



Interim Report

January – September 2008

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BOLIDEN

Third Quarter

Market

- Weakening demand for base metals in mature economies
- Continued pressure on zinc price
- Weakening copper price. Copper hedges had positive effect
- Stable gold price and continued decline in silver
- Strengthening dollar vs. SEK, NOK and EURO

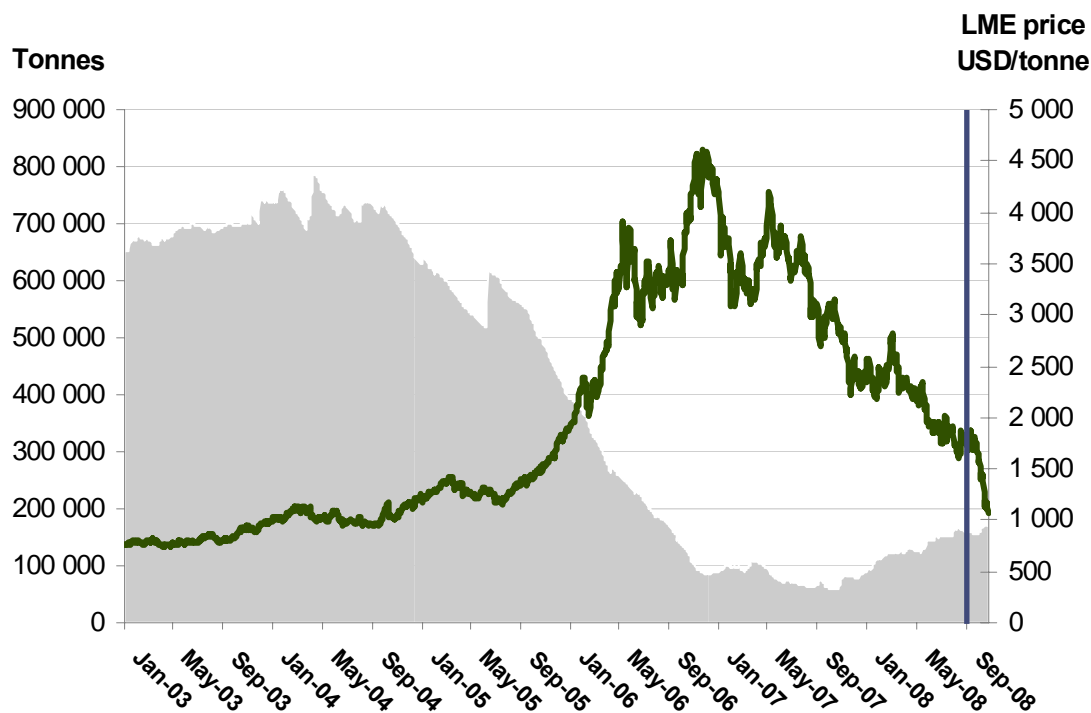
Boliden

- Lower production volumes in Mines
- Smelters had higher production of copper metal but lower production of zinc metal
- Revenues SEK 7,513 million (8,166)
- Operating profit SEK -142 million (1,332)
- Operating margin -2% (16%)
- Return on equity 13%



The Market

Zinc prices continued to decline



Zinc price (LME average)

	USD/t	Q3-08 vs. period
Q3 2007	3,238	- 45%
Q4 2007	2,646	- 33 %
Q1 2008	2,426	- 27 %
Q2 2008	2,115	- 16 %
Q3 2008	1,773	—

Zinc production increase – but low zinc prices trigger mine closure announcements

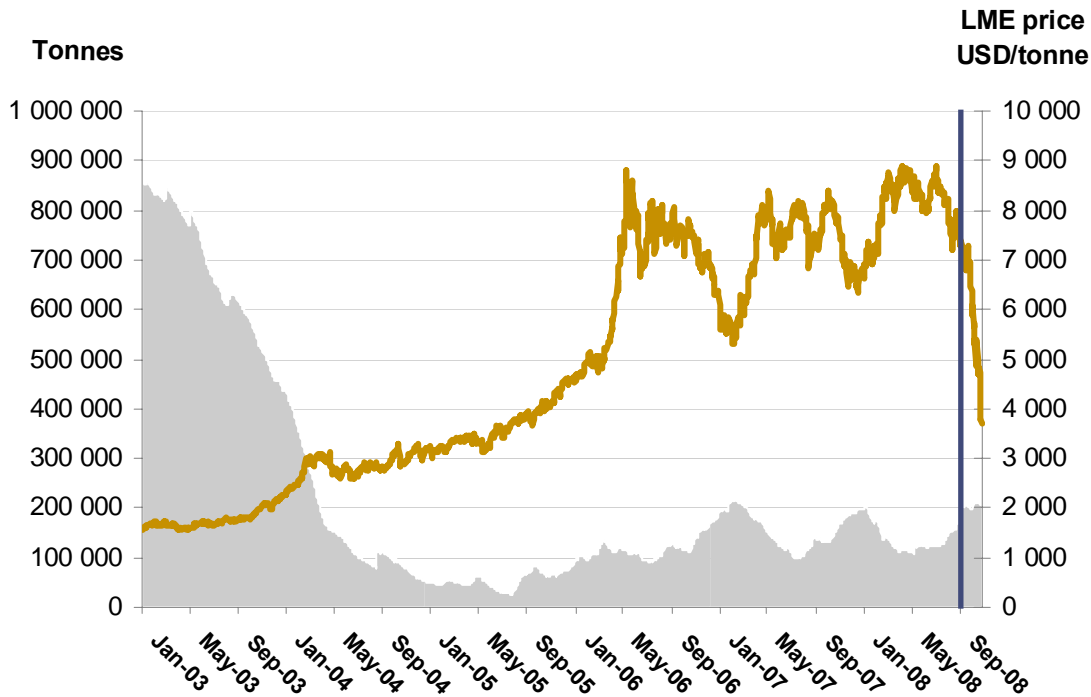
Zinc	Q3-08 vs. Q3-07	Q3 vs. Q2*	Q3-08 kton
Global			
– Consumption	2.6%	0.9%	2,855
– Production	7.1%	-0.5%	2,975
China			
– Consumption	8.3%	2.0%	970
Europe			
– Consumption	-1.6%	-1.0%	660
USA			
– Consumption	-2.7%	-2.0%	248

- Weaker fundamentals for end-user segments in mature economies
- Continued but slower growth in emerging economies
- Falling metal prices and rising costs force a growing number of zinc mines to production cutbacks
- Zinc stocks are rising from historically low levels

Source: CRU

* USA and China – Boliden estimates for Q3 2008

Copper price decline reflects global economic concern



Copper price (LME average)		
	USD/t	Q3-08 vs. period
Q3 2007	7,714	0%
Q4 2007	7,239	6%
Q1 2008	7,763	- 1%
Q2 2008	8,448	- 9%
Q3 2008	7,693	—

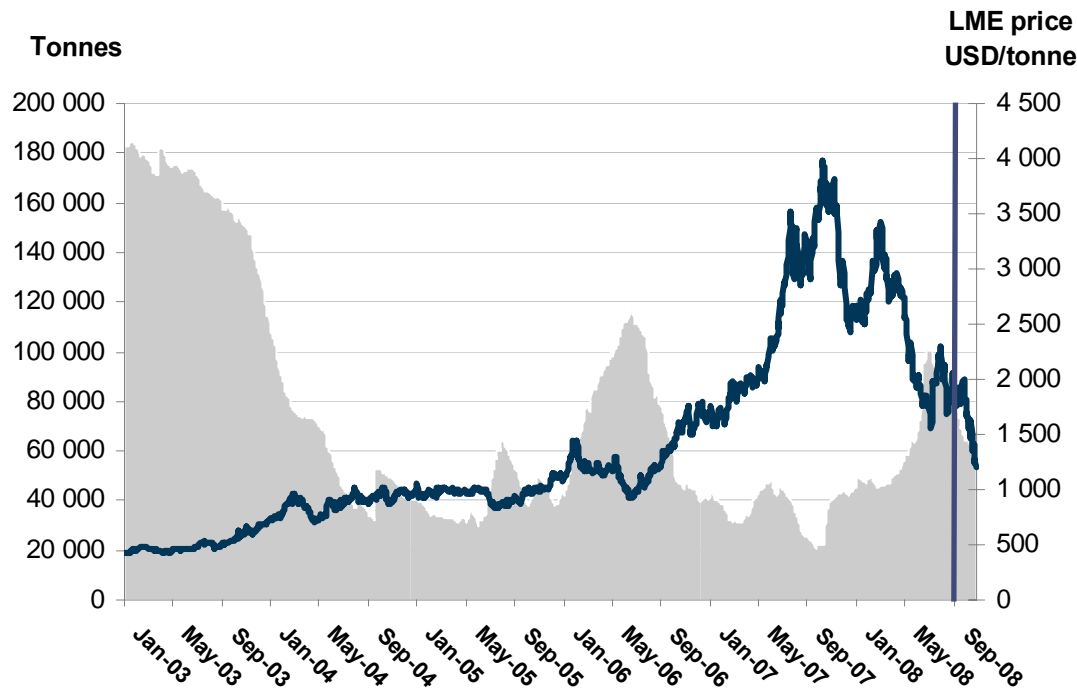
Slowing global demand growth for copper in Q3

Copper	Q3-08 vs. Q3-07	Q3 vs. Q2	Q3-08 kton
Global			
– Consumption	2.2%	-3.6%	4,540
– Production	1.0%	1.2%	4,566
China			
– Consumption	0.2%	0.7%	1,205
Europe			
– Consumption	10.6%	-6.6%	1,192
USA			
– Consumption	-13.6%	-0.4%	490

- Weaker fundamentals for end-user segments in mature economies
- Continued but slower growth in emerging economies
- European Q3-08 growth artificially high as Q3-07 consumption was impacted by de-stocking and substitution with copper scrap
- Mining production still a bottle-neck
- Copper stocks are rising from historically low levels

Source: CRU

Lead prices under pressure



Lead price (LME average)		
	USD/t	Q3-08 vs. period
Q3 2007	3,141	- 39%
Q4 2007	3,262	- 41%
Q1 2008	2,891	- 34%
Q2 2008	2,316	- 17%
Q3 2008	1,912	—

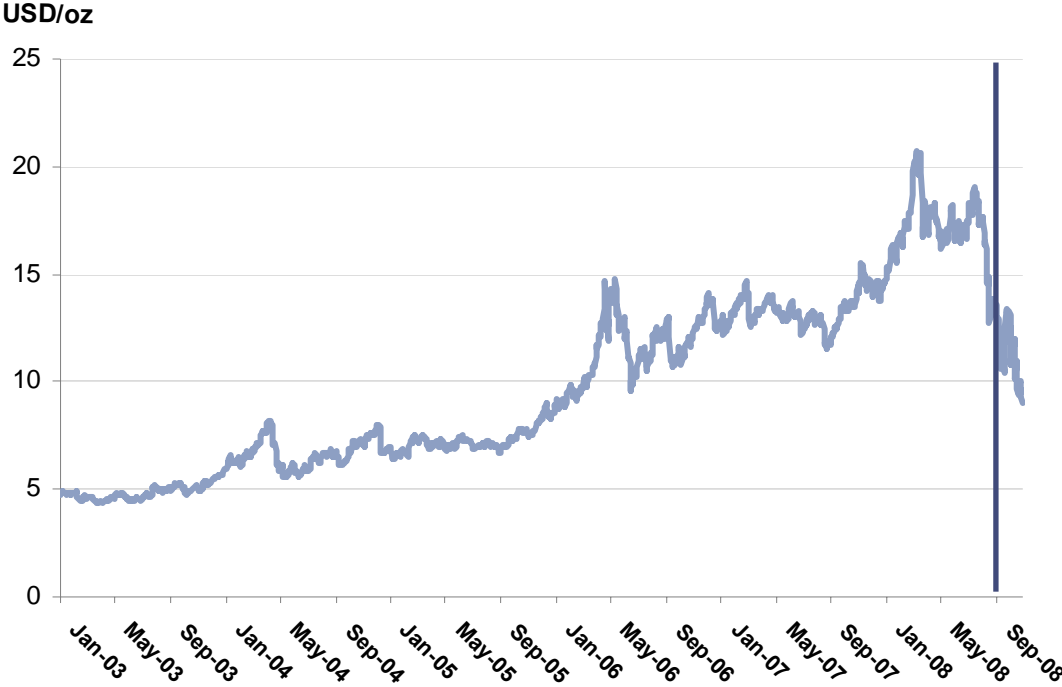
- Demand is weakening because of automotive industry growth decline
- Lead stocks at historically low levels

Gold prices remained at high levels



Gold price (LBMA)		
	USD/oz	Q3-08 vs. period
Q3 2007	679	28%
Q4 2007	788	11%
Q1 2008	926	- 6%
Q2 2008	897	- 3%
Q3 2008	871	—

Silver price declined



Silver price (LBMA)

	USD/oz	Q3-08 vs. period
Q3 2007	12.70	19%
Q4 2007	14.21	6%
Q1 2008	17.59	-14%
Q2 2008	17.18	-12%
Q3 2008	15.09	—



Segment Smelters

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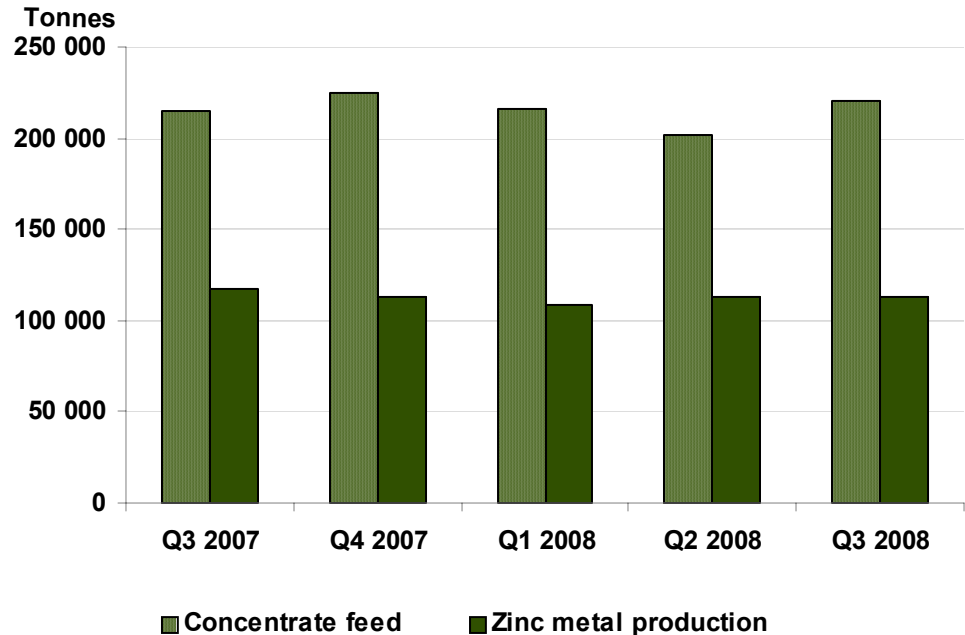
Smelters – increased feed and stable zinc metal production compared with Q2

■ Odda

- Planned maintenance shutdown – continues into Q4
- Unplanned stop in September due to equipment failure
- Continued synergy work with Kokkola

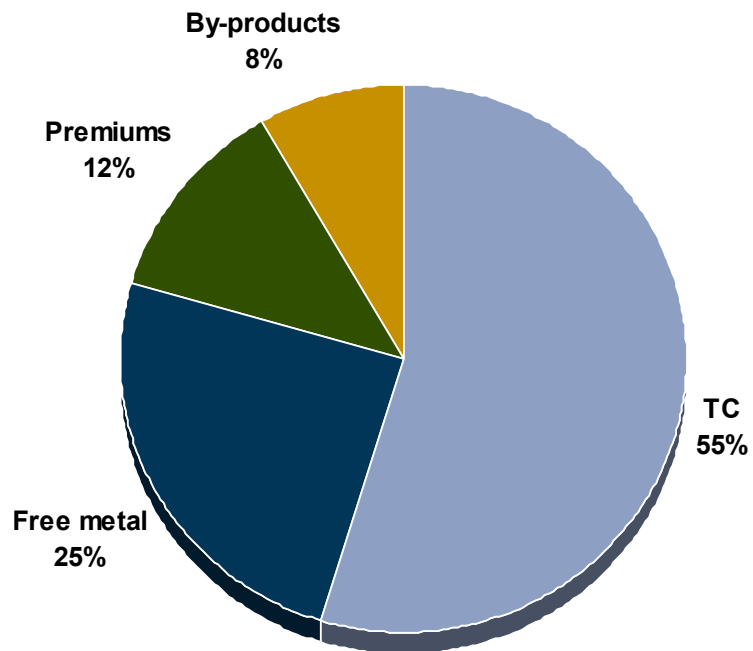
■ Kokkola

- Concentrate feed up 5 percent
- Lower production due to maintenance

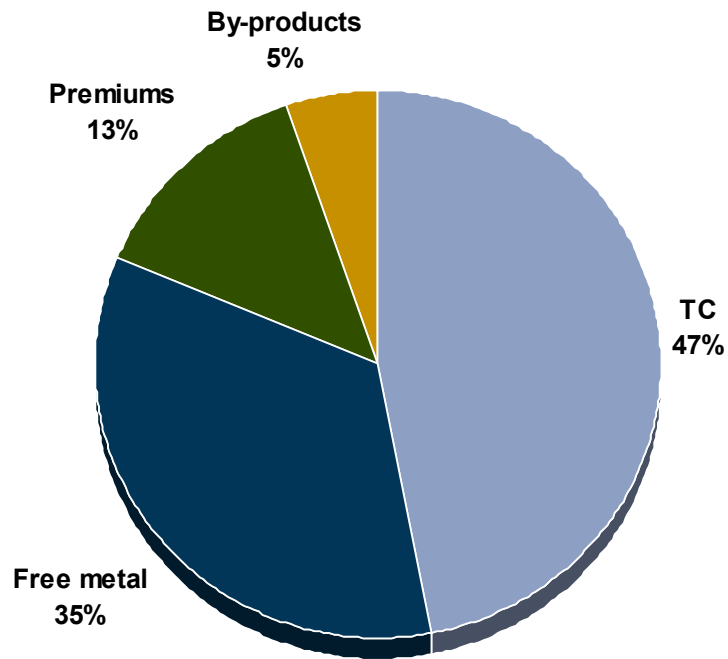


Zinc smelters' approximate year-to-date revenue distribution

9M 2008



9M 2007



Smelters – marginally lower feed and copper cathode production compared to Q2

■ Rönnskär

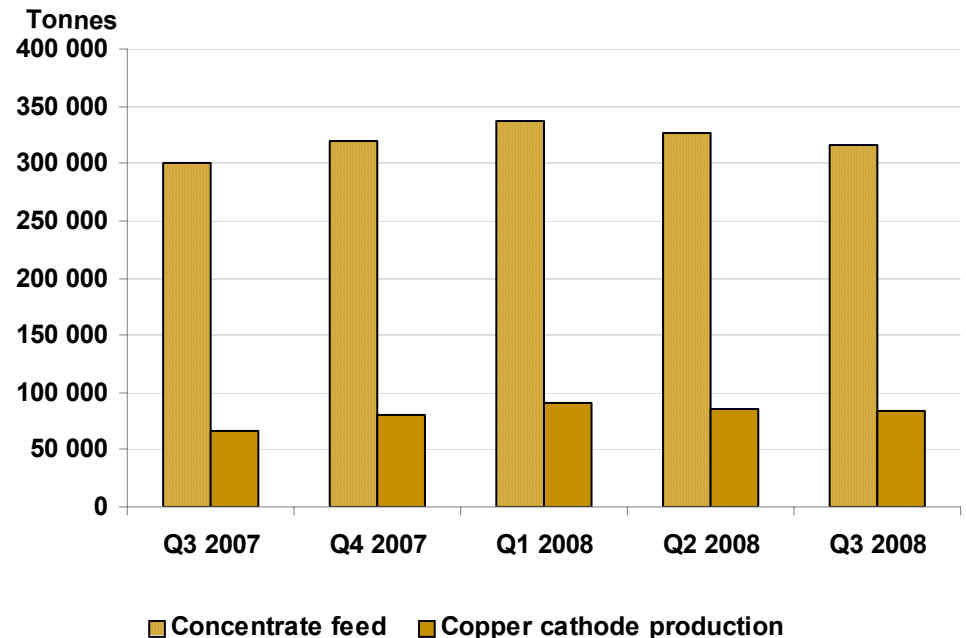
- Planned maintenance shutdown
- Increased copper cathode production compared to Q3-07

■ Harjavalta

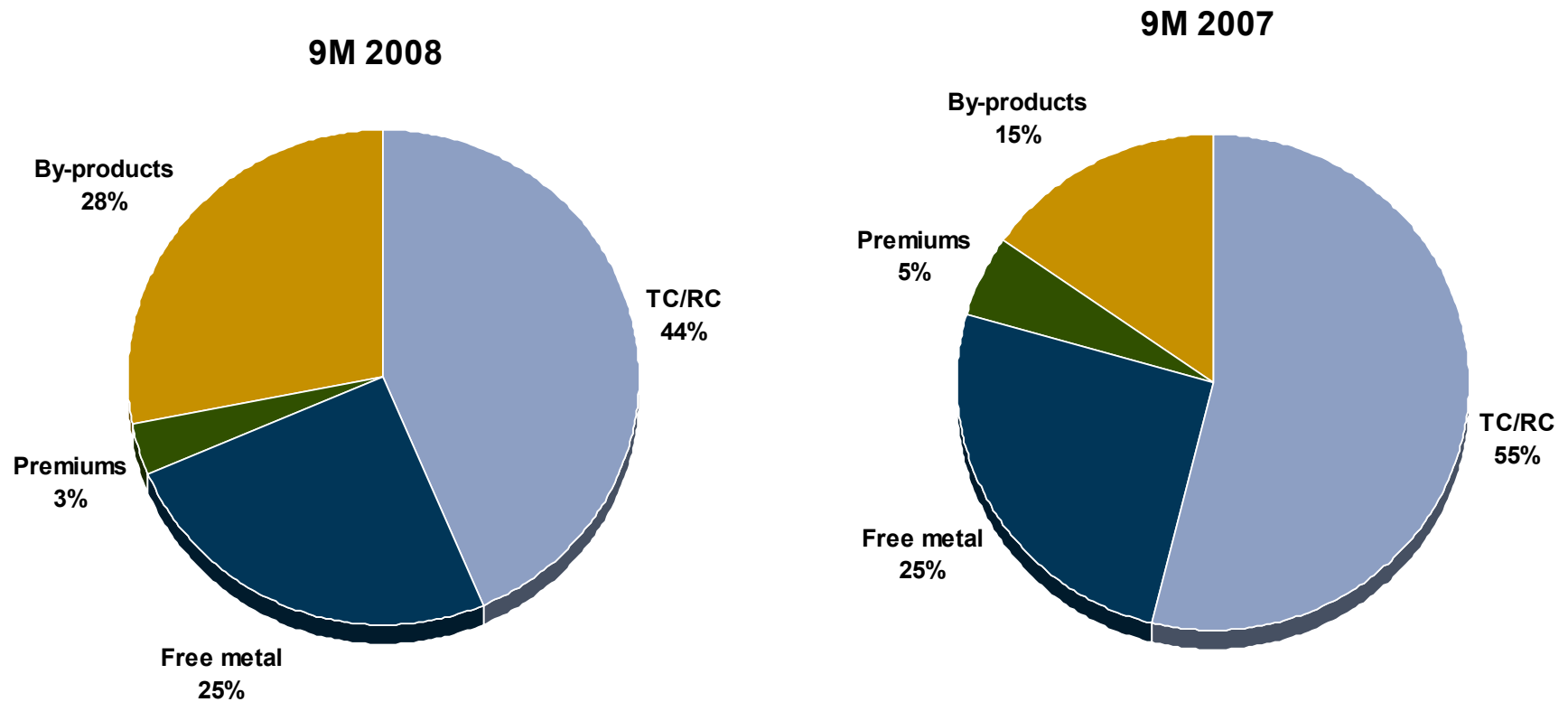
- Increased copper cathode production compared to Q3-07
- Quality of concentrates remains variable

■ Bergsöe (lead)

- Planned maintenance shutdown



Copper smelters' approximate year-to-date revenue distribution



Odda signs agreements for long term electricity supply

- Odda and Statkraft entered into electricity supply agreements for 2009-2030
 - Total quantity of 900 GWh/year
- Positive for Odda's long term competitiveness
 - Ensures access to a dependable supply at predictable and favourable prices



Segment Mines

Mines' zinc production

■ Tara

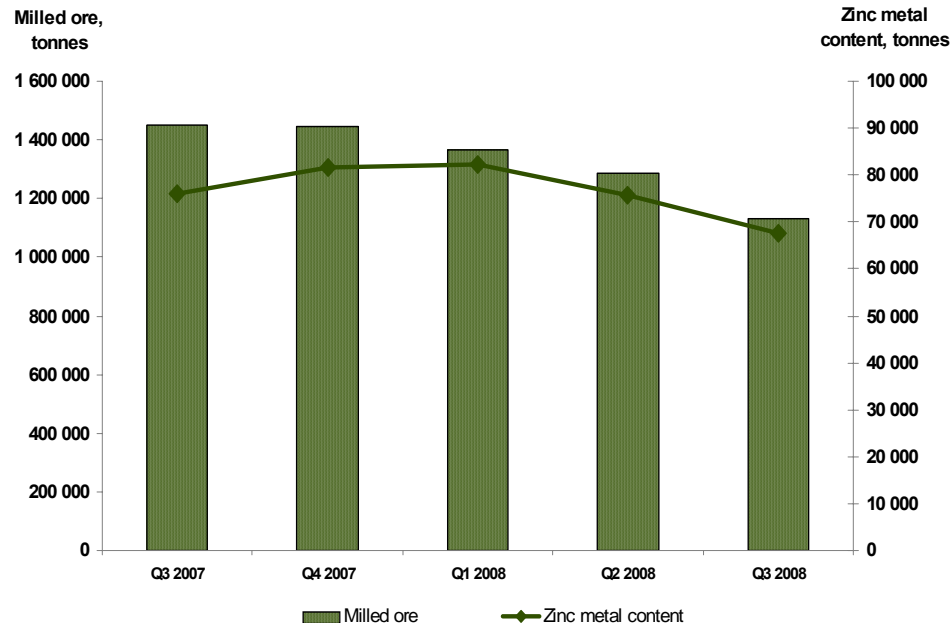
- Imbalance between development and production in the mine
- Production expected on lower levels over next 3-6 months

■ Garpenberg

- Production record
- Expansion from 1.2 to 1.4 million tonnes in progress

■ Boliden area

- Planned cutbacks 2008-2009, back in full production Q2-2010



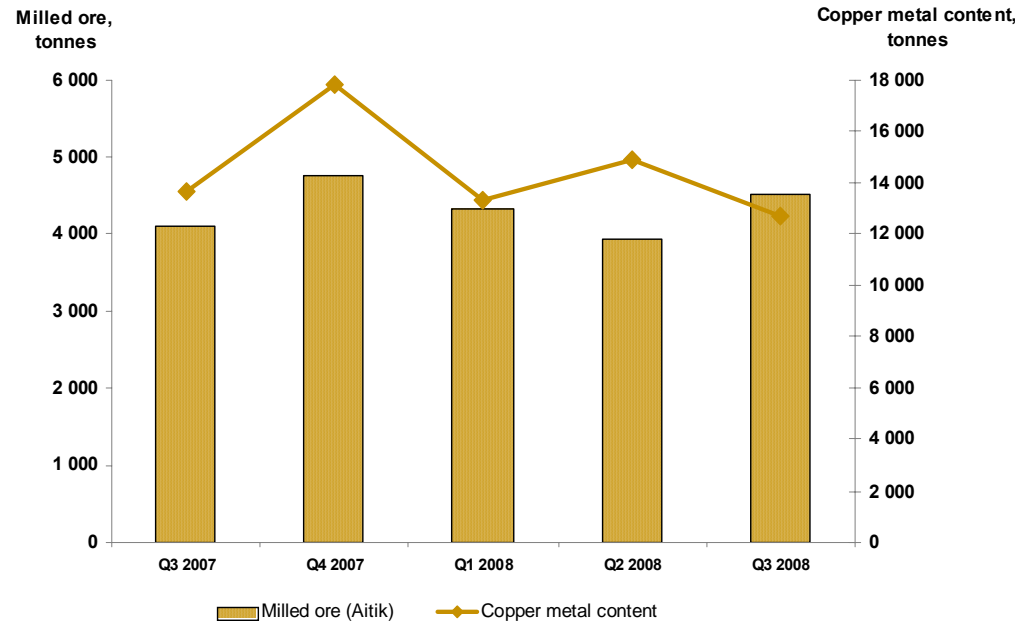
Mines' copper production

■ Aitik

- Mining in low grade sections due to high water levels
- Improved grindability

■ Boliden area

- Planned cutbacks 2008-2009, back in full production Q2-2010



Aitik 36

Project plan

- Project running on schedule
- Milled ore production raised from 18 to 36 million tonnes by 2014
- Start-up March 2010 and ramp up to annual rate of 33 million tonnes after Q2 2010

CAPEX update

- CAPEX will be approx. SEK 6 billion (SEK 5.2 billion)
- Higher mine site construction and infrastructure costs
- Group CAPEX plan for 2008 and 2009 remains unchanged



Financials

Financial summary

SEK m	Q3 08	Q3 07	Change	9M 08	9M 07	Change
Revenues	7,513	8,166	-8%	24,700	25,913	-5%
Operating profit (EBIT)	-142	1,332	n.a.	1,495	4,838	-69%
EBIT margin, %	-2	16		6	19	
Free cash flow (before tax, after CAPEX)	-117	62	n.a.	1,371	1,630	-16%
Earnings per share, SEK	- 0.49	3.20	n.a.	5.07	11.96	-58%
Gearing	37%	40%				

- Satisfactory cash flow despite difficult market conditions and higher investment spending

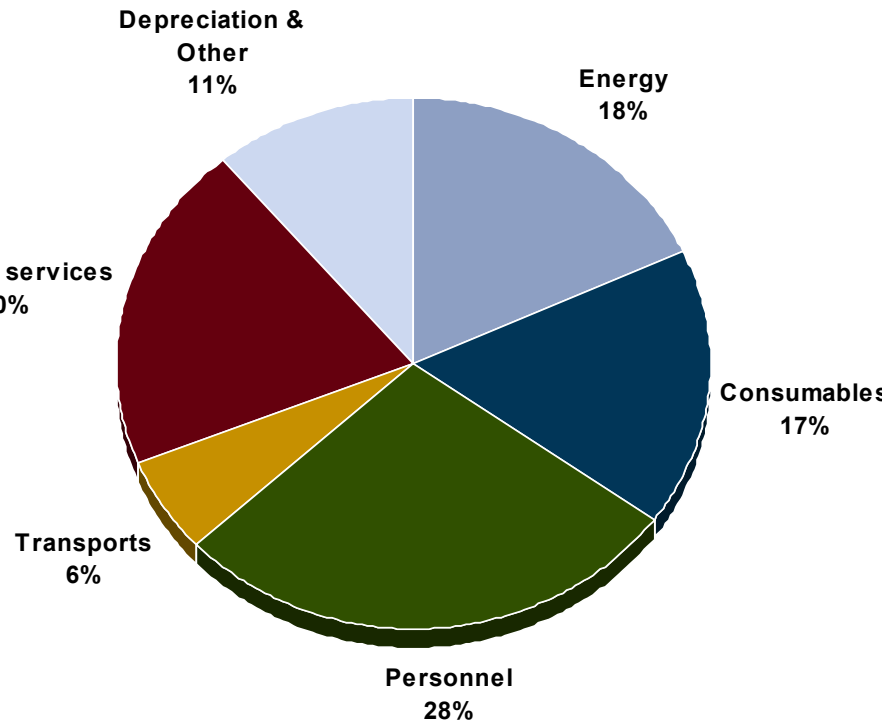
EBIT – 2008 vs. 2007

SEK m	Q3	9M
EBIT 2007	1,332	4,838
Exchange rate effects	- 34	-887
Metal prices and terms	-1,189	- 2,145
Difference – Metal price hedging	271	963
Difference – Iron stock result	-193	- 172
Definite prices (MAMA)	-86	210
TC/RC terms	-44	-215
Premiums	-115	-203
Total effect prices and terms	-1,356	- 1,562
Volume variation, Smelters	144	142
Volume variation, Mines	-71	-556
Total volume variation	73	-414
Change in costs	-153	-498
Other	-4	18
EBIT 2008	-142	1,495

EBIT – Q3 2008 vs. Q2 2008

SEK m	
EBIT Q2 2008	406
Exchange rate effects	209
Metal prices and terms	-593
Difference – Metal price hedging	24
Difference – Iron stock result	-142
Definite prices (MAMA)	-14
TC/RC terms	-14
Premiums	-71
Total effect prices and terms	-810
Volume variation, Smelters	78
Volume variation, Mines	-144
Total volume variation	-66
Change in costs	132
Other	- 13
EBIT Q3 2008	- 142

Operating costs in 9M 2008



Change in operating costs	9M 2008 vs. 9M 2007	Q3 2008 vs. Q3 2007
Energy	+ 11%	+ 21%
Consumables	+ 5%	+ 4%
Personnel	+ 7%	+ 3%
Transports	+ 21%	+ 13%
External services	+ 13%	+ 8%
Depreciation & other	- 7%	- 3%

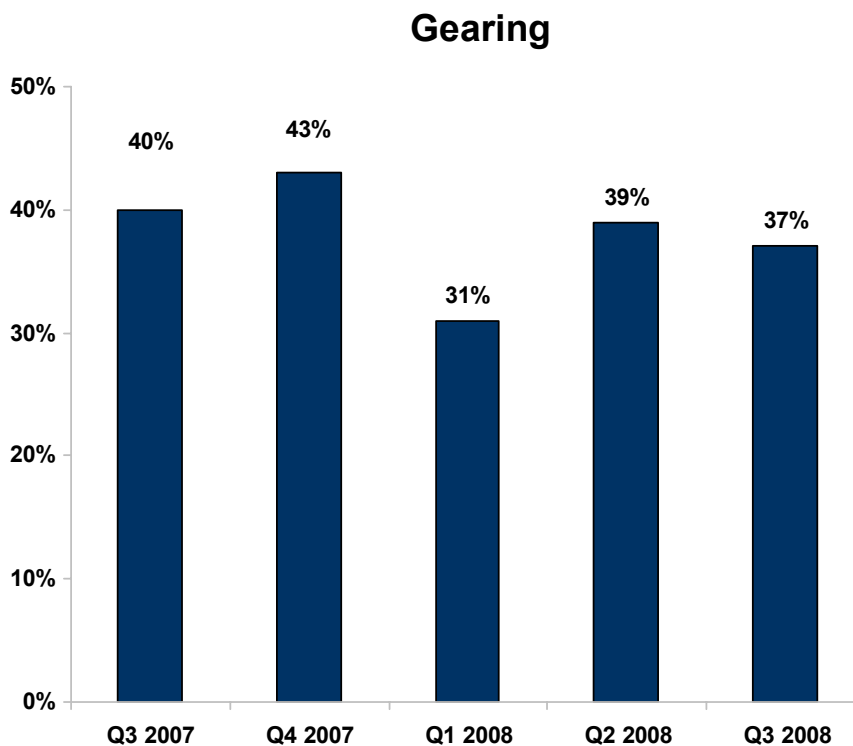
- 7% cost increase in the first nine months and the third quarter
- 5% lower costs from the previous quarter

Cash flow

SEK m	Q3 08	Q3 07	9M 08	9M 07
Op profit before depreciation (EBITDA)	208	1,686	2,552	5,887
Cash flow from changes in working capital	1,085	-747	2,370	-1,449
Capital expenditure	1,157	530	3,091	1,591
Free cash flow (before tax, after CAPEX)	-117	62	1,371	1,630
Net debt	5,317	4,844	5,317	4,844

Capital structure on 30th September 2008

SEK bn	30 Sept 2008	30 Sept 2007
Balance sheet, total	27.0	27.0
Capital employed	21.3	19.0
Shareholders' equity	14.2	12.2
Net debt	5.3	4.8
Gearing, %	37	40
Equity/assets ratio, %	53	45



Financial position

	30 Sept 2008	30 Sept 2007	31 Dec 2007
Net debt (SEK bn)	5.3	4.8	5.5
Gearing	37%	40%	43%
Average maturity in years	5.1	5.4	5.0
Average interest rate	5.76%	4.63%	5.17%
Liquidity reserves (SEK bn)*	8.4	3,9	4.0

* Defined as unutilised credit lines and cash less outstanding commercial papers

EBIT by segment

SEK m	Q3 08	Q3 07	9M 08	9M 07
Smelters	-117	617	786	2,297
Mines	74	691	731	2,599
Other / Eliminations	-99	24	-22	-58
The Boliden Group	-142	1,332	1,495	4,838

Smelters – EBIT analysis 9M period

- Exchange rate effects SEK - 423 million
- Prices and terms SEK - 916 million
- Volume variation SEK 142 million
- Cost changes SEK - 340 million
- Other SEK 26 million

Mines – EBIT analysis 9M period

- Exchange rate effects SEK - 464 million
- Prices and terms SEK - 644 million
- Volume variation SEK - 556 million
- Cost changes SEK - 204 million
- Other unchanged

Sensitivity analysis on 30th September 2008

Change in metal prices, +10%	EBIT effect, SEK m	Change in USD, +10%	EBIT effect, SEK m	Change in TC/RC, +10%	EBIT effect, SEK m
Zinc	400	USD/SEK	550	TC Zn	60
Copper	250	EUR/USD	340	TC/RC Cu	60
Lead	80	USD/NOK	80	TC Pb	-10
Gold	65				
Silver	60				

Estimate of the 12-month effect on Group EBIT on 30th September 2008, based on planned production volumes. Effects of hedging, contracted TC/RC or stock exposures are not taken into account.

Metal price hedging on 30th September 2008

Metal futures	Maturity year	Metal price, USD	Quantity	Market value, SEK m	Coverage rate¹
Copper (tonne)	2008	6,063	8,125	-17	65%
	2009	5,920	42,600	- 128	
	2010	7,606	62,700	555	
				410	
Lead (tonne)	2008	1,230	9,525	- 38	50%
	2009	1,252	36,300	- 144	
				- 182	
Gold (troy oz)	2008	756	24,350	-24	75%
	2009	702	102,000	- 149	
	2010	961	105,850	14	
				-159	
Silver (troy oz)	2008	13.64	1,830,000	8	75%
	2009	14.59	5,676,000	51	
	2010	18.46	5,170,000	168	
				227	
Market value of outstanding contracts, SEK m				296	

1) Approximate metal price hedging on outstanding metal positions during the 2008-2010 period.

Currency hedging floor options on 30th September 2008

Currency options (floor)	Maturity year	Rate ¹	Amount sold, SEK m	Market value, SEK m	Coverage rate ²
USD/SEK	2008	6.50	97	7	
	2009	6.00	452	30	
	2010	5.30	695	30	45%
Market value of outstanding contracts, SEK m				67	

1) Refers to the average strike rates for currency options.

2) Approximate currency hedging on outstanding currency positions during the 2008-2010 period.

To summarize

- Falling metal prices causes profit decline
- Metal hedging at favourable levels
 - Copper hedge positions for 2008-2010, 65% coverage
 - Hedge positions in other metals
 - SEK/USD floor options
- Financial position
 - Existing loan agreements expire in 2012–2013
 - Liquidity reserves amount to SEK 8.4 billion
- Actions for short and long term competitiveness
 - CAPEX reduction
 - Productivity programmes
 - Procurement project
 - Head count reductions
- Decline in operating costs in Q2

Action being taken to assure short term and long term competitiveness

- CAPEX reductions
 - To compensate higher CAPEX for Aitik 36

- Productivity programmes
 - Odda/Kokkola, Aitik, Garpenberg

- Procurement efficiency project

- Head count reductions
 - Reduction of entrepreneurs; corresponding to some 200 full time employees
 - Reduction of employees; some 250 persons through normal and early retirement

Looking into Q4

- Sharp fall in metal prices in the beginning of Q4
- Announcements of capacity reductions in the market
- Low visibility

- Action programme implementation
- Maintenance stop; EBIT impact approx. – 50 (-100) MSEK

A nighttime photograph of a city skyline, likely New York City, featuring several illuminated skyscrapers. The buildings are lit up with warm yellow and white lights, contrasting against the dark blue and black sky. In the foreground, a dark body of water is visible, reflecting some of the city lights. The overall scene conveys a sense of modern urban life and industry.

**Boliden produces metals
that make modern life work**

BOLIDEN