound and profitable environmental policies extends to Bergsöe, our secondary lead smelter in southern Sweden. Each year over 60,000 tonnes of spent lead-acid batteries are recycled, producing lead bullion and lead alloy.

Leadership and sound policies for the future

Although Boliden is engaged in a company-wide reorganization and restructuring designed to reduce debt and restore financial strength, we are committed to maintaining the highest level of environmental, health and safety protection.

As we move forward, our emphasis is on risk assessment and management, with the goals of eliminating hazards and minimizing our exposure to environmental, health and safety risks. We are committed to the promotion of efficient energy use, recycling and reuse of products and the safe management of waste.

Despite cost cutting, it is vital that our operations management and employees maintain a high level of emergency preparedness. We will continue to improve environmental management systems and implement monitoring and audit programs to reduce environmental risk and encourage every employee to participate in health and safety programs at their workplace.

Our focus is on the future, but the past has shown us the wisdom of cooperation and openness, with all levels of government, between our individual operations and among our employees. We have learned that the confidence of employees, shareholders and governmental authorities rests on the fundamental foundation of sound safety and environmental policies and practices.

These practices have delivered verifiable results measured by safer workplaces with fewer accidents, decreased emissions to air and water, innovative solutions to mine reclamation and our leadership in recycling.

For a complete copy of Boliden's 2000 Environment, health and safety report please contact us at:
Boliden Mineral AB
PO Box 5001
SE-194 05 Upplands Väsby
Sweden
Tel. +46 8 610 15 00
Or view the report on our website:
www.boliden.se

Glossary of terms used in Boliden's annual report

Concentrate

A product resulting from the separation of minerals of economic value in an ore from those which have no economic value by processes such as flotation so that the content of minerals of economic value is substantially increased.

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

99.99 per cent pure copper plate from a copper refinery or solvent extraction-electrowinning (SX-EW) process.

Feed

Raw material for recovery of metal.
Primary ~: typically concentrates
Secondary ~: typically scrap, by-products or waste.

Flotation

A recovery process in which certain mineral particles are induced to attach to air bubbles and float to the surface forming a froth which is then skimmed off. In this way the minerals of economic value are concentrated and separated from those which have no economic value.

Galvanize

The process by which zinc is metallurgically bonded to steel to protect against corrosion or rust.

Heap leaching

A process of metal extraction in which an acid solution is percolated through heaps of ore stacked on sloping impermeable pads, dissolving the metal content of the ore. The metal-laden solution is collected for metal recovery. In heap leaching, the ore is crushed before stacking. In run-of-mine (ROM) leaching the ore is uncrushed.

KALDO

A top-blown rotary converter furnace for smelting metals. Through the application of oxygen metallurgy smelting, reduction and refining may take place in the same furnace. The technology is able to treat both primary and secondary feed.

LME

London Metal Exchange, the international non-ferrous metals market where metals are bought and sold. The trading activity on the LME is used as a basis for the daily setting of metals prices worldwide. The LME also operates warehouses for the storage of the metals it trades.

Metallurgy

The art and science of extracting metals and metallic minerals from ore by mechanical and chemical processes.

Mineral resource

A concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth's crust in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

Mineral reserve

The economically mineable part of a measured mineral resource or indicated mineral resource demonstrated by a least a preliminary feasibility study* which includes adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting material that will be mined in conjunction with mineral reserves and allowances for losses that may occur when the material is mined.

Non-ferrous

Of, or relating to a metal or compound that does not contain appreciable quantities of iron. Ores that are not processed primarily for their iron content.

Ore grade

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

Polymetallic

Ore that contains several different metals.

Recovery rate

The percentage of a particular metal contained in ore recovered during processing.

Refinery

A plant to process impure metal into one or more refined metals.

Smelter

A plant where feed is treated to separate metals from impurities using high temperature reactions. The end product is crude metal for subsequent refining.

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 open-pit mining.

SX-EW (solvent extraction-electrowinning)

A process that begins with copper-bearing aqueous solutions usually generated by heap leaching copper-bearing ores with sulphuric acid. Copper is transferred from the leach solution to the electrolyte solution using the solvent extraction (SX) process. This is followed by electrowinning (EW) in an electrolysis tank to produce high quality copper sheets called cathodes.

* As defined in National Instrument 43-101, *Standards of Disclosure for Mineral Projects*

Production overview

Aitik

	Year ended December 31,		
	2000	1999	1998
Throughput (000 t)	18,219	17,736	17,932
Head Grades			
Cu (%)	0.42	0.38	0.38
Au (g/t)	0.2	0.2	0.2
Ag (g/t)	4.2	5.3	3.7
Concentrate Production			
Cu (000 t)	240	211	218
Concentrate Grade			
Cu (%)	28.2	28.3	28.2
Contained Metal			
Cu (t)	67,828	59,838	61,793
Au (oz)	49,563	40,520	48,562
Ag (000 oz)	1,820	2,042	1,546
Financial Performance			
EBITDA	33.4	2.4	6.8
EBIT ¹	23.6	(8.7)	(5.5)
Cash Cost (US c/lb Cu)	55.0	63.4	64.7
Capital Expenditures	8.2	5.6	16.1
Proven and Probable Reserves^{2,3}			
Tonnes (000)	247,900	213,000	228,000
Cu (%)	0.37	0.40	0.37
Au (g/t)	0.20	0.20	0.20

BAO

	Year ended December 31,		
	2000	1999	1998
Throughput (000 t)	1,668	1,581	1,639
Head Grades			
Zn (%)	4.2	4.4	3.7
Cu (%)	0.7	0.8	0.8
Pb (%)	0.6	0.5	0.5
Au (g/t)	1.8	1.7	2.0
Ag (g/t)	72	64	58
Concentrate Production			
Zn (t)	101,783	104,806	91,710
Cu (t)	38,404	47,239	48,037
Pb (t)	10,757	8,644	9,640
Precious Metals (t)	371	348	363
Concentrate Grade			
Zn (%)	54.1	54.6	55.3
Cu (%)	23.9	22.2	23.0
Pb (%)	27.6	33.2	34.3
Contained Metal			
Zn (t)	55,067	57,150	50,547
Cu (t)	9,190	10,465	11,031
Pb (t)	2,963	2,838	3,251
Au (oz)	54,076	56,376	70,079
Ag (000 oz)	2,039	1,941	2,062
Financial Performance			
EBITDA	11.8	5.1	7.7
EBIT ¹	1.1	(6.7)	(3.6)
Cash Cost (US c/lb Zn)	37.5	39.7	33.4
Capital Expenditures	16.2	9.1	18.2
Proven and Probable Reserves^{2,3}			
Tonnes (000)	5,990	5,500	6,900
Zn (%)	4.0	4.0	4.3
Cu (%)	0.8	1.0	0.9

¹ EBIT figures as shown do not give effect to asset write downs related to mining operations nor to the results of the Company's hedging activities or other allocated costs which would reduce EBIT at the mining and smelting operations. See notes 11 and 14 to the consolidated financial statements.

² Primary metals only

³ Proven and probable reserves have been compiled in accordance with the definitions contained in National Instrument 43-101, *Standards of Disclosure for Mineral Projects*, and have been compiled under the direction of, and verified by, Mati Sallert, Resources Manager – Mining Operations and Qualified Person of Boliden. The proven and probable reserve estimates incorporate applicable assumptions (including metal prices, mining dilution, recoveries, cut-off grades and smelter and treatment charges), parameters and methodologies deemed appropriate by Boliden.

Garpenberg

	Year ended December 31,		
	2000	1999	1998
Throughput (000 t)	976	976	956
Head Grades			
Zn (%)	3.9	4.1	4.4
Cu (%)	0.1	0.1	0.1
Pb (%)	1.9	2.1	2.2
Au (g/t)	0.5	0.5	0.5
Ag (g/t)	141	125	136
Concentrate Production			
Zn (t)	59,666	65,231	69,051
Cu (t)	3,588	4,208	3,883
Pb (t)	20,580	22,551	23,321
Precious Metals (t)	72	96	78
Concentrate Grade			
Zn (%)	55.9	54.1	53.8
Cu (%)	23.5	21.7	21.5
Pb (%)	69.7	70.4	71.4
Contained Metal			
Zn (t)	33,333	35,349	37,025
Cu (t)	842	916	838
Pb (t)	14,384	15,891	16,637
Au (oz)	10,787	10,941	10,828
Ag (000 oz)	3,409	2,991	3,170
Financial Performance			
EBITDA	4.6	2.0	4.0
EBIT ¹	(0.2)	(3.1)	(1.2)
Cash Cost (US c/lb Zn)	41.9	43.8	37.2
Capital Expenditures	2.4	4.3	6.1
Proven and Probable Reserves ^{2,3}			
Tonnes (000)	4,830	5,900	5,700
Zn (%)	3.8	4.1	4.1
Ag (g/t)	132	114	119

Laisvall

	Year ended December 31,		
	2000	1999	1998
Throughput (000 t)	1,912	1,950	1,955
Head Grades			
Zn (%)	0.9	1.0	0.6
Pb (%)	3.8	4.3	4.2
Ag (g/t)	10	11	10
Concentrate Production			
Zn (t)	22,221	24,322	14,477
Pb3 (t)	39,123	42,966	52,650
Pb3E (t)	41,441	50,759	39,465
Concentrate Grade			
Zn (%)	58.6	56.9	57.0
Pb3 (%)	79.0	79.0	78.5
Pb3E (%)	79.0	79.4	78.5
Ag (g/t) (Average of two concentrates)	179.0	177.2	171.0
Contained Metal			
Zn (t)	13,010	13,841	8,255
Pb (t)	63,665	74,259	72,314
Ag (000 oz)	462	534	507
Financial Performance			
EBITDA	(1.6)	1.6	(2.1)
EBIT ¹	(3.6)	(0.6)	(4.2)
Cash Cost (US c/lb Pb)	21.2	21.1	24.4
Capital Expenditures	0.0	0.5	1.8
Proven and Probable Reserves ^{2,3}			
Tonnes (000)	1,950	4,600	6,800
Pb (%)	4.6	4.5	4.6
Zn (%)	0.7	0.7	0.8

¹ EBIT figures as shown do not give effect to asset write downs related to mining operations nor to the results of the Company's hedging activities or other allocated costs which would reduce EBIT at the mining and smelting operations. See notes 11 and 14 to the consolidated financial statements.

² Primary metals only

³ Proven and probable reserves have been compiled in accordance with the definitions contained in National Instrument 43-101, *Standards of Disclosure for Mineral Projects*, and have been compiled under the direction of, and verified by, Mati Sallert, Resources Manager – Mining Operations and Qualified Person of Boliden. The proven and probable reserve estimates incorporate applicable assumptions (including metal prices, mining dilution, recoveries, cut-off grades and smelter and treatment charges), parameters and methodologies deemed appropriate by Boliden.

Production overview (cont'd)

Lomas Bayas

	Year ended		
	2000	December 31, 1999	1998
Ore Stacked			
Heap Leach (000 t)	10,006	8,081	2,648
ROM Leach (000 t)	12,900	2,111	0
Head Grades			
Heap Leach (%)	0.48	0.59	0.77
Cathode Production (t)	51,292	44,342	19,297
Financial Performance			
EBITDA	34.2	20.3	6.0
EBIT ¹	1.0	(11.4)	(4.0)
Cash Cost (US c/lb Cu)	52.1	50.7	56.1
Capital Expenditures	14.5	13.0	103.1
Proven and Probable Reserves ^{2,3}			
Heap Leach:			
Tonnes (000)	191,031	191,400	196,500
Cu (%)	0.45	0.46	0.46
ROM:			
Tonnes (000)	267,476	227,100	238,000
Cu (%)	0.22	0.21	0.21

Los Frailes

	Year ended		
	2000	December 31, 1999	1998
Throughput (000 t)	3,419	1,564	1,100
Head Grades			
Zn (%)	4.2	4.4	3.9
Cu (%)	0.4	0.4	0.3
Pb (%)	2.3	2.4	1.9
Ag (g/t)	64	59	51
Concentrate Production			
Zn (t)	204,840	98,993	65,800
Cu (t)	15,948	6,504	5,800
Pb (t)	87,429	36,008	20,600
Concentrate Grade			
Zn (%)	45.7	46.7	47.3
Cu (%)	19.1	18.5	18.9
Pb (%)	46.3	48.2	50.3
Ag in Cu (g/t)	977	1,001	817
Ag in Pb (g/t)	397	473	492
Contained Metal			
Zn (t)	93,598	46,248	31,152
Cu (t)	3,048	1,219	1,122
Pb (t)	40,312	17,346	10,333
Ag (000 oz)	1,600	743	461
Financial Performance			
EBITDA	(9.8)	(9.3)	(43.6)
EBIT ¹	(21.4)	(19.0)	(50.1)
Cash Cost (US c/lb Zn)	58.9	59.4	122.5
Capital Expenditures	0.6	2.1	13.7

The Company's Spanish subsidiary, Boliden Apirsa SL (Apirsa), halted mining and milling operations at Los Frailes in April 1998 following the failure of the tailings dam used by Apirsa for the storage of tailings and process water from milling and concentrating operations. Apirsa recommenced mining operations at Los Frailes in April 1999 and milling operations in June 1999.

¹ EBIT figures as shown do not give effect to asset write downs related to mining operations nor to the results of the Company's hedging activities or other allocated costs which would reduce EBIT at the mining and smelting operations. See notes 11 and 14 to the consolidated financial statements.

² Primary metals only

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Myra Falls

	Year ended December 31,		
	2000	1999	1998
Throughput (000 t)	1,167	740	1,047
Head Grades			
Zn (%)	5.0	5.7	5.6
Cu (%)	1.7	1.6	1.7
Au (g/t)	1.6	1.6	1.6
Ag (g/t)	27	20	23
Concentrate Production			
Zn (t)	94,758	69,153	95,450
Cu (t)	66,922	40,004	60,249
Au (t)	10	5	6
Concentrate Grade			
Zn (%)	55.1	45.0	52.1
Cu (%)	26.1	21.6	24.6
Contained Metal			
Zn (t)	52,172	37,861	51,799
Cu (t)	17,501	10,397	15,531
Au (oz)	24,257	13,563	21,586
Ag (000 oz)	525	205	356
Financial Performance			
EBITDA	8.6	1.1	1.4
EBIT ¹	(10.3)	(13.0)	(16.5)
Cash Cost (US c/lb Zn)	40.4	44.2	41.2
Capital Expenditures	8.8	17.5	7.6
Proven and Probable Reserves^{2,3}			
Tonnes (000)	7,716	7,720	6,785
Zn (%)	6.6	7.3	7.7
Cu (%)	1.3	1.4	1.5

Boliden temporarily suspended mining operations at Myra Falls in December 1998 to carry out stope and access route rehabilitation and development and rehabilitation work. Boliden resumed mining operations at Myra Falls in March 1999.

Rönnskär

	Year ended December 31,		
	2000	1999	1998
Cu Feed			
Primary (t)	395,665	295,215	317,112
Secondary (t)	111,708	107,564	124,038
Total (t)	507,373	402,779	441,150
Pb Feed			
Primary (t)	39,056	43,764	54,397
Secondary (t)	1,486	1,278	1,220
Total (t)	40,542	45,042	55,617
Production			
Cu (t)	133,118	113,960	125,355
Pb (t)	30,699	34,734	40,566
Zn Clinker (t)	31,141	35,797	37,337
Au (kg)	8,640	9,597	9,283
Ag (kg)	359,535	330,492	286,542
Sulphuric Acid (t)	293,353	210,191	234,634
Sulphur Dioxide (t)	65,259	60,079	59,597
Pd concentrate (kg)	2,255	2,781	2,750
Financial Performance			
EBITDA	51.4	40.6	39.5
EBIT ¹	(35.1)	27.9	25.8
Cash Cost (USD/t Cu)	530	545	547
Capital Expenditures	87.4	82.9	44.9

¹ EBIT figures as shown do not give effect to asset write downs related to mining operations nor to the results of the Company's hedging activities or other allocated costs which would reduce EBIT at the mining and smelting operations. See notes 11 and 14 to the consolidated financial statements.

² Primary metals only

³ Proven and probable reserves have been compiled in accordance with the definitions contained in National Instrument 43-101, *Standards of Disclosure for Mineral Projects*, and have been compiled under the direction of, and verified by, Mati Sallert, Resources Manager – Mining Operations and Qualified Person of Boliden. The proven and probable reserve estimates incorporate applicable assumptions (including metal prices, mining dilution, recoveries, cut-off grades and smelter and treatment charges), parameters and methodologies deemed appropriate by Boliden.

Production overview (cont'd)

Norzink (100%)

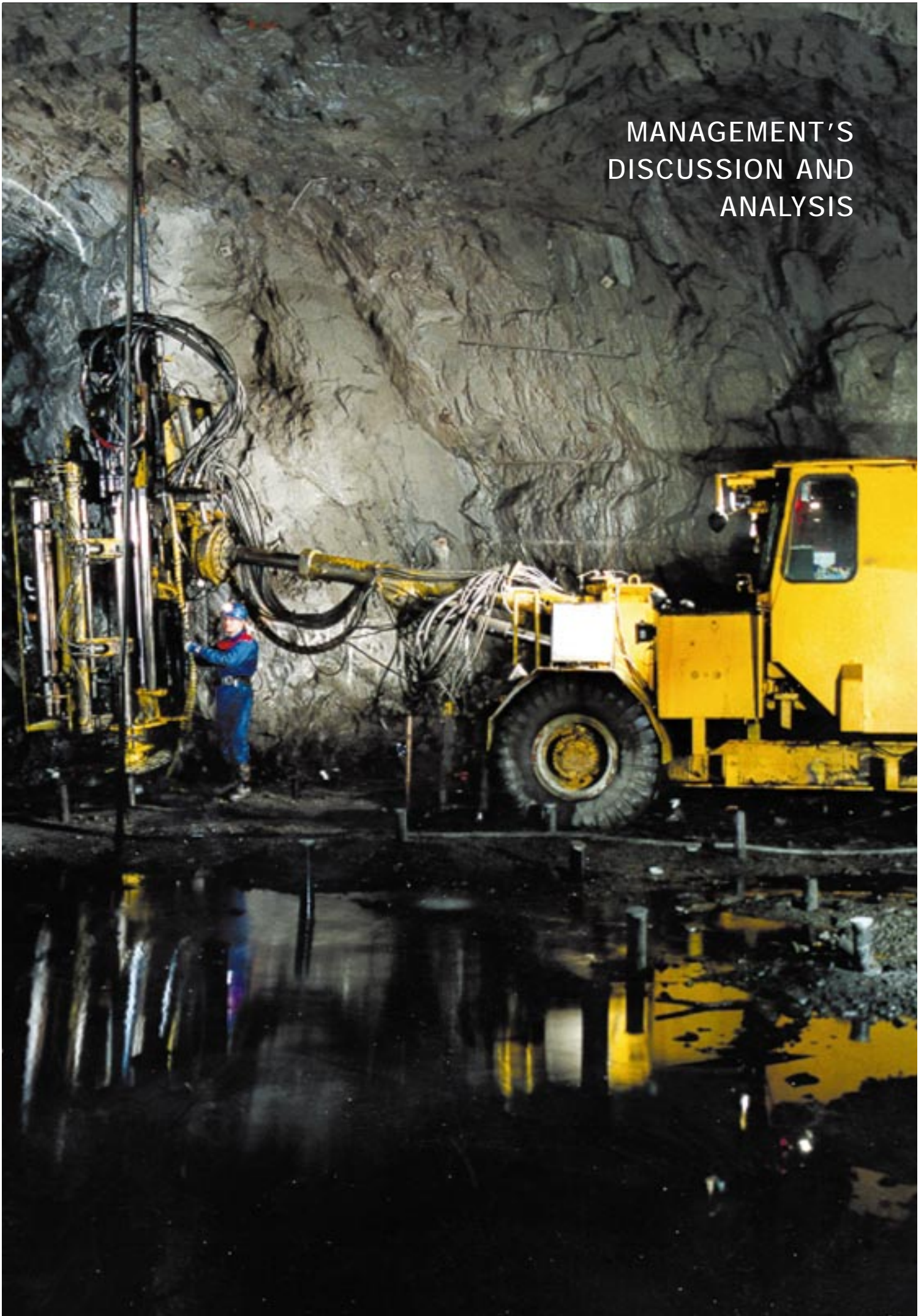
		Year ended December 31,	
	2000	1999	1998
Feed			
Zn Concentrate (t)	222,016	214,667	208,145
Zn Oxide (t)	30,636	36,165	37,444
Production			
Zn Ingots (t)	138,390	143,976	137,925
Zn Cathodes (t)	146,932	152,243	146,363
Aluminum Fluoride (t)	28,372	26,427	26,633
Sulphuric Acid (t)	190,899	190,084	186,460
Financial Performance			
EBITDA	40.4	31.4	19.2
EBIT ¹	31.9	21.6	10.8
Cash Cost (USD/t Zn)	310	353	372
Capital Expenditures	5.7	7.5	7.9

Bergsöe

		Year ended December 31,	
	2000	1999	1998
Feed			
Lead (t)	65,823	62,319	66,597
Lead Bullion (t)	53,000	49,021	51,887
Production			
Lead Bullion (t)	51,676	49,193	51,065
Lead Alloys (t)	47,399	44,119	46,698
Tin Alloys (t)	1,448	1,384	1,395
Financial Performance			
EBITDA	3.7	3.8	4.9
EBIT ¹	2.8	2.6	3.5
Cash Cost (USD/t Pb)	227	306	290
Capital Expenditures	0.6	0.3	0.7

¹ EBIT figures as shown do not give effect to asset write downs related to mining operations nor to the results of the Company's hedging activities or other allocated costs which would reduce EBIT at the mining and smelting operations. See notes 11 and 14 to the consolidated financial statements.

MANAGEMENT'S
DISCUSSION AND
ANALYSIS



Management's discussion and analysis

METALS MARKET OVERVIEW

Markets for Boliden's primary metals – copper and zinc – were generally stronger in 2000 than in 1999.

Copper

Copper prices, which averaged \$0.71 per pound in 1999 and \$0.79 in the fourth quarter of 1999, continued to strengthen during the year averaging \$0.82 per pound in 2000 and \$0.84 per pound in the fourth quarter of 2000.

At year-end, total western world copper stocks (LME, Comex and producers, consumers and merchants) represented 4.5 weeks of western world consumption compared with 6.3 weeks at the end of 1999. The last time that stocks were at this level for a sustained period was in 1995/97 when copper prices were above \$0.90 per pound. Notwithstanding the low level of stocks, as a result of concerns about a weakening world economy, average copper prices in 2001 are unlikely to exceed the fourth quarter 2000 average.

Zinc

Zinc prices, which averaged \$0.49 per pound in 1999, averaged \$0.51 per pound in 2000 and \$0.49 per pound in the fourth quarter of 2000.

At year-end, total western world zinc stocks represented 4.8 weeks of western world consumption compared with 5.4 weeks at the end of 1999. The last time that stocks were at this level for a sustained period was in 1989/90 when zinc prices were above \$0.70 per pound. Notwithstanding the low level of stocks, as a result of concerns about a weakening world economy, average zinc prices in 2001 are unlikely to exceed the fourth quarter 2000 average.

Average LME/LBM Prices		2000	1999
Twelve months ended December 31			
Copper	\$/lb	0.82	0.71
Zinc	\$/lb	0.51	0.49
Lead	\$/lb	0.21	0.23
Gold	\$/oz	279	279
Silver	\$/oz	4.95	5.22

CONSOLIDATED RESULTS OF OPERATIONS

Revenues

The Company generates revenues primarily from three operating segments: mining, smelting and fabrication. Consolidated revenues from operations increased to \$1.156 billion in 2000 from \$1.031 billion in 1999 principally due to higher metal prices and metal production.

Mining

Revenue from mining operations was \$397.3 million in 2000 compared to \$353.5 million in 1999. The increase was principally due to higher metal prices and production.

Contained Primary Metal Production from Mining Operations		2000	1999*	Change
Twelve months ended December 31				
Metal				
Copper (tonnes)		149,701	127,177	18%
Zinc (tonnes)		247,180	190,449	30%
Lead (tonnes)		121,324	110,334	10%
Gold (ounces)		138,683	141,027**	-2%
Silver (thousand ounces)		9,855	8,456	17%

* The Company's Spanish subsidiary, Boliden Apirsa SL (Apirsa), halted mining and milling operations at Los Frailes in April 1998 following the failure of the tailings dam used by Apirsa for the storage of tailings and process water from milling and concentrating operations. Apirsa recommenced mining operations at Los Frailes in April 1999 and milling operations in June 1999. Boliden temporarily suspended mining operations at Myra Falls in December 1998 to carry out stope and access route rehabilitation and development and rehabilitation work. Boliden resumed mining operations at Myra Falls in March 1999.

** *Includes Boliden's 50% share of production of Saudi Company for Precious Metals (SCPM). The Company sold its 50% interest in SCPM during the fourth quarter of 1999.

Copper production during 2000 was 18% higher than 1999 principally due to higher production at Aitik, Lomas Bayas and Myra Falls partially offset by lower production at the Boliden Area Operations (BAO).

Zinc production during 2000 was 30% higher than 1999 principally due to higher production at Los Frailes and Myra Falls partially offset by lower production at BAO.

Smelting

Revenue from smelting operations increased from \$585.6 million in 1999 to \$687.2 million in 2000 principally due to higher metal prices and copper production, the latter due to the start-up of the Rönnskär + 200 expansion project.

Smelter Production Twelve months ended December 31	Metal	2000	1999	Change
	Rönnskär			
	Copper (tonnes)	133,118	113,960	17%
	Lead (tonnes)	30,699	34,734	-12%
	Zinc clinker* (tonnes)	31,141	35,797	-13%
	Gold (kilos)	8,640	9,597	-10%
	Silver (kilos)	359,535	330,492	9%
	Norzink			
	Zinc** (tonnes)	69,195	71,988	-4%
	Bergsöe			
	Lead in lead alloys (tonnes)	47,399	44,119	7%

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

Production of copper at Rönnskär increased by 17% during 2000 compared to 1999 due to the start-up of the Rönnskär + 200 expansion project which was completed on time and within budget during the third quarter of 2000. Production of lead, zinc clinker and gold decreased during 2000 compared to 1999 due to a maintenance stop taken during the second quarter of 2000 and, in the case of zinc clinker, initial capacity problems relating to the replacement of mercury cleaning equipment as part of the expansion project.

Production of zinc at Norzink decreased by 4% during 2000 compared to 1999 due to shortfalls in deliveries of zinc clinker from Rönnskär.

Production of lead at Bergsöe increased by 7% during 2000 compared to 1999 due to the introduction of staggered summer vacations to replace a temporary summer shutdown of the facility.

Fabrication

Revenue from fabrication was \$250.4 million in 2000 compared to \$259.3 million in 1999.

Earnings

The Company reported an operating loss of \$656.1 million for 2000 compared with an operating loss of \$59.4 million for 1999. The operating loss for 2000 includes \$629.1 million of write-down and unusual charges related to the Company's investments in Los Frailes, Lomas Bayas, Fortuna de Cobre and the Fabrication business, a restructuring charge on account of the downsizing at the Company's corporate offices in Toronto and Stockholm and at its Swedish mining operations and the financial statement recognition of certain post-employment liabilities for its Swedish mining employees. It also includes \$9.5 million in income to reflect reductions in the Company's obligations under its defined benefit pension plans for its Swedish employees. Excluding write-down and unusual charges, the Company reported an operating loss of \$27.1 million for 2000 compared with an operating loss of \$59.4 million for 1999. The principal reasons for the change between the years are higher metal prices and production as well as the pension income in 2000.

Operating Segment (U.S.\$ millions)	Operating Income (Loss)	
	2000	1999
Mining (excluding write-down and unusual charges)	\$(48.0)	\$(73.3)
Smelting	37.0	30.9
Fabrication	4.0	3.5
Corporate and other	(20.0)	(20.5)
	\$(27.0)	\$(59.4)
Write-down and unusual charges	(629.0)	–
Total	\$(656.1)	\$(59.4)

After accounting for interest expense and income taxes, the Company reported a net loss of \$655.6 million for 2000 compared with a net loss of \$68.2 million for 1999.

Mining

Boliden's mining operations had an operating loss of \$48.0 million in 2000 (excluding write-down and unusual charges) compared with an operating loss of \$73.3 million in 1999. The principal reasons for the change were higher metal prices and production.

Smelting

Boliden's smelting operations had operating income of \$37.0 million in 2000 compared with operating income of \$30.9 million in 1999. The principal reasons for the change were higher metal prices and production, the latter due to the start-up of the Rönnskär + 200 expansion project.

Fabrication

The operating income of Boliden's fabrication operations in 2000 was slightly higher than in 1999.

Corporate and Other

Corporate and other includes corporate, exploration and development expenditures as well as earnings from Contech, the Company's engineering consulting group. The operating loss from corporate and other in 2000 was slightly lower than in 1999. Operating income from Contech was \$0.8 million compared with nominal income in 1999. Contech was a major engineering contractor to the Rönnskär + 200 expansion project.

Expenses

Operating Expenses

Costs of metal and other product sales expense increased by 11% to \$984.0 million principally due to higher production. Depreciation, depletion and amortization expense increased slightly to \$118.9 million. Selling, general and administrative expenses decreased by 9% to \$65.5 million. Exploration, research and development expenses decreased by 13% to \$14.3 million principally due to reduced exploration activities under the Company's Capital Management Program.

Non-Operating Expenses

Interest on long-term debt was \$50.7 million in 2000 compared with \$44.6 million in 1999 reflecting higher average interest rates in 2000. Total debt outstanding at December 31, 2000 was \$809.0 million compared with \$813.5 million a year earlier. Interest and other expense in 2000 was \$8.7 million compared with interest and other income in 1999 of \$16.4 million. See note 12 to the consolidated financial statements of the Company for a description of interest and other income (expense).

As a result of the write-down and unusual charges taken in 2000, income taxes recovery was \$60.0 million compared with \$19.4 million in 1999.

Cash Provided by Operations

Cash provided by operations before non-cash working capital changes was \$25.1 million in 2000 compared with \$15.9 million in 1999. Cash used in operations after non-cash working capital changes was \$5.3 million in 2000 compared with cash provided by operations after non-cash working capital changes of \$16.9 million in 1999.

Currencies

Most of the Company's costs are in Swedish, Canadian and Norwegian currencies. The average rates of exchange for these currencies for 2000 compared with 1999 were as follows:

Average Exchange Rates		2000	1999
Currency (per US\$1.00)	SEK	9.16	8.26
	CAD	1.49	1.49
	NOK	8.80	7.80

SELECTED QUARTERLY CONSOLIDATED FINANCIAL INFORMATION

The table below presents selected unaudited quarterly consolidated financial information relating to the Company for 2000 and 1999.

2000 Quarter Ended (unaudited) (U.S.\$ thousands, except per share data)	December 31	Sept. 30	June 30	March 31	
Revenues	\$ 320,601	\$ 283,603	\$ 258,624	\$ 292,771	
Operating income (loss) (excluding write-down and unusual charges)	7,132	6,906	(34,695)	(6,407)	
Write down and unusual charges	(418,561)	(210,509)	–	–	
Net loss	(407,501)	(195,316)	(34,439)	(18,301)	
Loss per share	\$ (1.87)	\$ (0.90)	\$ (0.17)	\$ (0.18)	
	December 31	Sept. 30	June 30	March 31	
1999 Quarter Ended (unaudited) (U.S.\$ thousands, except per share data)	Revenues	\$ 280,820	\$ 253,265	\$ 251,889	\$ 245,030
	Operating income (loss)	5,476	(14,706)	(28,802)	(21,399)
	Net loss	(9,895)	(3,557)	(31,903)	(22,860)
	Loss per share	\$ (0.11)	\$ (0.04)	\$ (0.31)	\$ (0.21)

FINANCIAL MATTERS

Capital Management Program

At the beginning of the third quarter of 2000, the Company initiated a Capital Management Program aimed at restoring its financial strength and operating flexibility. The Capital Management Program includes reducing costs, increasing productivity, postponing discretionary expenditures, securing partners for those operations that require non-discretionary expenditures to maintain continued operations and selling non-strategic assets.

Set out below is a summary of developments under the Capital Management Program.

Reducing Costs

The Company is implementing a plan to transfer many of the activities carried out in its Toronto office to Sweden and many of the activities carried out at its Stockholm office to its operating units. These changes will be completed by the end of the third quarter of 2001.

During the fourth quarter of 2000, the Company established a new management structure for the Swedish mining operations and technology and exploration groups and began the process of downsizing BAO and the office located in the Town of Boliden. A total of 116 employees will be affected by the downsizing which is expected to reduce costs by \$10 million per year beginning in 2001.

The foregoing activities resulted in a restructuring charge of \$10.4 million taken in the third quarter of 2000.

Increasing Productivity

The Company has introduced new shift procedures at its Aitik and Garpenberg mines that will significantly increase effective worktime at the mines.

The completion of the Rönnskär + 200 expansion project is expected to reduce Rönnskär's cash operating costs per unit of copper cathode produced by between 25% and 30% per year once the expansion project is fully operational.

Postponing Discretionary Expenditures

The Company has deferred consideration of plans to expand the production capacity of the Aitik mine from 18 million to 24 million tonnes per year.

During the third quarter of 2000, the Company notified its Spanish subsidiary, Boliden Apirsa SL (Apirsa), that it was not prepared to make any further investments in Apirsa, including financing the next phase of the mine plan for Apirsa's Los Frailes mine. Following receipt of notice of this decision, Apirsa decided to complete the current phase of the mine plan for Los Frailes – the mining out of pit 2, but not to proceed with the next phase – the pushback for pit 3. In order to preserve its assets, to pay creditors in an orderly manner and to ensure that operations at Los Frailes continue until the planned completion of pit 2 in October 2001, in October 2000, Apirsa filed a court application for commencement of "suspension de pagos" proceedings (similar to Canadian Companies' Creditors Arrangement Act and United States Chapter 11 proceedings). The foregoing decisions resulted in a write-off and unusual charges of \$189.8 million related to the Company's investment in Los Frailes taken in the third quarter of 2000. The Company's investment in Los Frailes has been written off in full.

Securing Partners for Operations that Require Non-Discretionary Expenditures

The Company is continuing its efforts to secure an industry partner for its Myra Falls operation to help fund the non-discretionary expenditures required for the operation.

Selling Assets

After year-end, the Company and its subsidiary, Boliden Mineral AB, and a subsidiary of Rio Tinto plc signed a definitive agreement (implementing a letter of intent signed during the fourth quarter of 2000) to sell to Outokumpu Oyj their respective 50% interests in Norzink A/S, the owner and operator of the Norzink zinc smelter and refinery and aluminum fluoride plant located near Odda on the west coast of southern Norway, for a total cash purchase price of \$180 million. Completion of the transaction is expected in April 2001. The sale transaction will result in a net gain before tax of approximately \$30 million based on year-end exchange rates. This gain is not reflected in the Company's consolidated financial statements for 2000.

Also, after year-end, the Company signed a letter of intent to sell its interests in Compañía Minera Lomas Bayas and Compañía Minera Boliden Westmin Chile Limitada, the owners of the Lomas Bayas SX-EW copper project and adjacent Fortuna de Cobre copper deposit located in Chile, to Noranda Inc. and Falconbridge Limited (Purchasers) for a purchase price of:

- (a) \$175 million plus cash balances (\$2.1 million) less outstanding third party debt obligations (\$112.7 million); plus
- (b) \$15 million, if and when the Purchasers exercise their right to retain the Fortuna de Cobre copper deposit before the fifth anniversary of closing.

The transaction is subject to completion of satisfactory due diligence, negotiation and settlement of satisfactory definitive agreements, receipt of all required regulatory and other third party consents and approval of the boards of directors of the Purchasers and the Company. The sale transaction has resulted in a write-down of \$415.6 million in the carrying value of the Company's interests in Lomas Bayas and Fortuna de Cobre taken during the fourth quarter of 2000.

Also, after year-end, the Company's subsidiary, Boliden Fabrication AB (Fabrication), signed a letter of intent to sell its interest in Boliden Cuivre & Zinc SA, the owner of a copper tubing production facility located in Liège, Belgium, and its marketing and sales subsidiaries (together, the BCZ Group) to an industry participant for a purchase price equal to the consolidated shareholders equity of the BCZ Group (approximately \$11 million as at December 31, 2000). As part of the transaction, the BCZ Group will repay the inter-company indebtedness owing by it to the Company and certain of its subsidiaries (approximately \$8 million as at December 31, 2000). The transaction is subject to completion of satisfactory due diligence, negotiation and settlement of satisfactory definitive agreements, receipt of all required regulatory and other third party consents and approval of the boards of directors of the purchaser and Fabrication.

The foregoing transactions, if completed on the terms described, as well as certain other transactions contemplated by the Company are expected to generate the amounts set out below during the first half of 2001:

Transaction (U.S. \$ thousands)	Net Proceeds of Sale*	Repayment of Intercompany Debt**	Net Cash Received
Norzink	\$70,000	–	\$70,000
BCZ Group	11,000	\$8,000	19,000
Lomas Bayas***	65,000		65,000
Other	19,500	–	19,500
Total	\$165,500	\$8,000	\$173,500

* Net of estimated transaction expenses and costs of closing out related hedge positions based on year-end exchange rates.
** As at December 31, 2000 based on year-end exchange rates.
*** The sale of Lomas Bayas will also eliminate the Company's obligations with respect to the Lomas Bayas project debt which was \$112.7 million at December 31, 2000.

Capital Expenditures

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

Capital Expenditures (unaudited) (U.S. \$ millions)	Business Area	2000 Actual	2001 Budget
	Mining*	\$60.7	\$72.9
	Smelting	99.1	18.3
	Fabrication and other	4.0	8.6
	Total	\$163.8	\$99.8

* Includes waste rock removal costs associated with operations at Boliden's open pit mines.

\$83.0 million of smelting capital expenditures in 2000 were on account of the Rönnskär +200 expansion project. The other capital expenditures in 2000 and 2001 are principally sustaining capital expenditures.

Financing Activities

Public Offering

In March 2000, the Company completed a common share rights offering (Rights Offering) to the holders of its common shares. A total of 107.1 million common shares were issued by the Company under the Rights Offering for net proceeds of \$142.6 million. A portion of the net proceeds of the Rights Offering was used to reduce amounts outstanding under the Bridge Facility (described below) and the balance was used to fund the completion of the Rönnskär + 200 expansion project.

Bridge Facility

In February 2000, the Company entered into a credit agreement with an international banking syndicate pursuant to which the Company was entitled to borrow up to an aggregate of \$191 million (including letters of credit), \$85 million of which (Tranche A) was available until February 1, 2001 (subject to extension at the option of the lenders) and \$106 million (including letters of credit) of which (Tranche B) was available until February 8, 2002 (Bridge Facility). 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 of the Company at an exercise price of C\$4.05 per share. If a default occurs under the credit agreement, the Bridge Facility lenders are entitled to exchange all or part of the advances made by them under the Bridge Facility on a dollar for dollar basis for preferred shares of Boliden Rönnskär AB, the subsidiary of the Company that owns the Rönnskär smelter.

Under the credit agreement, if the Company receives funds (a) under any other credit agreement entered into after February 8, 2000, (b) through an issuance of debt or equity securities (including under the Rights Offering) or (c) through a disposal of assets for cash proceeds (except in the ordinary course of business), then the amount available to the Company under the Bridge Facility will be reduced *pro rata* between Tranches A and B, by an amount equal to the net funds received. After the Rights Offering, the amount outstanding and available to the Company under the Bridge Facility was reduced to \$90 million, (including letters of credit), \$40 million under Tranche A and \$50 million (including letters of credit) under Tranche B.

In December 2000, the Company initiated discussions with the Bridge Facility lenders with a view to increasing the amount available to the Company under Tranche A of the Bridge Facility by \$20 million (from \$40 million to \$60 million) and postponing the date for repayment of Tranche A from February 1, 2001 to a later date to permit the Company to continue to implement its Capital Management Program. In December 2000, the Bridge Facility lenders agreed to increase the amount available to the Company under Tranche A of the Bridge Facility by the \$20 million requested and to postpone the date for repayment of Tranche A to May 1, 2001. As part of these arrangements, the Company agreed to accelerate the date for repayment of Tranche B of the Bridge Facility to May 1, 2001.

Credit Facilities

Existing Credit Facilities

The following table lists the Company's existing credit facilities at December 31, 2000:

Credit Facility (U.S. \$ thousands)	Amount Outstanding
Bridge Facility*	\$ 90,000
U.S. \$300 million revolving credit facility	300,000
U.S. \$230 million term loan facility	230,000
SEK 250 million medium term notes	26,226
Lomas Bayas project facility**	112,700
SEK 100 million operating facility	10,499
Total***	\$ 769,425

* Not included in the amount outstanding are US\$10 million of letters of credit outstanding under Tranche B of the Bridge Facility. After year-end, the Company drew down an additional US\$10 million under Tranche A of the Bridge Facility.

** See Financial Matters – Capital Management Program – Selling Assets.

*** The Company has additional debt of \$39.6 million, composed of \$36.3 million of pension debt (see note 8 to the consolidated financial statements of the Company) and \$3.3 million of capital leases, for total debt outstanding at December 31, 2000 of \$809 million.

The Company has fully drawn down all amounts available to it under its existing credit facilities. At December 31, 2000, the Company was not in compliance with, and was operating under temporary waivers of, covenants under certain of its loan agreements. As a result, all of the Company's credit facilities have been classified as current. See note 6 to the consolidated financial statements of the Company for a description of the Company's existing credit facilities.

Lomas Bayas Project Facility

The Lomas Bayas project was required to pass a completion test by June 30, 2000 (Completion Date). The completion test has two parts: a 90 day physical test and an economic test. If the project does not pass the physical test, the project will be considered to have passed the completion test if the economic test has been passed and the independent engineer appointed by the project lenders provides satisfactory confirmation to the project lenders with respect to the cause of the failure to pass the physical completion test, the actions being taken to address the cause of failure and the expected performance of the project over the long term. Failure to pass the completion test constitutes an event of default under the project finance documents.

At the end of April 2000, the Company's subsidiary, Compañía Minera Lomas Bayas (CMLB) completed the physical test. The project passed all the required elements of the physical test except for copper production. The project was required to produce 156 tonnes of copper cathode per day (approximately 95% of design capacity) during the physical test period but only produced 140 tonnes of copper cathode per day (approximately 85% of design capacity) due to lower than planned production from the run-of-mine (ROM) heap leach pads. During the physical test period, the project had almost no copper production from the ROM pads due to delays in the leaching process caused by temporary shortages of water and sulphuric acid during the first quarter of 2000.

Following the Completion Date, the project lenders have taken the position that the project had not passed the completion test and have requested that the project loan be reduced or repaid. CMLB disagreed with the project lenders on the basis that the project had passed the economic test and that the independent engineer should have been in a position to provide satisfactory confirmation to the project lenders with respect to the cause of the failure to pass the physical completion test, the actions being taken to address the cause of the failure and the expected performance of the project over the long term.

Notwithstanding its disagreement with the project lenders, CMLB entered into discussions with the project lenders with a view to developing a mutually satisfactory approach to the project going forward. In the third quarter of 2000, as part of its Capital Management Program, the Company commenced a process aimed at securing a partner or purchaser for the project and reducing or repaying the project loan. In February 2001, the Company signed a letter of intent to sell its interest in CMLB to Noranda Inc. and Falconbridge Limited (see Capital Management Program – Selling Assets above). If the transaction proceeds, the project loan will be assumed by the Purchasers or repaid. In the meantime, CMLB is continuing to service the project loan in accordance with its terms.

Other Credit Facilities

After year-end, the Company initiated discussions with the Bridge Facility lenders and the lenders under the Company's unsecured credit facilities with a view to refinancing its obligations under those facilities. As part of these discussions, the lenders have agreed to waive their rights with respect to any existing or future breaches of the financial covenants (including the requirement to maintain a specified gearing ratio and meet a specified interest coverage test) contained in the facilities until May 31, 2001.

The Company has been working with two lead banks and has developed and submitted to the lenders a formal refinancing proposal that will permit the Company to complete its Capital Management Program and move forward on a more stable financial base. The proposal includes rescheduling the maturity dates of its existing credit facilities, using excess operating cash flow and the net proceeds of asset sales and capital markets transactions to build up and maintain operating liquidity and debt service reserves and to repay indebtedness.

Foreign Exchange Hedge Contracts

At December 31, 2000, the mark-to-market position of the Company's foreign currency hedge contracts, which mature in 2001 and 2002, was an unrealized loss of \$128.3 million (see Risks and Uncertainties – Metal Sales and Currency Fluctuations below). If the United States dollar continues at its current level in relation to the Swedish, Canadian and Norwegian currencies, these contracts will materially negatively affect the Company's operating cash flow over the next two years. The Company believes that a restructuring of its obligations under these contracts should be an integral part of any refinancing of its obligations under the Bridge Facility and its unsecured credit facilities.

After year-end, the Company initiated discussions with the counterparties to those contracts which represent the Company's largest foreign currency hedge exposure with a view to restructuring its obligations under those contracts. The counterparties approached are lenders under the Company's unsecured credit facilities.

RISKS AND UNCERTAINTIES

Going Concern Basis

The consolidated financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles and on a going concern basis which assumes that the Company will be able to discharge its liabilities and realize the carrying value of its assets in the normal course of operations. Accordingly, the statements do not include any adjustments to the recoverability and classification of recorded asset amounts, classification of liabilities or recognition of unrealized losses on contracts accounted for as hedges (see Metal Prices and Currency Fluctuations below) that might be necessary should the Company be unable to continue as a going concern.

At December 31, 2000, the Company was not in compliance with, and was operating under temporary waivers of, covenants under certain of its credit facilities. Accordingly, the Company's debt has been classified as current resulting in a working capital deficiency. In addition, in 2000, the Company recorded a significant loss from operations and negative operating cash flow after non-cash working capital changes.

The Company is pursuing several initiatives to address these matters, including refinancing its debt (see Financial Matters – Credit Facilities – Other Credit Facilities above), sourcing additional financing and implementing its Capital Management Program (see Financial Matters – Capital Management Program above). The Company's ability to discharge its liabilities and realize the carrying value of its assets in the normal course of operations is dependent upon, among other things, achieving satisfactory arrangements with its lenders and successfully implementing the Capital Management Program. There can be no assurance that the Company will be successful with these initiatives.

Metal Prices and Currency Fluctuations

Boliden's earnings and cash flows are sensitive to a number of factors over which the Company has little or no control. In particular, metal prices and currency fluctuations can have a material effect on results.

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 and budgeted metal prices for 2001. The sensitivities relate only to Boliden's mining and smelting business and do not take into account the impact of commodity price and foreign exchange hedging.

Metal Prices and Currency Fluctuations	Metal	Increase in U.S. Price (U.S.\$)	Impact on Operating Income (U.S. \$ millions)
	Copper*	0.10 per pound	18.70
	Zinc	0.05 per pound	10.50
	Lead	0.01 per pound	2.00
	Gold	10.00 per ounce	1.75
	Silver	0.10 per ounce	0.75

* Does not include Lomas Bayas

Boliden's metals were essentially unhedged at year-end.

At December 31, 2000, the Company had in place a hedging program covering approximately one and one-half years exposure to exchange rate fluctuations. Forward contracts have been used to hedge costs in Swedish, Canadian and Norwegian currencies against the United States dollar at average rates of 8.22, 1.48 and 7.71, respectively. The mark-to-market position of these contracts at December 31, 2000 was an unrealized loss of \$128.3 million of which \$20.0 million was accrued at December 31, 2000.

Hedging Policies

Boliden uses hedging instruments such as forward contracts, futures, options, swaps and other financial instruments to manage its exposure to fluctuations in metal prices, exchange rates and interest rates. The Company publishes its financial statements in United States dollars and has significant investments in operations in Sweden, Norway, Canada and Chile. Boliden's total position under hedging instruments at December 31, 2000 is summarized in note 14 to the financial statements.

Credit Risk

Boliden sells its metals to a limited number of high quality customers. In the case of copper cathode, approximately 19% of Boliden's production is sold to a single customer. All of the Company's credit risks are managed through a rigorous cash management program. As a result, Boliden does not believe that the credit risk with its customers, or with any single customer, is significant.

OUTLOOK

The Company faces three immediate and important challenges in 2001, each of which will have an effect on the Company's ability to discharge its liabilities and realize the carrying value of its assets in the normal course of operations:

- completing the sale transactions entered into as part of its Capital Management Program (see Financial Matters – Capital Management Program above);
- refinancing its Bridge Facility and unsecured credit facilities (see Financial Matters – Credit Facilities above); and
- restructuring its foreign currency hedge contracts (see Risks and Uncertainties – Metal Prices and Currency Fluctuations above).

Assuming that the Company is successful in meeting these challenges, the Company's financial performance in 2001 will then depend principally on metal prices and production levels at its mining and smelting operations. Although metal prices improved during 2000, they have fallen back again in the first quarter of 2001 and no clear trends are evident. The Company believes that, unless there are signs of increased consumption or announcements of further rationalization of industry capacity, copper and zinc prices will fluctuate around their 2000 year-end levels during 2001.

The Company intends to continue with its Capital Management Program during 2001, including keeping tight controls on discretionary expenditures.

FINANCIAL REVIEW



Management's responsibility for financial reporting

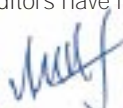
The information in this annual report has been reviewed and approved by management. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles. Where alternative accounting methods exist, management has chosen those methods deemed most appropriate 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 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.



THOMAS CEDERBORG
PRESIDENT AND CHIEF EXECUTIVE OFFICER



ANDERS HAKER
SENIOR VICE PRESIDENT,
CHIEF FINANCIAL OFFICER

Auditors' report to the shareholders

We have audited the consolidated balance sheets of Boliden Limited as at December 31, 2000 and 1999 and the consolidated statements of operations and cash flows for each of the years in the three-year period ended December 31, 2000. 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, 2000 and 1999 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2000 in accordance with Canadian generally accepted accounting principles.



CHARTERED ACCOUNTANTS

TORONTO, CANADA
APRIL 3, 2001


Consolidated balance sheets


(In thousands of U.S. dollars)
December 31, 2000 and 1999

	2000	1999
Assets		
Current assets:		
Cash and short-term investments	\$ 45,211	\$ 66,463
Accounts and metals settlements receivable	153,922	183,022
Inventories (note 3)	231,098	184,591
	430,231	434,076
Mining properties and capital assets (note 4)	803,341	1,366,499
Future income tax assets (note 7)	63,341	39,218
Deferred expenses and other assets	30,905	37,110
	\$ 1,327,818	\$ 1,876,903
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued charges	\$ 327,601	\$ 276,863
Deferred revenue	-	3,300
Debt, including current portion of long-term debt (notes 1 and 6)	772,716	89,481
	1,100,317	369,644
Long-term debt (note 6)	36,299	723,985
Future income tax liabilities (note 7)	1,904	47,662
Deferred revenue	-	13,200
Provision for reclamation costs	63,987	51,145
Other long-term liabilities	27,158	18,130
Shareholders' equity (note 9)	98,153	653,137
Going concern basis (note 1)		
Commitments and contingencies (notes 9 and 10)		
Subsequent events (note 17)		
	\$ 1,327,818	\$ 1,876,903

See accompanying notes to consolidated financial statements.

On behalf of the board:


DIRECTOR


DIRECTOR

Consolidated statements of operations

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

Years ended December 31, 2000, 1999 and 1998

	2000	1999	1998
Revenue	\$ 1,155,599	\$ 1,031,004	\$ 1,053,637
Operating expenses:			
Cost of sales of metals and other products	983,968	884,718	886,420
Depreciation, depletion and amortization	118,934	117,671	98,955
Selling, general and administrative	65,462	71,587	70,214
Exploration, research and development	14,299	16,459	24,263
Writedown of mining properties and unusual charges (note 11)	629,070	-	-
Provision for Los Frailes incident	-	-	42,500
	1,811,733	1,090,435	1,122,352
Operating loss	(656,134)	(59,431)	(68,715)
Interest on long-term debt	(50,686)	(44,591)	(21,670)
Interest and other income (expense) (note 12)	(8,731)	16,386	16,379
	(59,417)	(28,205)	(5,291)
Loss before income taxes	(715,551)	(87,636)	(74,006)
Provision for (recovery of) income taxes (note 7)	(59,994)	(19,421)	1,680
Loss for the year	\$ (655,557)	\$ (68,215)	\$ (75,686)
Loss per common share (note 2)	\$ (3.45)	\$ (0.68)	\$ (0.71)

See accompanying notes to consolidated financial statements.

Consolidated statements of cash flows

(In thousands of U.S. dollars)

Years ended December 31, 2000, 1999 and 1998

	2000	1999	1998
Cash provided by (used in):			
Operating activities:			
Loss for the year	\$ (655,557)	\$ (68,215)	\$ (75,686)
Items not affecting cash:			
Writedown of mining properties and unusual charges	629,070	-	-
Depreciation, depletion and amortization	118,934	117,671	98,955
Gain on asset dispositions	(2,643)	(13,557)	(1,732)
Future income taxes	(66,007)	(24,140)	(6,103)
Other	1,303	4,111	(12,700)
	25,100	15,870	2,734
Net change in non-cash operating working capital	(30,436)	1,051	15,856
Cash provided by (used in) operating activities	(5,336)	16,921	18,590
Financing activities:			
Additions to debt	\$ 74,000	\$ 50,478	\$ 668,586
Repayment of debt	(64,362)	(12,950)	(144,692)
Issuance of common shares, net of issue costs	142,600	-	-
Taxes paid on dividends	(447)	-	-
Convertible preferred shares issued, net of issue costs	-	82,925	-
Dividends paid on convertible preferred shares	-	(2,165)	-
Redemption of preferred shares in subsidiaries	-	-	(46,594)
Cash provided by financing activities	151,791	118,288	477,300
Investing activities:			
Capital expenditures	(163,765)	(167,913)	(235,663)
Proceeds on asset dispositions	3,111	24,866	1,368
Other assets	(7,997)	(3,373)	-
Acquisition of Westmin Resources Limited, net of cash acquired	-	-	(246,636)
Cash used in investing activities	(168,651)	(146,420)	(480,931)
Effect of exchange rate changes on cash balances in foreign currencies	944	2,578	663
Increase (decrease) in cash and short-term investments	(21,252)	(8,633)	15,622
Cash and short-term investments, beginning of period	66,463	75,096	59,474
Cash and short-term investments, end of period	\$ 45,211	\$ 66,463	\$ 75,096

See accompanying notes to consolidated financial statements.

Notes to consolidated financial statements

(Tabular amounts in thousands of U.S. dollars)
(Years ended December 31, 2000, 1999 and 1998)

1. Going concern basis:

The consolidated financial statements of Boliden Limited ("Boliden" or the "Company") are prepared in accordance with Canadian generally accepted accounting principles and on a going concern basis which assumes that the Company will be able to discharge its liabilities and realize the carrying value of its assets in the normal course of operations. Accordingly, the accompanying consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts, classification of liabilities or recognition of unrealized losses on contracts accounted for as hedges (\$109.5 million, see note 14) that might be necessary should the Company be unable to continue as a going concern.

At December 31, 2000, the Company was not in compliance with, and was operating under temporary waivers of, covenants under certain of its loan agreements. Accordingly, the Company's debt has been classified as current, resulting in a working capital deficiency. In addition, in 2000 the Company recorded a significant loss from operations and negative operating cash flow after net changes in non-cash operating working capital.

The Company is pursuing several initiatives to address these issues, including refinancing its debt, sourcing additional financing and implementing a capital management program ("CMP") aimed at reducing costs, increasing productivity, postponing discretionary expenditures, securing partners for those operations (eg, Myra Falls) that require non-discretionary expenditures to maintain continued operations and selling non-strategic assets. After year end, as part of the CMP, the Company announced the sale of its interests in Norzink A/S ("Norzink") and Compania Minera Lomas Bayas ("Lomas Bayas") (note 17).

The Company's ability to discharge its liabilities and realize the carrying value of its assets in the normal course of operations is dependent upon, among other things, achieving satisfactory arrangements with its lenders and successfully implementing the CMP. There can be no assurance that the Company will be successful with those initiatives.

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 earnings 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 earnings 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 other income in the period in which the changes occur.

(f) Mining properties and 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 the 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, such as commodity prices and exchange rates, 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. Significant areas requiring the use of management estimates relate to the determination of impairment of mining properties and reclamation costs. Actual results could differ from those estimates.

(l) Loss per share:

For 2000, loss per common share (after giving effect to the impact of the convertible preferred shares) is calculated based on the weighted average number of shares outstanding during the year, being 191,975,013 (1999 - 107,019,193; 1998 - 106,085,764).

The conversion of outstanding preferred shares and the exercise of common share options and warrants would have an anti-dilutive impact on loss per share in 2000, 1999 and 1998.

(m) Cash and short-term investments:

Cash and short-term investments consist of balances with banks and investments in money market instruments with terms to maturity of three months or less. These investments are carried at cost, which approximates market.

3. Inventories:

	2000		1999
In process	\$ 131,674	\$	80,055
Finished products	46,466		50,173
Materials and supplies	52,958		54,363
	\$ 231,098	\$	184,591

4. Capital assets:

2000	Cost	Accumulated Depreciation	Net Book Value
Mining:			
Property acquisition and deferred mine costs	\$ 636,566	\$ 419,347	\$ 217,219
Buildings and equipment	673,082	407,535	265,547
Construction in progress	1,325	-	1,325
	1,310,973	826,882	484,091
Smelters:			
Property, plant and equipment	553,492	282,775	270,717
Construction in progress	10,854	-	10,854
Fabrication	97,591	61,710	35,881
Other property, plant and equipment	9,301	7,503	1,798
	671,238	351,988	319,250
	\$ 1,982,211	\$ 1,178,870	\$ 803,341
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
Smelters:			
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

Interest on debt capitalized during 2000 amounted to \$5.3 million (1999 - \$2.6 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 (see note 17) 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:

	2000		1999		1998
Working capital	\$ 15,946	\$	21,456		
Non-current assets	25,470		27,178		
Non-current liabilities	(1,735)		(2,822)		
Net assets	\$ 39,681	\$	45,812		
Revenue	\$ 96,348	\$	101,945	\$	104,258
Expenses	85,866		93,406		99,022
Net earnings	\$ 10,482	\$	8,539	\$	5,236
Cash provided by operating activities	\$ 16,332	\$	12,887	\$	7,057
Cash used in financing activities	\$ (12,073)	\$	(1,838)	\$	(11,022)
Cash used in investing activities	\$ (5,725)	\$	(4,276)	\$	(4,250)

In December 1999, the Company disposed of its interest in the Saudi Company for Precious Metals ("SCPM"). Net assets at December 31, 2000 and 1999 do not include SCPM. The net earnings and cash flows for 1999 and 1998, however, include the Company's interest in SCPM for the period it was owned.

6. Debt:

	2000		1999
\$300 million revolving credit facility (a)	\$ 300,000	\$	300,000
\$230 million term loan facility (b)	230,000		230,000
Bridge facility (c)	90,000		-
Lomas Bayas facility (d)	112,700		127,050
SEK 250 million medium-term bonds (e)	26,226		29,343
Other (note 8)	50,089		127,073
Total debt	809,015		813,466
Less amounts maturing within one year	772,716		89,481
	\$ 36,299	\$	723,985

As discussed in note 1, the Company was not in compliance with, and was operating under temporary waivers of, covenants under certain of its loan agreements at December 31, 2000. Accordingly, this debt has been classified as current. The Company anticipates that it will be able to repay the Lomas Bayas facility and part of its other facilities out of the proceeds derived from the proposed sale of Norzink and Lomas Bayas (note 17). The Company has initiated discussions with the lenders under its other facilities with a view to refinancing its obligations under these facilities. As part of these discussions, the lenders have agreed to waive their rights with respect to any breaches of the financial covenants contained in these facilities through May 31, 2001. The existing terms of the Company's significant debt facilities, subject to the outcome of the aforementioned negotiations, are summarized below:

(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) Bridge facility:

Pursuant to a credit agreement with an international banking syndicate, the Company may borrow up to \$90 million (including letters of credit). 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.

Under the credit agreement, the credit limit was originally \$191 million (including letters of credit), \$85 million under Tranche A which was available until February 1, 2001 and \$106 million (including letters of credit) under Tranche B which was available until February 8, 2002. If the Company receives funds (a) under any other credit agreement, (b) through an issuance of debt or equity securities or (c) through the disposal of assets for cash proceeds (except in the ordinary course of business), the credit limit will be reduced pro rata between Tranches A and B by an amount equal to the net funds received. When the Company completed its rights issue (note 9(c)), the credit limit was reduced to \$90 million (including letters of credit), \$40 million under Tranche A and \$50 million (including letters of credit) under Tranche B.

Under the credit agreement, if a default occurs, the banking syndicate 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 that owns the Rönnskär smelter.

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.

In December 2000, the Company initiated discussions with the lenders with a view to increasing the amount available to the Company under Tranche A by \$20 million and postponing the date for repayment of Tranche A to a later date to permit the Company to implement the CMP. In December 2000, the lenders agreed to increase the amount available to the Company under Tranche A by the \$20 million requested and postpone the date for repayment of Tranche A to May 1, 2001. As part of these arrangements, the Company agreed to accelerate the date for repayment of Tranche B to May 1, 2001.

(d) Lomas Bayas facility:

Pursuant to a secured loan agreement with an international banking syndicate, the Company borrowed \$140 million 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, which commenced on June 30, 1999, ranging from \$5,600,000 to \$13,300,000.

Repayment of 50% of excess cash flow from the Lomas Bayas Project 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.

(e) 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.

7. Income taxes:

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

	2000	1999	1998
Current	\$ 6,013	\$ 4,719	\$ 7,783
Future recovery	(66,007)	(24,140)	(6,103)
Total income taxes	\$ (59,994)	\$ (19,421)	\$ 1,680

- (b) The difference between the amount of the reported consolidated income tax provision and the amount computed by multiplying the loss before income taxes by the applicable Swedish (being the principal country in which the Company operates) tax rate of 28% (1999 - 28%; 1998 - 28%) is reconciled as follows:

	2000	1999	1998
Income taxes computed using the Company's tax rates	\$ (200,354)	\$ (24,538)	\$ (20,722)
Adjust for:			
Income of foreign subsidiaries taxed at differing effective tax rates	57,036	(1,027)	(9,188)
Losses of subsidiaries not tax benefited	75,585	10,562	27,730
Non-deductible items	1,999	1,980	2,012
Other	2,454	(3,954)	1,848
Change in valuation allowance	3,286	(2,444)	-
Income tax provision (recovery)	\$ (59,994)	\$ (19,421)	\$ 1,680

- (c) The tax effects of temporary differences that give rise to significant portions of the future tax assets and liabilities at December 31, 2000 and 1999 are as follows:

	2000	1999
Future tax assets:		
Capital assets, principally due to provisions taken for accounting purposes	\$ 65,881	\$ 17,249
Net operating loss carryforwards	297,454	129,796
Financial instruments, principally due to deferred revenue for financial reporting purposes	1,520	-
Provisions and other allowances	11,693	1,128
Total gross future income tax assets	376,548	148,173
Less valuation allowance	261,781	87,340
Net future income tax assets	\$ 114,767	\$ 60,833
Future tax liabilities:		
Excess depreciation taken for income tax over accounting purposes	\$ 41,874	\$ 68,751
Financial instruments principally due to hedging	6,902	-
Other	4,554	526
Total future income tax liabilities	\$ 53,330	\$ 69,277
Net future tax asset (liability)	\$ 61,437	\$ (8,444)
After taking into account the right of offset, these balances are presented as:		
Net future tax asset	63,341	39,218
Net future tax liability	1,904	47,662

- (d) At December 31, 2000, the Company and its subsidiaries included in these consolidated financial statements have \$209 million of available gross tax loss carryforwards which expire between the years 2001 and 2011, and \$643 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. The Company also provides extended health and dental benefits for certain employees in Canada. During the year, the Company adopted Section 3461 of The Canadian Institute of Chartered Accountants ("CICA") Handbook, "Employee Future Benefits". This change has been applied retroactively without restatement with an adjustment to the current period opening retained earnings of \$2.289 million.

The assumptions of the Company's defined benefit plans are as follows:

	Pension benefits	Post retirement benefits other than pensions
Expected long-term rate of return on plan assets	4.75% – 8.00 %	– %
Discount rate on accrued pension obligations	5.75% – 8.00 %	7 %
Rate of compensation increase	2.50% – 5.00 %	– %
Health care rate of expense increase	–	10 %

The status of the Company's defined benefit plans are as follows:

	Pension benefits	Post retirement benefits other than pensions
Pension expense:		
Current service cost	\$ 2,134	\$ 22
Interest cost of projected benefit obligation	5,045	30
Expected return on pension fund assets	(8,735)	–
Net amortization, deferrals and other	3,119	–
	\$ 1,563	\$ 52
Plan assets:		
Market value of plan assets, beginning of year	\$ 80,738	\$ –
Actual return on plan assets	1,475	–
Employer contributions	1,910	–
Benefits paid	(1,801)	–
Foreign exchange	(6,256)	–
Market value of plan assets, end of year	\$ 76,066	\$ –

Retirement plans: (cont'd)

Accrued benefit obligation:

Accrued benefit obligation, beginning of year	\$	82,725	\$	413
Current service cost		2,134		22
Interest cost		5,045		30
Actuarial gain (loss)		(7,574)		-
Benefits paid		(2,055)		-
Foreign exchange		(6,257)		
Accrued benefit obligation, end of year	\$	74,018	\$	465

Plan assets	\$	76,066	\$	-
Benefit obligations		(74,018)		(464)
Unamortized transitional asset		(1,679)		356
Prepaid pension asset	\$	369	\$	(108)

The projected pension benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets were as follows:

Projected benefit obligation	\$	12,430
Fair value of plan assets		11,459
	\$	(971)

The Company's pension benefits in Sweden are considered a multi-employer plan and, accordingly, are not included in the plans described above. At December 31, 2000, \$3 million has been recognized as an expense for the period in respect of this plan. During the year, the Company received a refund and future reduction in liabilities of \$2.8 million and \$6.7 million, respectively, in respect of this plan which was recorded in earnings. The Company's obligation under the Swedish unfunded defined benefit plans of \$36.3 million (1999 - \$46.5 million) is included in debt (note 6).

9. Shareholders' equity:

(a) Shareholders' equity is comprised as follows:

		2000		1999
Common shares	\$	790,878	\$	641,963
Convertible preferred shares		78,872		83,875
Deficit		(762,317)		(103,159)
Foreign currency translation account		(9,280)		30,458
Shareholders' equity	\$	98,153	\$	653,137

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

	Common Shares		Preferred Shares		Retained
	Number	Amount	Number	Amount	Earnings (Deficit)
Balance, December 31, 1997	99,640,315	\$ 592,649	-	\$ -	\$ 44,403
Shares issued on acquisition of Westmin	7,376,290	49,269	-	-	-
Loss for the year	-	-	-	-	(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)
Change in accounting policy (note 8)	-	-	-	-	(2,289)
Restated balance, December 31, 1999	-	-	-	-	(105,448)
Shares issued for cash, net of costs	107,122,402	142,600	-	-	-
Conversions	4,523,879	6,315	(373,986)	(6,315)	-
Loss for the year	-	-	-	-	(655,557)
Accretion on convertible preferred shares	-	-	-	1,312	(1,312)
Balance, December 31, 2000	218,693,793	\$ 790,878	4,670,252	\$ 78,872	\$ (762,317)

(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, 2000, cumulative unpaid dividends and associated taxes totalled \$7.0 million (1999 - \$1.4 million).

Before March 30, 2009, each Convertible Preferred Share is convertible into a fixed number of common shares. As at December 31, 2000, the Conversion Rate is 14.3803.

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) 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.

(d) Share options:

The Company has a stock option plan (the "Stock Option Plan") under which the board of directors of the Company, or a board committee appointed for the purpose, may from time to time authorize the granting of options to acquire common shares of the Company to directors, officers and eligible employees of the Company and its subsidiaries. Under the Stock Option Plan, the exercise price for common shares subject to an option may not be less than the simple average of the daily averages of the high and low prices at which a board lot of common shares of the Company traded on the Toronto Stock Exchange on each of the five trading days immediately preceding the date that the option is granted. An option may be for a term of up to 10 years and may not be assigned.

A summary of the options outstanding under the Company's option plans at December 31, 2000 and changes in the three-year period ended December 31, 2000 is presented below:

	Number	Weighted average exercise price ¹
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
Cancelled	(197,000)	5.09
Expired	(911,879)	10.47
Outstanding, December 31, 1999	3,850,232	7.57
Granted	1,915,000	2.04
Cancelled	(230,000)	3.96
Expired	(307,344)	11.95
Outstanding, December 31, 2000	5,227,888	5.44

¹ Exercise prices shown are denominated in Canadian dollars.

The following table provides additional information with respect to the Company's stock options outstanding at December 31, 2000:

Range of exercise prices ¹	Outstanding, December 31, 2000	Weighted average exercise price ¹	Weighted average life (years)	Exercisable at, December 31, 2000	Weighted average exercise price ¹
\$1.00 – \$2.00	1,895,000	\$ 1.32	8.70	731,667	\$ 1.31
\$2.00 – \$3.00	1,215,000	2.41	9.26	–	–
\$3.00 – \$4.00	575,000	3.43	8.52	475,000	3.41
\$5.00 – \$6.00	30,000	5.10	7.83	20,000	5.10
\$7.00 – \$8.00	6,288	7.96	0.79	6,288	7.96
\$9.00 – \$10.00	26,645	9.39	1.83	26,645	9.39
\$10.00 – \$11.00	85,136	10.34	0.79	85,136	10.34
\$11.00 – \$12.00	182,334	11.93	5.47	104,001	11.92
\$12.00 – \$13.00	320,906	12.23	1.11	320,906	12.23
\$13.00 – \$14.00	258,823	13.80	1.19	258,823	13.80
\$14.00 – \$15.00	39,968	14.27	0.67	39,968	14.27
\$15.00 – \$16.00	588,525	16.00	6.37	438,525	15.99
\$17.00 – \$18.00	4,263	17.83	0.33	4,263	17.83
	5,227,888	5.44	7.31	2,511,222	8.02

¹ Exercise prices shown are denominated in Canadian dollars.

(e) Warrants:

As part of the compensation paid to the Bridge Facility lenders, during the current year the Company issued warrants, exercisable until February 8, 2005 to purchase 1,000,000 common shares at an exercise price of Canadian \$4.05 per common share.

During the year, the Company also issued warrants exercisable until June 30, 2003 to purchase 1,250,000 common shares at an exercise price of Canadian \$2.50 per common share.

10. Commitments and contingencies:

(a) Los Frailes incident:

In December 2000, the Spanish criminal judge investigating the cause of the failure of the tailings dam owned by the Company's Spanish subsidiary, Boliden Apirsa SL ("Apirsa"), dismissed the proceedings against all of the implicated parties, including Apirsa.

In her judgment, the judge determined that the tailings dam failed because the design of the dam did not properly take into account two key factors - the brittleness of, and the pore pressures within, the blue marl (clay) formation on which the dam was constructed. The judge also determined that, although the designers of the dam and the consultants subsequently retained by Apirsa to review the stability of the dam failed to take these factors properly into account, that failure did not constitute gross negligence required to lay criminal charges.

In her judgment, the judge noted that Apirsa held all necessary permits and approvals and had operated the tailings dam in accordance with applicable law. She also noted that the experts retained by her to assist in the investigation had concluded that seepage was not a cause of the failure.

The decision of the judge has been appealed by several interested parties. Apirsa has stated that, once the appeal process has been completed, it intends to commence civil proceedings to recover damages from the parties responsible for the tailings dam 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 instalment receipts representing common shares of the Company pursuant to the Company's initial public offering. The statement of claim alleges 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 AB ("Trelleborg"), the former parent of the Company, 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 currently has the financial capacity to satisfy any potential 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.

11. Writedown of mining properties and unusual charges:

As discussed in note 1, the Company has initiated the CMP and a strategic review of all of its operations.

As a result of these initiatives, in the third quarter of 2000 the Company decided that it was not prepared to make any further investments in its Spanish subsidiary, Boliden Apirsa SL ("Apirsa"), including financing the next phase of the mine plan for Apirsa's Los Frailes mine. In October 2000, Apirsa decided to complete the current phase of the mine plan for Los Frailes - the mining out of pit 2, but not to proceed with the next phase - the pushback for pit 3. In order to preserve its assets, to pay creditors in an orderly manner and to ensure that operations at Los Frailes continue until the planned completion of pit 2 in October 2001, Apirsa filed a court application for "suspension de pagos" proceedings (similar to Canadian CCAA and United States Chapter 11 proceedings). The foregoing decisions resulted in a charge of \$189.8 million related to the Company's investment in Los Frailes taken in the third quarter of 2000. The Company's investment in Los Frailes has been fully written off.

Also, as a result of these initiatives, the Company began a process to actively seek a purchaser for all or part of its interest in the Lomas Bayas and Fortuna de Cobre properties. After year end, the Company signed a letter of intent (note 17), which necessitated the properties being written down to their estimated net realizable value on the expected sale of the interest in these properties.

The writedown and unusual charges also include a restructuring charge on account of the downsizing of the Company's corporate offices in Toronto and Stockholm and of its Swedish mining operations, a writedown with respect to the expected sale of certain of the Company's fabrication assets and the financial statement recognition of certain post-employment liabilities for its Swedish employees.

Lomas Bayas	\$	415,561
Los Frailes		189,784
Restructuring and other		23,725
	\$	629,070

12. Interest income and other income (expense):

Interest income and other income (expense), includes the following:

	2000	1999	1998
Interest income	\$ 3,460	\$ 1,848	\$ 6,280
Interest expense	(3,783)	(3,029)	(3,242)
Gain on sale of assets	2,643	15,501	1,732
Gain (loss) on commodity and other contract trading activities	33	1,180	(1,091)
Realized foreign exchange gain on debt	1,338	3,500	12,700
Other financial items	(4,425)	1,497	-
Royalty interest written off	-	(4,111)	-
Writedown of investment	(7,997)	-	-
Total interest and other income (expense)	\$ (8,731)	\$ 16,386	\$ 16,379

13. 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. Metech is a subsidiary of Trelleborg AB, the Company's former parent and through May 1999 a significant shareholder of the Company. The amount paid to Metech during 1999 was \$33.7 million (1998 - \$25.8 million), which is the exchange amount as agreed between the parties.

During the year, the Company paid approximately \$1 million in fees to a law firm in which the Deputy Chairman and Corporate Secretary is a partner.

14. Financial instruments:**(a) Fair values of financial assets and financial liabilities:**

The carrying values of cash and short-term investments, accounts and metals settlements receivable, accounts payable and accrued charges 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, 2000, the Company's principal currency hedge positions were as follows:

Maturing in	2001		2002	
	\$ Million	Rate	\$ Million	Rate
Swedish kronor:				
Forward sales	372	7.78	316	8.15
Norwegian kroner:				
Forward sales	40	7.68	8	7.86
Call options sold	4	7.80	18	7.80
Spanish pesetas:				
Forward sales	71	150	-	-
Canadian dollars:				
Forward sales	70	148	-	-

The fair value of these currency contracts at December 31, 2000 was an unrealized loss of \$128.3 million of which \$20 million was accrued (1999 - unrealized loss of \$71.4 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, 2000, the Company's principal commodity hedge positions were as follows:

Maturing in 2001	Quantity	Average Price
Copper - call option sold	15,000 tonnes	\$ 0.97 per lb

The fair value of these commodity contracts at December 31, 2000 was an unrealized loss of \$0.1 million (1999 - unrealized loss of \$8.5 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, 2000 was an unrealized loss of \$1.1 million (1999 - unrealized gain \$0.2 million).

15. 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, 2000:						
Revenue	\$ 397,288	\$ 687,212	\$ 250,411	\$ 17,410	\$ (196,722)	\$ 1,155,599
Operating income (loss)	(677,083)	36,971	4,031	(20,053)	–	(656,134)
Depreciation, depletion and amortization	91,454	20,495	6,537	448	–	118,934
Capital employed	406,049	310,360	90,144	(15,219)	–	791,334
Capital expenditures	60,686	99,095	3,767	217	–	163,765
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

¹ The financial results for the year 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:

	2000	1999
Capital assets:		
Sweden	\$ 446,285	\$ 414,062
Chile	164,631	592,144
Spain	12	145,942
Canada	139,942	155,241
Norway	22,399	23,386
United Kingdom	13,880	17,154
Belgium	9,962	11,000
Netherlands	5,980	7,251
Other	250	319
	\$ 803,341	\$ 1,366,499

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

	2000	1999	1998
Revenue:			
Sweden	\$ 618,501	\$ 544,854	\$ 559,204
Norway	95,085	96,141	98,274
United Kingdom	80,786	74,505	94,492
Netherlands	42,676	53,413	61,943
Canada	54,109	36,534	45,641
Spain	57,254	33,702	39,139
Germany	27,159	29,340	32,276
Belgium	25,854	23,789	32,157
Denmark	26,438	26,330	28,948
Chile	93,812	75,189	24,569
France	24,067	19,490	20,861
Saudi Arabia	-	6,641	8,625
Finland	6,308	6,641	7,508
Poland	3,550	4,435	-
	\$ 1,155,599	\$ 1,031,004	\$ 1,053,637

Revenue from one customer of the smelting segment represents approximately 19% (1999 - 15%; 1998 - 15%) of the Company's total revenue.

16. Supplementary cash flow information:

	2000		1999		1998
Interest paid	\$ 66,372	\$	41,424	\$	23,126
Income taxes paid	4,967		6,379		9,960
Non-cash investments	-		-		49,269

17. Subsequent events:

After year end, the Company announced that it and Rio Tinto had signed definitive agreements (implementing a letter of interest signed during the fourth quarter of 2000) to sell their respective 50% interests in Norzink, the owner and operator of the Norzink zinc smelter and refinery, for a total cash purchase price of \$180 million. The sale, which is expected to close in April 2001, is estimated to result in a net gain before tax of approximately \$30 million to the Company based on year-end exchange rates. This gain is not reflected in the consolidated financial statements.

In addition, the Company announced that on February 28, 2001, it signed a letter of intent to sell its interest in Lomas Bayas and Compania Minera Boliden Westmin Chile Limitada, the owners of the Lomas Bayas SX-EW copper project and adjacent Fortuna de Cobre copper deposit located in Chile, to Noranda Inc. and Falconbridge Limited ("Purchasers"), effective January 1, 2001, for a purchase price of:

- (a) \$175 million plus cash balances (\$2.1 million) less outstanding third party debt obligations (\$112.7 million); plus
- (b) \$15 million if and when the Purchasers exercise their right to retain the Fortuna de Cobre copper deposit before the fifth anniversary of closing.

Closing of the transaction is subject to completion of satisfactory due diligence, negotiation and settlement of satisfactory definitive agreements, receipt of all required regulatory and other third party consents and approval of the boards of directors of the Purchasers and Boliden. The transaction has resulted in a writedown of approximately \$380 million, net of taxes, in the carrying value of Boliden's interests in Lomas Bayas and Fortuna de Cobre which has been recorded in the consolidated financial statements at December 31, 2000.

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 24 meetings in 2000. Five meetings of the board are scheduled for 2001.

Composition of the Board

The board of directors is currently composed of six members, four 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. There is currently one vacancy on the board of directors.

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. Balogh, 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 five meetings in 2000. Four meetings of the Audit Committee are scheduled for 2001.

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. The Corporate Governance and Human Resources Committee held two meetings in 2000. Two meetings of the Corporate Governance and Human Resources Committee are scheduled for 2001.

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. 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, Canada is a Corporate Director.

Thomas Cederborg of Linköping, Sweden is President and Chief Executive Officer of Boliden Limited.

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

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

Frederick Telmer of Burlington, Ontario, Canada is a Corporate Director.

Officers

Frederick Telmer,
Chairman

Thomas Cederborg,
President and Chief Executive Officer

Anders Haker,
Senior Vice President and Chief Financial Officer

William Fisher,
Vice President, Exploration

Staffan Jähkel,
Vice President, Technology Sales

Bengt-Olof Johansson,
Vice President, Restructuring and Business Development

Kjell Larsson,
Vice President,
Mining Operations, Americas

Lars-Åke Lindahl,
Vice President,
Environmental Affairs

Robert McDermott,
Deputy Chairman and Secretary

Bo-Johan Nilsson,
Vice President,
Mining Operations, Sweden

Karl-Axel Waplan,
Vice President,
Marketing and Sales

Johan Wiklund,
Vice President,
Smelting Operations

How to reach us

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Shareholder information

Stock Exchange Listings

Toronto Stock Exchange
(Common Shares, Preferred Shares)

Stockholm Exchange

(Swedish Depository Receipts)

Ticker Symbols

BOL (Common Shares, Swedish Depository Receipts)
BOL.PR.A (Preferred Shares)

Transfer Agent

Computershare Trust
Company of Canada
Investor Services
100 University Avenue
Toronto, Canada
M5J 2Y1

Swedish Depository Receipts Custodian

Skandinaviska Enskilda
Banken AB (publ)
Emissioner R A7
106 40 Stockholm
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 2000 and has no intention to do so in 2001. Any decision to pay dividends on the common shares will be made by the board of directors of the Company on the basis of the earnings, financial position and financing requirements of the Company 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 March, June, September and December of each year. Preferred share dividends were postponed in December 1999.

Annual Meeting

The annual shareholders' meeting will be held on June 11, 2001 at the offices of Boliden Limited, 3300 Bloor St. W., West Tower, Suite 1500, Toronto, Ontario, Canada at 10:00 a.m.

Shareholders' Information Meeting

Shareholders' information meetings will be held in Stockholm and Skellefteå, Sweden. Time and locations to be announced.

Shareholder Inquiries

For information regarding share certificates, stock transfers, etc., please contact: Computershare Trust Company of Canada
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General Inquiries

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Internet

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

To obtain Boliden's 2000 annual report to shareholders in Swedish, please write to:
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Or view the report on our website:
www.boliden.se



