

Interim Report

Boliden AB (publ)

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Interim Report, 1st January – 30th September 2004

Key ratios

	Nine months			Change in %	Q 3		Full year, 2003 ²⁾
	2004 SEK m	2004 EUR m ¹⁾	2003 ²⁾ SEK		2004 SEK m	2003 ²⁾ SEK m	
Net sales	13 310	1 452	6 962	91	4 265	2 326	9 545
Operating result before depreciation (EBITDA)	2 200	240	786	180	686	249	633
Operating result (EBIT) for remaining operations	1 408	154	367	284	577	131	533
Operating result (EBIT)	1 194	130	297	302	363	87	-19
Operating margin, %	9.0	9.0	4.3		8.5	3.7	Neg.
Result after financial items	887	97	80	1 009	273	11	-251
Net result	802	88	250	221	256	81	13
Cash flow from operating activities	1 257	137	618	103	347	282	956
Earnings per share SEK/EUR ³⁾	3.37	0.37	2.35		1.01	0.76	0.12
Equity/assets ratio %	39.3	39.3	30.1		39.3	30.1	30.7
Net debt/shareholders' equity %	96	96	138		96	138	147

¹⁾ Currency conversion for comparison purposes only. An average rate of 9.1650 has been used for conversions to EUR.

²⁾ 2003 includes operations sold, see page 16 for breakdown into remaining operations and operations sold.

³⁾ Recalculated for bonus issue effect of rights issue.

New Boliden continues to report record results

Comparison between the first nine months of 2004 and 2003

- Net sales increased to SEK 13,310 million (SEK 6,962 m).
- The operating result rose to SEK 1,194 million (SEK 297 m).
- The operating result was negatively affected by net non-recurring items of SEK -12 million.
- The result after financial items improved to SEK 887 million (SEK 80 m).
- The net result increased to SEK 802 million (SEK 250 m).
- Earnings per share rose to SEK 3.37 (SEK 2.35).
- Cash flow from operating activities totalled SEK 1,257 million (SEK 618 m).
- The net debt/equity ratio has improved substantially to 96 per cent (138%).

Comparison between Q3 2004 and Q3 2003

- Net sales increased to SEK 4,265 million (SEK 2,326 m).
- The operating result rose to SEK 363 million (SEK 87 m).
- The operating result was negatively affected by net non-recurring items of SEK -12 million.
- The result after financial items improved to SEK 273 million (SEK 11 m).
- The net result increased to SEK 256 million (SEK 81 m).
- Earnings per share rose to SEK 1.01 (SEK 0.76).

Other

- The sale of the Canadian mine, Myra Falls, was concluded in July.
- In September, the European Commission fined a former Boliden company, which has now been sold, SEK 300 million for participation in a copper-tube cartel. This has affected the result of the reporting period.
- Land adjacent to the Tara zinc mine in Ireland was sold in September. The sale generated a capital gain after tax of SEK 150 million.
- Boliden's refinancing of the company's bank loans for a total of EUR 840 million was completed in October.

COMMENTS BY JAN JOHANSSON, PRESIDENT & CEO

The structural transaction with Outokumpu, continued strong metal prices, and healthy production levels by both mines and smelters all played a part in enabling new Boliden to, once again, report one of the strongest results to date in the company's eighty-year history. The operating result for the first nine months of 2004 increased to SEK 1,194 million (SEK 297 m) and to SEK 363 million (SEK 87 m) for the third quarter. The result for the third quarter was affected by net non-recurring items of SEK -12 million. The result after financial items for the reporting period improved to SEK 887 million (SEK 80 m) and to SEK 273 million (SEK 11 m) for the third quarter.

Prices for Boliden's metals were substantially higher during both the first nine months of 2004 and the third quarter of the year than during the corresponding periods last year. Metal prices have remained stable in comparison with the second quarter of 2004, with the exception of the price of zinc, which fell slightly. A continued recovery in the global economy, combined with strong growth in Asia in general, and China in particular, have helped increase the demand for metals. Growth in consumption of copper and zinc, Boliden's main metals, has remained high. Zinc stock levels were unchanged, while copper stock levels fell slightly during the third quarter compared with the second quarter of 2004.

The US dollar weakened against Boliden's most important currencies during both the first nine months and the third quarter of 2004 compared with the corresponding periods in 2003. The US dollar weakened still further from its Q2 2004 levels during the third quarter.

The cash flow from operating activities improved during the reporting period. Due to the investment programmes at Odda and Tara, due to be completed in 2004, investment levels will remain high during the fourth quarter of the year, returning to normal levels in 2005. Boliden's financial position, which improved substantially as a result of the structural transaction with Outokumpu, was further strengthened during the reporting period by improved profitability and by the rights issue in the spring.

In the **Business Area Mining Operations**, the production of metal concentrate for the majority of Boliden's metals was up on corresponding periods in 2003 during both the first nine months and the third quarter of 2004. Boliden's mines are now well positioned, with competitive cost levels, and further improvements are expected in this area.

In the **Business Area Smelting Operations**, the **Copper Production Area** increased its metal production during both the first nine months and the third quarter of 2004 in comparison with the corresponding periods in 2003. The availability of copper concentrate has increased notably and the flow of raw materials for both Rönnskär and Harjavalta has remained stable throughout the reporting period. The increasing volume of copper concentrate on the market have had a positive impact on treatment and refining charges. Spot treatment and refining charges have continued to rise sharply during the third quarter and copper cathode premiums are also expected to rise next year. The combined effect of these factors on the Copper Production Area in 2005 will be positive.

Metal production in the **Zinc Production Area** increased during both the first nine months and the third quarter of 2003 in comparison with the corresponding periods in the previous year. The modernisation of Odda will be completed as planned during the fourth quarter. New Boliden now has two top-quality, world-class zinc smelters employing the latest technology and with cutting-edge environmental performance, and this bodes well for high efficiency levels.

Boliden has successfully completed the refinancing of the company's bank loans for a total of EUR 840 million during October. The new loan agreement involves a normalisation of the terms and conditions and will also enable a shareholder dividend to be paid in the future. The loan agreement runs for five years and replaces the old loan agreement signed in conjunction with the restructuring of Boliden in 2001. The new loan agreement secures Boliden's long-term financing. We will continue to prioritize the reduction of liabilities aiming to reach the notified financial goals in order to create increased financial resources, which in the long-term will give the company better possibilities of taking advantage of the opportunities which the market may offer.

I am very pleased to be able to report that we have so far lived up to the demanding goals and expectations set for new Boliden. Metal production by the majority of our operations has exceeded previous levels and we have also successfully reaped the benefits of higher metal prices. The integration and co-ordination of the new corporate group are proceeding better than originally planned, and additional potential has been identified. These combined factors have helped bring about a further improvement in our profitability and have resulted in the creation of a stronger company, both operationally and financially.

Forecast

The Board of Directors believes that the relatively healthy market situation will continue for the remainder of 2004. Together with the ongoing integration and efficiency-boosting programmes, this will help ensure a continued healthy result after financial items for the fourth quarter of 2004.

MARKET**Economic trends**

The recovery in the global economy (GDP) means that growth is now both widespread and strong. It reached approximately 4 per cent during the first nine months of the year. Growth is now accelerating all over the world, albeit at different rates, and has not as yet been tangibly affected by the historically high oil prices.

The American economy continued to grow during the third quarter, and the growth forecast has now been revised upwards to 4.3 per cent for 2004. To date, the increase has been mainly consumer-led, but there are now signs of increased industrial investment. European economies are reporting increased growth, albeit from a relatively low level, and the upturn is largely export-related.

Asia is still the region with the fastest growth in the world, mainly fuelled by China. The Chinese economy grew by 9 per cent during the first nine months of 2004, and growth was strongest in the fields of transport and infrastructure – two sectors that consume large volumes of copper and zinc. Despite borrowing restrictions, macroeconomic statistics are still failing to reveal any noticeable tapering off in China's growth. Japan's economic growth slowed down slightly during the third quarter, although industry is optimistic about the future and deflationary pressures are declining steadily.

Metal prices

Prices for the majority of Boliden's metals reached historically high levels during the third quarter. Stock levels for copper and lead remain low and this in turn has led to high spot prices for these metals. Global consumption of copper increased by approximately 7 per cent during the third quarter of 2004 while copper cathode production increased by 6 per cent compared with the second quarter of 2004.

Zinc stocks remain high and the price trend was therefore more stable, despite a slight fall during the third quarter of 2004 compared with Q2 levels. Increases in zinc consumption continued to exceed production by a healthy margin during the third quarter. While global consumption increased by 6 per cent during the period, production only increased by 2 per cent in comparison with the second quarter of 2004. Silver and gold prices have remained both stable and high.

Metal price hedging

Gold – 94 per cent of planned gold production in Swedish mines has been hedged at USD 368/oz for 2004, with 83 per cent hedged at USD 367/oz for 2005 and 38 per cent hedged at USD 415/oz for 2006.

Silver – 72 per cent of planned silver production in Swedish mines has been hedged at USD 6.36/oz for 2004, with 51 per cent hedged at USD 6.77/oz for 2005.

Copper – 56 per cent of planned copper production in Swedish mines has been hedged at USD 2,743/tonne (USD 1.24/lb) for 2004, with 51 per cent hedged at USD 2,568/tonne (USD 1.17/lb) for 2005.

Metal prices (average LME/LBMA)	Nine months		Change in %	Q3		Change in %
	2004	2003		2004	2003	
Copper (USD/lb)	1.27	0.77	65	1.29	0.80	61
Zinc (USD/lb)	0.47	0.36	31	0.44	0.37	19
Lead (USD/lb)	0.39	0.22	77	0.42	0.23	83
Gold (USD/oz)	401	354	13	401	363	10
Silver (USD/oz)	6.46	4.75	36	6.45	4.99	29

Exchange rates

The Swedish krona continued to strengthen slightly against the US dollar during the third quarter, as well as against the euro. The US dollar continued to be negatively affected by a number of factors, including the American budget and balance of payments deficit and uncertainty regarding US growth trends. The trend in the interest rates market was characterised by gently falling long rates.

Exchange rates (average)	Nine months		Change in %	Q3		Change in %
	2004	2003		2004	2003	
USD/SEK (realised by Boliden)	9.39	10.13	-7	9.37	10.06	-7
USD/SEK	7.45	8.26	-10	7.46	8.15	-8
EUR/USD	1.23	1.11	11	1.22	1.12	9
EUR/SEK	9.16	9.17	0	9.10	9.15	-1
USD/NOK	6.87	7.13	-4	6.85	7.33	-7
USD/CAD	1.33	1.43	-7	1.31	1.38	-5

In 2003, Boliden closed out part of the market value of the company's hedging contracts in respect of hedging of future US dollar revenues. A new currency option programme was implemented in 2003 with a view to limiting the risk associated with any further weakening of the US dollar. Boliden's net exposure in other currencies is, in all significant respects, unhedged. Boliden's exchange rate hedging on 30th September 2004 is presented in the table on page 17.

Treatment charges/Refining charges (TC/RC)

The shortage of copper concentrate in 2003 resulted in historically low TC/RC levels in 2004. Due to the increased availability of copper concentrate, spot treatment charges (TC) have risen sharply in 2004 from levels of around USD 20/tonne at the beginning of 2004 to over USD 100/tonne during the third quarter. Boliden has contracted the vast majority of 2004's concentrate supplies and will not feel the impact of the increased TC/RC until 2005.

Zinc concentrate is still in short supply and there has thus been no corresponding increase in the TC for zinc. Spot TC's for zinc, which have a limited impact on new Boliden, have remained at historically low levels. As a result of the balance that exists between the company's mining and smelting production, new Boliden has a natural hedge against changes in zinc concentrate treatment charges.

Lead concentrate availability remains low, despite sharp rises in the price of lead, with historically low spot TC's during both the second and third quarters of 2004. A rise in the TC was, however, noted in the Chinese market at the end of the third quarter. Boliden is a net vendor of lead concentrate and low TC's therefore benefit the company.

The following table shows the European benchmark prices for 2004.

	2004	2003	Change in %
Treatment and refining charges ¹⁾			
Copper			
- Treatment charge (TC), USD/tonne	40	54	-26
- Refining charge (RC), US\$/lb	4.0	5.4	-26
Zinc			
- Treatment charge (TC) base 1,000 USD/tonne	142	147	-3.4
Lead			
- Treatment charge (TC) base 500 USD/tonne	125	135	-7.4

¹⁾ Refers to benchmark prices

Source: CRU.

SUMMARY OF CONSOLIDATED INCOME STATEMENTS	Nine months			Q3	
	2004	2004	2003 ²⁾	2004	2003
	SEK m	EUR m ¹⁾	SEK m	SEK m	SEK m
Net sales	13 310	1 452	6 962	4 265	2 326
Operating expenses	-12 116	-1 322	-6 665	-3 902	-2 239
Operating result	1 194	130	297	363	87
Financial income and expenses	-307	-33	-217	-90	-76
Result after financial items	887	97	80	273	11
Taxes	-85	-9	170	-17	70
Result for the period	802	88	250	256	81
Earnings per share SEK/EUR ²⁾	3.37	0.37	2.35	1.01	0.76
Earnings per share after dilution SEK/EUR ²⁾	3.36	0.37	2.34	1.01	0.76
Number of shares	252 387 169		85 811 638	252 387 169	85 811 638
Average number of shares ²⁾	238 064 860		106 479 685	252 387 169	106 479 685
Average number of shares after dilution ²⁾	238 409 860		106 824 685	252 732 169	106 824 685

¹⁾ Currency conversion for comparison purposes only. An average rate of 9.165 has been used for conversions to EUR.

²⁾ Recalculated for bonus issue effect of rights issue.

SUMMARY OF CONSOLIDATED BALANCE SHEETS	Nine months		Full year	Nine months
	2004	2004	2003	2003
	SEK m	EUR m ¹⁾	SEK m	SEK m
Intangible fixed assets	2 804	309	2 745	54
Tangible fixed assets	11 545	1 272	11 481	7 426
Deferred tax	507	56	425	245
Interest-bearing assets	24	3	3	3
Other financial fixed assets	162	18	171	64
Inventories	2 694	297	2 236	1 426
Interest-bearing current receivables	—	—	25	61
Other receivables	1 317	145	1 397	983
Liquid assets	1 117	123	1 378	798
Total assets	20 170	2 223	19 861	11 060
Shareholders' equity	7 929	873	6 100	3 324
Minority interests	—	—	—	2
Pension provisions	378	42	224	84
Deferred tax provisions	233	26	307	11
Other provisions	841	93	687	714
Interest-bearing long-term liabilities	8 276	912	8 637	5 190
Other long-term liabilities	6	1	0	101
Interest-bearing current liabilities	91	10	1 502	160
Other current liabilities	2 416	266	2 404	1 474
Total liabilities and shareholders' equity	20 170	2 223	19 861	11 060

¹⁾ Currency conversion for comparison purposes only. The closing day rate of 9.07775 has been used for conversions to EUR.

SUMMARY OF CONSOLIDATED STATEMENTS OF CASH FLOW	Nine months		
	2004	2004	2003
	SEK m	EUR m ¹⁾	SEK m
Cash flow from operating activities	1 257	137	618
Investment activities	-1 234	-135	-393
Financing activities	-285	-31	-191
Exchange rate difference in liquid assets	1	—	-4
Change in liquid assets	-261	-29	30

¹⁾ Currency conversion for comparison purposes only. An average rate of 9.165 has been used for conversions to EUR.

Net sales

Boliden's net sales totalled SEK 13,310 million (SEK 6,962) for the first nine months of 2004 and SEK 4,265 million (SEK 2,326 m) for the third quarter. The increase in net sales is largely an effect of the structural transaction with Outokumpu, in which Boliden acquired mining and smelting operations. Substantial improvements in metal prices and increased production in the Business Areas Mining Operations and Smelting Operations also had a positive impact on net sales, which were negatively affected by lower US dollar exchange rates than in those of the corresponding periods of the previous year.

Profit performance

The operating result before depreciation (EBITDA) totalled SEK 2,200 million (SEK 786 m) for the first nine months of 2004 and SEK 686 million (SEK 249 m) for the third quarter. The operating result (EBIT) improved to SEK 1,194 million (SEK 297 m) for the first nine months of 2004 and SEK 363 million (SEK 87 m) for the third quarter, corresponding to operating margins of 9.0 per cent (4.3%) and 8.5 per cent (3.7%) respectively. The improvement in the operating result is primarily attributable to an improvement in the results of the mining operations and copper-smelting operations. Non-recurring items have had a net negative impact of SEK -12 million on the operating result during the third quarter (SEK -300 million in provisions for cartel fines, SEK 86 million in utilisation of provisions for operations sold, SEK 183 million from the sale of land at the Tara mine, and SEK 19 million from the sale of the Myra Falls mine). Further, the result for the third quarter was negatively affected due to a stock loss at Rönnskär of SEK -33 million (SEK -4 m). The result after financial items climbed to SEK 887 million (SEK 80 m) for the first nine months of 2004 and SEK 273 million (SEK 11 m) for the third quarter.

Cash flow

Cash flow from operating activities totalled SEK 1,257 million (SEK 618 m) and cash flow from investment activities totalled SEK -1,234 million (SEK -393 m). The increased investments can mainly be attributed to investments in Odda and Tara and to an adjustment of the purchase price for the Outokumpu acquisition.

Liabilities totalling a net amount of SEK 1,812 million (SEK 372 m) were amortised during the period. The implemented rights issue also had a positive effect of SEK 1,374 million on the cash flow.

The operations conducted by Boliden are characterised by major changes in operating capital from one quarter to another, since individual incoming and outgoing deliveries of metal concentrate and outgoing deliveries of products from the smelters command substantial values.

Financial position

	30 th Sept. 2004	31 st Dec. 2003	30 th Sept. 2003
Net debt (SEK m)	7 604	8 957	4 572
Shareholders' equity (SEK m)	7 929	6 100	3 324
Net debt/shareholders' equity, %	96	147	138
Equity/assets ratio, %	39.3	30.7	30.1

New Boliden's financial position has improved substantially as a result of improved profitability, the structural transaction with Outokumpu and the rights issue.

Integration process and synergies

The integration of the operations within new Boliden is proceeding better than planned. The synergies realised during the first nine months of 2004 corresponded to approximately SEK 200 million on a full-year basis. The synergy benefits derive primarily from the fields of raw materials, commercial optimisation, operational best practice and logistics, as well as administration. The other main areas from which synergies will be realised are product optimisation, marketing, servicing of installations and purchasing.

As noted earlier, operational synergies totalling at least SEK 270 million per annum have been identified, the full-year effect of which will be felt in 2006.

THE BUSINESS AREAS

Unaudited pro forma data for 2003, including units acquired from Outokumpu, are reported for comparison purposes. The Myra Falls accounts have also been corrected in the pro forma data for 2003, again for comparison purposes, and only include data up to and including June that year.

BUSINESS AREA MINING OPERATIONS

Production

Mining Operations

Metal production ¹⁾	Nine months			Q3		
	Pro forma		Change in %	Pro forma		Change in %
	2004	2003		2004	2003	
Zinc (tonnes)	276 528	254 107	9	79 657	80 911	-2
Copper (tonnes)	66 132	67 176	-2	22 678	20 486	11
Lead (tonnes)	39 463	35 881	10	12 129	12 120	0
Gold (kg)	4 320	3 450	25	1 358	961	41
Silver (kg)	187 963	199 688	-6	56 019	58 259	-4

¹⁾ 1 kg = 2.20462 lbs, 1 kg = 32.15 ounces

The operations of the Business Area Mining Operations are carried on in three areas in Sweden – Aitik, the Boliden area and Garpenberg, as well as at the Tara mine in Ireland.

Total production of the majority of Boliden's metals increased during both the first nine months of 2004 and the third quarter in comparison with the corresponding periods in the previous year.

Production of copper and gold increased at the Aitik mine during the reporting period. Total copper production for Boliden during the first nine months of the year was on a par with the corresponding period in 2003.

Garpenberg is continuing to report healthy production levels. Production from Lappberget accounts for an increased percentage of total production from the mining area. The increase in metal production was boosted by the high levels of zinc, silver and lead contained in the ore from Lappberget. Production from Lappberget will be progressively increased.

Production at Tara during the third quarter of 2004 remained on a par with levels during the second quarter. The Nevinstown ore body has successively been brought into production, and this had positive effects on Tara's metal production during the reporting period.

The sale of Myra Falls to the listed Canadian mining company, Breakwater Resources Ltd (Breakwater) was completed in July. The sale generated a group capital gain of SEK 19 million for Boliden.

Net sales, results and investments

SEK m	Nine months			Q3		
	Pro forma		Change in %	Pro forma		Change in %
	2004	2003		2004	2003	
Net sales	3 428	2 420	42	1 110	756	47
Result before depreciation	1 430	371	285	621	157	296
Depreciation	384	354	8	118	121	-2
Operating result	1 046	17	6 053	503	36	1 297
Investments	439	517	-15	137	142	-4
Capital employed	3 201	3 028	6	3 201	3 028	6

Net sales in Boliden's mining operations totalled SEK 3,428 million (SEK 2,420 m) for the first nine months of 2004 and SEK 1,110 million (SEK 756 m) for the third quarter. The operating result improved significantly, totalling SEK 1,046 million (SEK 17 m) for the first nine months of the year and SEK 503 million (SEK 36 m) for the third quarter, which corresponds to an operating margin of 30.5 per cent (0.7%) and 45.3 per cent (4.8%) respectively. The sale of land at Tara (SEK 183 million) and increased metal prices, higher metal production, and lower treatment and refining charges all had a positive effect on the operating result. At the same time, the result was negatively affected by lower revenues resulting from a

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deterioration in the US dollar exchange rate during both the first nine months and the third quarter of 2004 in comparison with the corresponding periods in the previous year.

BUSINESS AREA SMELTING OPERATIONS

Production Area Zinc

Production

Zinc

Metal production ¹⁾	Nine months			Q3		
	Pro forma		Change in %	Pro forma		Change in %
	2004	2003		2004	2003	
Zinc (tonnes)	316 329	301 419	5	107 994	100 740	7
Aluminium fluoride (tonnes)	21 444	19 014	13	5 723	4 707	22

¹⁾ 1 kg = 2.20462 lbs, 1 kg = 32.15 ounces

Production in the Production Area Zinc is carried on at the Kokkola smelter in Kokkola in Finland and the Odda smelter at Odda in Norway. Production mainly comprises zinc, although Odda also manufactures aluminium fluoride.

Production in the Production Area Zinc improved during both the first nine months of 2004 and the third quarter in comparison with the corresponding periods in 2003. The modernisation work at the smelter in Odda will be completed as planned during the fourth quarter. Boliden anticipates that the work will result in a capacity increase of around 10 per cent and a simultaneous increase in production efficiency. New Boliden's co-ordination of the production of zinc concentrate from the mines has also had a positive impact on production at the zinc smelters.

Net sales, results and investments

SEK m	Nine months			Q3		
	Pro forma		Change in %	Pro forma		Change in %
	2004	2003		2004	2003	
Net sales	2 949	2 627	12	970	900	8
Result before depreciation	221	352	-37	92	126	-27
Depreciation	179	181	-1	58	57	2
Operating result	42	171	-75	34	70	-51
Investments	560	297	89	174	138	26
Capital employed	3 007	2 587	16	3 007	2 587	16

The Production Area Zinc's net sales totalled SEK 2,949 million (SEK 2,627 m) during the first nine months of the year and SEK 970 million (SEK 900 m) for the third quarter. The operating result totalled SEK 42 million (SEK 171 m) for the first nine months of 2004 and SEK 34 million (SEK 70 m) for the third quarter, corresponding to an operating margin of 1.4 per cent (6.5%) and 3.5 per cent (7.8%) respectively. Increased production and higher metal prices than during the corresponding periods last year had a positive effect on the operating result. At the same time, lower US dollar exchange rates, lower treatment and refining charges, and planned shutdowns for repair work had a negative effect on the result. The increased investments are primarily attributable to the modernisation at Odda.

Production Area Copper

Production

Copper

Metal production ¹⁾	Nine months			Q3		
	Pro forma		Change in %	Pro forma		Change in %
	2004	2003		2004	2003	
Copper (tonnes)	268 624	257 129	4	89 898	86 804	4
Lead (tonnes)	20 709	16 975	22	4 581	3 976	15
Gold (kg)	15 238	13 538	13	5 039	5 319	-5
Silver (kg)	343 625	369 898	-7	114 167	117 729	-3

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Lead alloys, Bergsöe (tonnes)	33 255	36 154	-8	9 118	10 030	-9
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¹⁾ 1 kg = 2.20462 lbs, 1 kg = 32.15 ounces

Production in the Production Area Copper is carried on at the Rönnskär and Bergsöe smelters in Sweden and at Harjavalta/Pori in Finland. Production mainly comprises copper, lead, precious metals and zinc clinker.

Production of copper cathodes at Rönnskär in the third quarter once again reached the record levels achieved in the second quarter of 2004. This was partly due to the fact that blister copper from Harjavalta can now be refined into copper cathodes at Rönnskär. Production of copper cathodes at Harjavalta during both the first nine months of the year and the third quarter was slightly lower than in the corresponding periods last year. Increased production optimisation and greater stability in flows of external mine concentrate had a positive impact on production at the smelters.

Boliden's access to external mine concentrate will remain stable for the rest of the year, and the outlook for 2005 is good, due to the planned increase in supplies of copper concentrate from the Portuguese mine, Neves Corvo, in accordance with the ten-year partnership agreement signed earlier this year. Supplies to Boliden will total between 150,000 and 200,000 tonnes of copper concentrate per annum.

Net sales, results and investments

SEK m	Nine months			Q3		
	2004	Pro forma 2003	Change in %	2004	Pro forma 2003	Change in %
Net sales	9 368	6 965	35	3 015	2 473	22
Result before depreciation	873	558	56	259	190	36
Depreciation	334	338	-1	111	111	0
Operating result	539	220	145	148	79	87
Investments	109	105	4	48	49	-2
Capital employed	6 686	6 744	-1	6 686	6 744	-1

Net sales of the Production Area Copper totalled SEK 9,368 million (SEK 6,965 m) during the first nine months of the year and SEK 3,015 million (SEK 2,473 m) for the third quarter. The operating result totalled SEK 539 million (SEK 220 m) for the first nine months of the year and SEK 148 million (SEK 79 m) for the third quarter, corresponding to an operating margin of 5.8 per cent (3.2%), and 4.9 per cent (3.2%) respectively. Higher metal prices, increased production and a stock profit of SEK 17 million (SEK -17 m) in the process stores at Rönnskär had a positive impact on the operating result. The stock loss for the third quarter of 2004 was SEK -33 million (SEK -4 m). At the same time, lower US dollar exchange rates and lower treatment and refining charges had a negative impact on the result.

Employees

The average number of employees in new Boliden at the end of September was 4,525, which breaks down into 2,246 in Sweden, 1,167 in Finland, 421 in Norway, 659 in Ireland and 32 in other countries. This corresponds to a reduction of 372 employees since the turn of the year, when the number of employees was 4,897. The reduction is attributable to the sale of the Myra Falls mine in Canada.

The Parent Company

The Parent Company, Boliden AB, conducts no operations and has no employees.

Other

The rights issue launched during the first quarter of 2004 as an integral part of the transaction with Outokumpu was concluded during the second quarter. The rights issue, which was over-subscribed, generated SEK 1,374 million for the company.

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In June 2004, Boliden signed a partnership agreement with the Canadian mining company, EuroZinc Mining Corporation (EuroZinc) regarding supplies of copper concentrate from the Portuguese mine, Neves Corvo.

Boliden completed the sale of its wholly owned Canadian subsidiary Boliden Westmin (Canada) Limited (BWCL) to the Canadian mining company, Breakwater Resources Ltd (Breakwater), in July. BWCL owns the Myra Falls mine. Boliden received 18 million newly issued Breakwater shares, corresponding to approximately 5 per cent of outstanding shares. The sale of the mine generated a capital gain of SEK 19 million.

Boliden's Board of Directors established overall financial goals for the operations during the second quarter. These goals state that over the course of an economic cycle, Boliden will achieve good profitability with a return on capital employed that exceeds the market capital cost. The return on capital employed will, considering the current capital base, exceed 10 per cent over an economic cycle. Boliden's goal is to achieve a debt/equity ratio of 0.50 – 0.75. The company further aims to be in a position to pay a dividend within two years.

In September, the European Commission fined Boliden's former subsidiary, Boliden Cuivre et Zinc SA (BCZ), which has now been sold, for participation in a cartel with regard to sanitary copper tubes in the European market over the period 1988 - 2001. The fine totals EUR 32.6 million (approx. SEK 300 million). Boliden intends to appeal the decision.

In September, Boliden sold an area of land adjacent to the Tara zinc mine in Ireland. The land has no relevance to the mining operations at Tara. The proceeds of the land sale total approximately SEK 183 million and Boliden will realise a capital gain of approximately SEK 150 million after tax.

In October, Boliden completed the refinancing of the company's bank loans of EUR 840 million. The new loan agreement has a five-year term and will normalise terms and conditions of the loans.

Interim Reports

The Full-Year Report will be published on 9th February 2005.

Stockholm,
25th October 2004

Jan Johansson
President and CEO

This Interim Report has been drawn up in accordance with recommendation RR 20, Interim Reporting, of the Swedish Financial Accounting Standards Council. Accounting principles and calculation methods comply with the recommendations and guidelines issued by the Swedish Financial Accounting Standards Council. The Swedish Financial Accounting Standards Council's recommendation, RR 29, Remuneration to employees, has been applied as of 1st January 2004. Preliminary actuarial calculations of pension plans defined as benefits indicate that the pension liability will increase by SEK 125 million. The net increase after tax of SEK 90 million has been reported directly to shareholders' equity as a result of the change in accounting principles. The amount may change when final actuarial calculations are completed.

The Interim Report has not been subject to specific examination by the company's auditors.

Conference call (25th Oct.) and breakfast presentation (26th Oct.)

The capital market is hereby invited to a conference call with Boliden's President, Jan Johansson, and members of the Group Management to discuss issues arising from this Interim Report on Monday 25th October at 4 p.m. (16.00 CET). A breakfast presentation with Boliden's Vice President, Tom Niemi, and members of the Group Management will take place on Tuesday 26th October at 7.30 a.m. (07.30 CET) at Operaterrassen, Karl XII:s torg, Stockholm, Sweden.

Please send your request to attend the breakfast presentation to Helen Sand, helen.sand@boliden.com.

To take part in the conference call, please phone:

- from Sweden: 08-50 52 01 14 (remember to dial the area code)
 - from abroad: +44 (0)207 162 0181
- a couple of minutes before the conference call starts.

OH slides will be available on the Boliden website at www.boliden.com approximately one hour before the conference call. A recording of the conference call will be available from 7 p.m. on 25th October until 6 p.m. on 1st November, on tel.: +44 (0)20 8288 4459, using the code: 334742.

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INCOME STATEMENTS

The Group	Nine months		Q3		Full year
SEK m	2004	2003	2004	2003	2003
Net sales	13 310	6 962	4 265	2 326	9 545
Cost of goods sold	-11 530	-6 200	-3 681	-2 084	-8 507
Gross result	1 780	762	584	242	1 038
Selling expenses	-245	-256	-88	-84	-344
Administrative expenses	-312	-237	-114	-74	-336
Research and development costs	-121	-61	-36	-17	-89
Other operating income and expenses	296	74	231	10	86
Result from participation in associated companies	10	15	0	10	20
Loss on the sale of operations	-214	–	-214	–	-394
Operating result	1 194	297	363	87	-19
Financial income and expenses	-307	-217	-90	-76	-232
Result after financial items	887	80	273	11	-251
Taxes	-85	171	-17	70	265
Minority share in earnings for the period	–	-1	–	–	-1
Result for the period	802	250	256	81	13
Earnings per share, SEK ¹⁾	3.37	2.35	1.01	0.76	0.12
Earnings per share after dilution, SEK ¹⁾	3.36	2.34	1.01	0.76	0,12
Shareholders' equity per share, SEK	31.42	38.74	31.42	38.74	36.25
<i>Number of shares</i>	<i>252 387 169</i>	<i>85 811 638</i>	<i>252 387 169</i>	<i>85 811 638</i>	<i>168 258 113</i>
<i>Average number of shares ¹⁾</i>	<i>238 064 860</i>	<i>106 479 685</i>	<i>252 387 169</i>	<i>106 479 685</i>	<i>106 759 970</i>
<i>Average number of shares after dilution ¹⁾</i>	<i>238 409 860</i>	<i>106 824 685</i>	<i>252 732 169</i>	<i>106 824 685</i>	<i>107 104 970</i>

¹⁾ Recalculated for bonus issue effect of rights issue

Other key ratios	30 th Sept. 2004	30 th Sept. 2003	31 st Dec. 2003
Return on capital employed, %	10.6	5.4	–
Return on shareholders' equity, %	14.6	11.2	0.4
Equity/assets ratio, %	39.3	30.1	30.7
Net debt/shareholders' equity, %	96	138	147
Depreciation, SEK m	1 006	489	652
Investments, SEK m	1 110	414	611
Capital employed, SEK m	15 199	7 599	14 790
Net debt, SEK m	7 604	4 572	8 957

BALANCE SHEETS

The Group	30 th Sept.	30 th Sept.	31 st Dec.
SEK m	2004	2003	2003
Intangible fixed assets	2 804	54	2 745
Tangible fixed assets	11 545	7 426	11 481
Deferred tax	507	245	425
Interest-bearing assets	24	3	3
Other financial fixed assets	162	64	171
Inventories	2 694	1 426	2 236
Interest-bearing current receivables	–	61	25
Other receivables	1 317	983	1 397
Liquid assets	1 117	798	1 378
Total assets	20 170	11 060	19 861
Shareholders' equity	7 929	3 324	6 100
Minority interests	–	2	–
Pension provisions	378	84	224
Deferred tax provisions	233	11	307
Other provisions	841	714	687
Interest-bearing long-term liabilities	8 276	5 190	8 637
Other long-term liabilities	6	101	0
Interest-bearing current liabilities	91	160	1 502
Other current liabilities	2 416	1 474	2 404
Total liabilities and shareholders' equity	20 170	11 060	19 861

Specification of change in shareholders' equity	30 th Sept.	30 th Sept.	31 st Dec.
SEK m	2004	2003	2003
Opening balance	6 100	2 590	2 590
Effect of change in accounting principle after tax (RR 29)	-90	–	–
Non-cash issue	–	–	3 073
Rights issue	1 390	–	–
Result for the period	802	250	13
Closed out futures contracts, after fiscal effect	-259	498	454
Accumulated translation difference in companies sold	–	–	6
Translation differences	-14	-14	-36
Closing balance	7 929	3 324	6 100

STATEMENTS OF CASH FLOWS

	Nine months		Full year
SEK m	2004	2003	2003
Cash flow from operating activities before changes in working capital	1 799	495	682
Cash flow from changes in working capital	-542	123	274
Cash flow from operating activities	1 257	618	956
Investment activities ¹⁾			
- Acquisition of tangible fixed assets	-1 109	-414	-610
- Other	-125	21	-7 421
Cash flow from investment activities	-1 234	-393	-8 031
Cash flow from financial activities	23	225	-7 075
Financial activities ¹⁾	-285	-191	7 686
Exchange rate difference on liquid assets	1	-4	-1
Change in liquid assets	-261	30	610

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

Interim Report, January-September 2004
INFORMATION PER AREA
 SEK m

Nine months, 2004

	<u>Mining Operations</u>	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	3 428	9 368	2 949	-2 435	13 310
Operating result	1 046	539	42	-433	1 194
Depreciation	384	334	179	109	1 006
Investments	439	109	560	2	1 110
Capital employed	3 201	6 686	3 007	2 305	15 199

Nine months, 2003

	<u>Mining Operations</u>	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	2 005	4 294	–	663	6 962
Operating result	210	189	–	-102	297
Depreciation	224	218	–	47	489
Investments	316	46	–	52	414
Capital employed	1 473	5 406	–	720	7 599

Q3, 2004

	<u>Mining Operations</u>	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	1 110	3 015	970	-830	4 265
Operating result	503	148	34	-322	363
Depreciation	118	111	58	36	323
Investments	137	48	174	–	359
Capital employed	3 201	6 686	3 007	2 305	15 199

Q3, 2003

	<u>Mining Operations</u>	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	671	1 455	–	200	2 326
Operating result	74	61	–	-48	87
Depreciation	76	72	–	14	162
Investments	83	16	–	14	113
Capital employed	1 473	5 406	–	720	7 599

In Dec. 2003

	<u>Mining Operations</u>	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	2 791	5 905	–	849	9 545
Operating result	369	225	–	-613	-19
Depreciation	300	294	–	58	652
Investments	477	67	–	67	611
Capital employed	3 141	6 224	2 756	2 669	14 790

Surplus values in conjunction with the acquisition from Outokumpu are reported under "Other".
 Operations sold are reported under "Other".

Interim Report, January-September 2004

INCOME STATEMENTS

Broken down by remaining operations and operations sold

SEK m

Nine months		Remaining operations		Operations sold		THE GROUP	
	2004	2003	2004	2003	2004	2003	
Net sales	13 310	5 180	–	1 782	13 310	6 962	
Operating expenses	-11 902	-4 828	–	-1 852	-11 902	-6 680	
Result of participation in assoc. companies	–	15	–	–	–	15	
Loss on sale of operations	–	–	-214	–	-214	–	
Operating result	1 408	367	-214	-70	1 194	297	
Financial items	-307	-199	–	-18	-307	-217	
Result before tax	1 101	168	-214	-88	887	80	
Taxes	-85	171	–	0	-85	171	
Minority share in the result	–	–	–	-1	–	-1	
Result for the period	1 016	339	-214	-89	802	250	

Q3		Remaining operations		Operations sold		THE GROUP	
	2004	2003	2004	2003	2004	2003	
Net sales	4 265	1 740	–	586	4 265	2 326	
Operating expenses	-3 688	-1 619	–	-630	-3 688	-2 249	
Result of participation in assoc. companies	–	10	–	–	–	10	
Loss on sale of operations	–	–	-214	–	-214	–	
Operating result	577	131	-214	-44	363	87	
Financial items	-90	-69	–	-7	-90	-76	
Result before tax	487	62	-214	-51	273	11	
Taxes	-17	69	–	1	-17	70	
Minority share in the result	–	–	–	–	–	–	
Result for the period	470	131	-214	-50	256	81	

Full year		Remaining operations		Operations sold		THE GROUP	
		2003		2003		2003	
Net sales		7 153		2 392		9 545	
Operating expenses		-6 640		-2 550		-9 190	
Result of participation in assoc. companies		20		–		20	
Loss on sale of operations		–		-394		-394	
Operating result		533		-552		-19	
Financial items		-206		-26		-232	
Result before tax		327		-578		-251	
Taxes		269		-4		265	
Minority share in the result		–		-1		-1	
Result for the period		596		-583		13	

Sensitivity analysis 2004

The following table contains an estimate of the effects of changes in metal prices, exchange rates and smelting charges (TC/RC) on Boliden's result for 2004, based on average metal prices, exchange rates and treatment charges for 2003, and on planned production levels for 2004. The sensitivity analysis does not take into account the effects of metal price hedging or currency hedging.

Change in metal prices +10%	Effect on op. result SEK m	Change in USD +10%	Effect on op. result SEK m	Change in TC/RC +10%	Effect on op. result SEK m
Copper	153	USD/SEK	324	TC/RC Copper	30
Zinc	303	USD/CAD	49	TC Zinc	10
Lead	35	EUR/USD	218	TC Lead	-6
Gold	75	USD/NOK	52		
Silver	41				

Currency risks

Currency contracts on 30th September 2004 in respect of exchange rate hedging of commercial currency exposure in USD/SEK are reported in summary form in the table below. Boliden's other currency risks in respect of commercial exposure are, in all significant respects, unhedged.

USD m		Currency forwards	Currency options	
			Floor	Cap
Maturity year, 2004	amount, sold rate ¹	11 10.62	47 7.96	47 8.64
Maturity year, 2005	amount, sold rate ¹	18 10.29	79 8.12	79 9.09
Total, unrealised contracts		29	126	126

¹⁾ Income rate on currency options and strike for puts and calls respectively. Rates for options have been calculated as weighted strike rates in the portfolio. The floors in the options portfolio are divided between USD/SEK 7.65-8.30 and the caps between USD/SEK 8.16-9.50.

The contribution level in respect of USD/SEK income rates according to the table above for 2004 and 2005 is 59 per cent and 25 per cent respectively, calculated using the price assumptions in the sensitivity analysis table.