



## **BOLIDEN LIMITED REPORTS THIRD QUARTER 2000 RESULTS**

(All dollar amounts are in United States dollars)

### **Overview**

- Strong improvement in operations. Positive operating income (excluding write-off and unusual charges) and cash flow.
- Rönnskär +200 expansion project completed on time and within budget. Production commences in August 2000.
- Good progress with capital management program.
  - Action plan to improve performance of Swedish mining operations.
  - Decision not to make further investments in Apirsa.
  - Letter of intent to sell 50% interest in Norzink.

**TORONTO, CANADA (October 25, 2000)** – Boliden Limited today reported its operating results for the third quarter and the first nine months of 2000.

The Company reported operating income of \$6.9 million for the quarter (after excluding \$210.5 million write-off and unusual charges) and an operating loss of \$34.2 million for the nine months ended September 30, 2000 (after excluding \$210.5 million write-off and unusual charges) compared with an operating loss of \$14.7 million for the third quarter of 1999 and \$64.9 million for the nine months ended September 30, 1999. The operating income for the quarter compares with an operating loss of \$34.7 million for the second quarter of 2000. The principal reasons for the change are higher zinc and copper prices and higher mining and smelting production.

The \$210.5 million write-off and unusual charges for the quarter comprise the write-off and charges related to the Company's investment in the Los Frailes mine in Spain (\$189.8 million), the restructuring charge on account of the downsizing at the Company's corporate offices in Toronto and Stockholm and at its Swedish mining operations (\$10.4 million) and the financial statement recognition of accrued pension liabilities for Swedish mining employees following changes in the collective agreement between Swedish mining employers and employees (\$10.3 million).

After accounting for interest expense and income taxes, the Company reported a net loss of \$195.3 million or \$0.90 per common share for the quarter and \$248.1 million or \$1.38 per common share for the nine months ended September 30, 2000 compared with a net loss of \$3.6 million or \$0.04 per common share for the third quarter of 1999 and \$58.3 million or \$0.57 per common share for the nine months ended September 30, 1999. The net loss for the

quarter compares with a net loss of \$34.4 million or \$0.17 per common share for the second quarter of 2000.

Cash provided by operations before non-cash working capital changes was \$23.5 million or \$0.11 per common share for the quarter and \$19.0 million or \$0.10 per common share for the nine months ended September 30, 2000 compared with cash provided by operations of \$7.6 million or \$0.07 per common share for the third quarter of 1999 and cash used by operations of \$9.0 million or \$0.08 per common share for the nine months ended September 30, 1999. The cash provided by operations before non-cash working capital changes for the quarter compares with cash used by operations of \$15.6 million or \$0.07 per common share for the second quarter of 2000.

## **CAPITAL MANAGEMENT PROGRAM**

At the beginning of the quarter, the Company's executive management committee initiated a capital management program aimed at restoring the Company's 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 and selling non-strategic assets. The executive management committee also initiated a strategic review of all the Company's operations. The strategic review will result in the development of a revised long-term plan for the Company scheduled for the fourth quarter of the year.

The following is a summary of third quarter developments in the capital management program.

### *Reducing Costs*

The Company has begun implementing its previously announced intention to transfer many of the activities currently being carried out in its Toronto office to Sweden and many of the activities currently being carried out at its Stockholm office to its operating units. As a result of these activities, both offices will be downsized. Approximately 50 employees will be affected by the downsizing.

The Company has also implemented an action plan aimed at improving the performance of its Swedish mining operations. The action plan includes a new management structure for the Swedish mining operations, as well as the technology and exploration groups, and a downsizing of the Boliden Area Operations and the office located in the Town of Boliden. Approximately 106 employees will be affected by the downsizing.

The downsizing is expected to result in cost reductions of \$10.1 million per year beginning in 2001.

The Company has also leased newer, smaller and less expensive premises outside Stockholm. The Company will transfer the remaining functions at its Stockholm office to these new premises in February 2001.

### *Increasing Productivity*

The Company has introduced new shift change procedures at its Aitik mine which will significantly increase effective worktime at the mine. These procedures will be introduced at the Company's other mining operations in due course after appropriate consultation.

The completion of the Rönnskär +200 expansion project will reduce Rönnskär's cash operating costs by between 25% and 30% per unit of copper cathode produced once the smelter is fully operational in early 2001.

### *Postponing Discretionary Expenditures*

During the quarter, the Company advised 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 this advice, 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 has filed a court application for commencement of "suspension de pagos" proceedings (similar to Canadian CCAA and United States Chapter 11 proceedings).

### *Securing Partners for Operations that Require Non-Discretionary Expenditures*

The Company has begun a process aimed at securing a partner for its Myra Falls and Lomas Bayas mines. A confidential information memorandum has been prepared for each of the mines and site visits have begun.

The process may affect the carrying value of the Company's investment in Myra Falls and Lomas Bayas.

### *Selling Assets*

Shortly after the end of the quarter, the Company's subsidiary, Boliden Mineral AB, and Rio Tinto signed a letter of intent 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 purchase consideration consisting of \$180 million cash plus a profit participation of up to \$10 million payable if the quarterly average zinc price during the period 2001 – 2004 exceeds \$0.54 per pound. The transaction, which is scheduled to close before the end of 2000, is subject to completion of satisfactory due diligence, negotiation and settlement of satisfactory definitive agreements, receipt of all required regulatory consents and approvals of the respective boards of directors of the parties.

## METAL PRICES, CURRENCIES AND INTEREST RATES

Prices for the metals produced by the Company as reported by the London Metal Exchange (LME) and the London Bullion Market Association (LBM) for the quarter and the nine months ended September 30, 2000 compared with the third quarter of 1999 and the nine months ended September 30, 1999 were as follows:

<b>Average LME/LBM Prices</b>	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
Zinc \$/lb	0.53	0.51	0.52	0.48
Copper \$/lb	0.85	0.76	0.82	0.69
Lead \$/lb	0.21	0.23	0.20	0.23
Gold \$/oz	277	259	282	274
Silver \$/oz	4.91	5.23	5.03	5.21

The Company periodically manages its exposure to changes in prices for the metals that it produces through hedge transactions, including forward sales contracts and put and call options. The Company's metals are largely unhedged.

During 1999, the Company sold 27.0 million ounces of silver (approximately three years of production) in an option strategy that provided the Company with a maximum average price of \$5.66 per ounce. The Company closed out this position during the quarter.

Most of the Company's costs are in Swedish, Canadian, Norwegian and Spanish currencies. The average rates of exchange for Swedish kronor (SEK), Canadian dollars (C\$), Norwegian kroner (NOK) and Spanish pesetas (ESP) per United States dollar for the quarter and the nine months ended September 30, 2000 compared with the third quarter of 1999 and the nine months ended September 30, 1999 were as follows:

<b>Average Exchange Rates per US\$</b>	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
SEK	9.29	8.31	8.92	8.25
C\$	1.48	1.49	1.47	1.49
NOK	8.95	7.84	8.64	7.77
ESP	184	159	177	155

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 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. As at

September 30, 2000, the Company had in place a hedging program covering approximately two years exposure to exchange rate fluctuations. A combination of options and forward contracts has been used to hedge costs in Swedish, Canadian and Norwegian currencies against the United States dollar at minimum average rates of 8.25, 1.49 and 7.69, respectively, and maximum average rates of 8.29, 1.49 and 7.72, respectively.

The Company periodically manages its exposure to changes in interest rates through interest rate swaps. The interest rates on the Company's long-term debt are floating rates and are largely unhedged.

## OPERATIONS

The operating income (loss) at the Company's operating segments for the quarter and the nine months ended September 30, 2000 compared with the third quarter of 1999 and the nine months ended September 30, 1999 was as follows:

Operating Segment (\$ thousands)	Three months ended September 30,		Nine months ended September 30,	
	2000	1999	2000	1999
Mining (excluding write-off and unusual charges)	\$(6,113	\$(20,040	\$(49,44	\$(71,347)
Smelting	14,602	8,816	26,45	18,768
Fabrication	1,270	1,043	2,20	1,776
Corporate and other	(2,853	(4,525	(13,40	(14,104)
	\$6,906	\$(14,706	\$(34,19	\$(64,907)
Write-off and unusual charges	(210,505	—	(210,50	—
<b>Total</b>	<b>\$(203,603</b>	<b>\$(14,706</b>	<b>\$(244,70</b>	<b>\$(64,907)</b>

## Mining

The Company's mining operations reported an operating loss of \$6.1 million for the quarter (excluding write-off and unusual charges) and \$49.4 million for the nine months ended September 30, 2000 (excluding write-off and unusual charges) compared with an operating loss of \$20.0 million for the third quarter of 1999 and \$71.3 million for the nine months ended September 30, 1999. The operating loss for the quarter compares with an operating loss of \$27.2 million for the second quarter of 2000. The principal reasons for the changes are higher zinc and copper prices and higher mining production.

If the operating loss at Los Frailes is excluded (\$10.7 million for the quarter and \$29.9 million for the nine months ended September 30, 2000), the Company's mining operations would have reported operating income of \$4.6 million for the quarter (excluding write-off and unusual charges) and an operating loss of \$19.5 million for the nine months ended September 30, 2000 (excluding write-off and unusual charges).

The Company's mines produce primarily copper and zinc, with by-product lead, gold and silver. Contained metal production at each of the Company's mines for the quarter and the nine months ended September 30, 2000 compared with the third quarter of 1999 and the nine months ended September 30, 1999 was as follows:

Mine	Three months ended September 30,		Nine months ended September 30,	
	2000	1999	2000	1999
<b>Boliden Area</b>				
<b>Operations (BAO)<sup>(1)</sup></b>				
Zinc (tonnes)	13,873	15,106	40,975	42,726
Copper (tonnes)	2,258	2,211	6,590	7,718
Lead (tonnes)	745	1,045	2,153	2,223
Gold (ounces)	11,011	10,998	35,838	43,223
Silver (000s ounces)	533	450	1,436	1,437
<b>Garpenberg</b>				
Zinc (tonnes)	7,725	8,612	24,102	27,432
Copper (tonnes)	231	283	623	689
Lead (tonnes)	3,383	4,052	10,434	12,246
Gold (ounces)	2,730	2,668	7,697	7,671
Silver (000s ounces)	829	720	2,435	2,226
<b>Aitik</b>				
Copper (tonnes)	17,118	14,742	51,172	41,106
Gold (ounces)	12,934	8,419	36,587	29,802
Silver (000s ounces)	408	595	1,465	1,349
<b>Laisvall</b>				
Lead (tonnes)	13,427	18,560	48,292	55,595
Zinc (tonnes)	2,681	2,667	9,667	10,027
Silver (000s ounces)	97	127	351	396
<b>Los Frailes<sup>(2)</sup></b>				
Zinc (tonnes)	24,752	21,472	69,578	21,472
Copper (tonnes)	780	373	2,049	373
Lead (tonnes)	9,464	7,378	30,172	7,378
Silver (000s ounces)	445	317	1,182	317
<b>Myra Falls<sup>(3)</sup></b>				
Zinc (tonnes)	13,334	11,325	39,211	23,290
Copper (tonnes)	4,634	4,101	14,079	7,472
Gold (ounces)	6,441	4,513	17,440	8,668
Silver (000s ounces)	130	46	371	103
<b>Lomas Bayas</b>				
Copper (tonnes)	12,952	10,411	37,768	30,476

**Notes:**

- (1) BAO comprises four underground mines, one open pit mine and one mill.
- (2) 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.
- (3) 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.

Total contained metal production at the Company's mining operations for the quarter and the nine months ended September 30, 2000 compared with the third quarter of 1999 and the nine months ended September 30, 1999 was as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2000	1999	2000	1999
Zinc (tonnes)	62,365	59,182	183,533	124,947
Copper (tonnes)	37,973	32,122	112,281	87,835
Lead (tonnes)	27,019	31,035	91,051	77,442
Gold (ounces)	33,116	31,460 <sup>(1)</sup>	97,562	104,294 <sup>(c)</sup>
Silver (000s ounces)	2,442	2,255	7,240	5,828

**Note:**

(1) Includes the Company's 50% share of production from SCPM. The Company sold its 50% interest in SCPM during the fourth quarter of 1999.

### *Copper*

Copper production for the quarter and the nine months ended September 30, 2000 was higher than the third quarter of 1999 and the nine months ended September 30, 1999 due to higher production at Aitik, Myra Falls and Lomas Bayas. Copper production for the quarter was the same as the second quarter of 2000. Production at Aitik fluctuates with the grades encountered in mining operations.

The Company's subsidiary, Compañia Minera Lomas Bayas, is continuing its discussions with its project lenders with respect to the Lomas Bayas completion test with a view to developing a mutually satisfactory approach both to the completion test and the project going forward. The project lenders have been extending the completion date for the completion test as these discussions continue. The current extension is to December 31, 2000.

### *Zinc*

Zinc production for the quarter and the nine months ended September 30, 2000 was higher than the third quarter of 1999 and the nine months ended September 30, 1999 due to the restart of operations at Los Frailes and higher production at Myra Falls partially offset by lower production at BAO and Garpenberg. Zinc production for the quarter was higher than the second quarter of 2000 due to higher production at BAO, Los Frailes and Myra Falls partially offset by lower production at Garpenberg and Laisvall.

### **Smelting**

The Company's smelting operations reported operating income of \$14.6 million for the quarter and \$26.5 million for the nine months ended September 30, 2000 compared with operating income of \$8.8 million for the third quarter of 1999 and \$18.8 million for the nine months ended September 30, 1999. The principal reasons for the change are higher zinc and copper prices and higher copper production due to the start-up of the Rönnskär +200

expansion project. The operating income for the quarter compares with an operating loss of \$2.2 million for the second quarter of 2000. The principal reasons for the change are higher metal production due to the start-up of the Rönnskär +200 expansion project and the scheduled maintenance shutdowns taken at Rönnskär and Norzink during May 2000.

The Company's smelters produce primarily copper, zinc and lead, with significant quantities of gold and silver. Metal production at each of the Company's smelters for the quarter and the nine months ended September 30, 2000 compared with the third quarter of 1999 and the nine months ended September 30, 1999 was as follows:

Smelter	Three months ended September 30,		Nine months ended September 30,	
	2000	1999	2000	1999
<b>Rönnskär</b>				
Copper (tonnes)	35,340	29,640	88,740	86,723
Lead (tonnes)	4,746	7,009	23,708	27,058
Zinc clinker (tonnes) <sup>(1)</sup>	7,430	9,050	22,202	27,454
Gold (kilos)	2,122	2,386	5,943	7,310
Silver (kilos)	94,713	94,379	269,245	247,941
<b>Norzink<sup>(2)</sup></b>				
Zinc (tonnes)	17,623	18,162	51,871	54,157
<b>Bergsöe</b>				
Lead alloys (tonnes)	10,180	8,542	34,916	33,832

**Notes:**

(1) Zinc clinker produced at Rönnskär is sold as feed to Norzink.

(2) Represents the Company's 50% share of production from Norzink.

*Rönnskär*

Production at Rönnskär for the quarter and the nine months ended September 30, 2000 was higher than the third quarter of 1999 and the nine months ended September 30, 1999 due to the start-up of the Rönnskär +200 expansion project. Production for the quarter was higher than the second quarter of 2000 due to the start-up of the Rönnskär +200 expansion project and the scheduled maintenance shutdown taken during May 2000.

The Rönnskär +200 expansion project was completed on time and within budget. The newly installed flash furnace was successfully started on August 21, 2000. Production will ramp up over the balance of the year with full production expected in the first quarter of 2001.

*Norzink*

Production at Norzink for the quarter and the nine months ended September 30, 2000 was lower than the third quarter of 1999 and the nine months ended September 30, 1999 due to shortfalls in deliveries of zinc clinker from Rönnskär. Production for the quarter was higher than the second quarter of 2000 due to the scheduled maintenance shutdown taken during May 2000.



## **Fabrication**

The Company's copper tubing and brass fabrication operations reported operating income of \$1.3 million for the quarter and \$2.2 million for the nine months ended September 30, 2000 compared with operating income of \$1.0 million for the third quarter of 1999 and \$1.8 million for the nine months ended September 30, 1999. The operating income for the quarter compares with breakeven results for the second quarter of 2000.

## **OTHER MATTERS**

Anders Bülow's previously announced resignation as the President and Chief Executive Officer and a director of the Company became effective on September 30, 2000.

After the end of the quarter, Lars Olof Nilsson resigned as a director of the Corporation effective October 26, 2000.

## **DIVIDEND ON CONVERTIBLE PREFERRED SHARES**

On December 17, 1999, the Company's board of directors decided to postpone payment of dividends on the Company's convertible preferred shares pending completion of the Rönnskär +200 expansion. The expansion was completed during August 2000. The Company's board of directors has made no decision with respect to the resumption of payment of dividends on the convertible preferred shares.

## **UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS TO FOLLOW**

## BOLIDEN LIMITED

### Consolidated Balance Sheets

(In thousands of United States dollars)

	September 30, 2000	December 31, 1999
	(Unaudited)	(Audited)
<b>Assets</b>		
Current assets:		
Cash and short-term investments	\$ 73,566	\$ 66,463
Accounts and metal settlements receivable	171,168	183,022
Inventories	229,282	184,591
	<u>474,016</u>	<u>434,076</u>
Capital assets	1,199,527	1,366,499
Future income tax assets	71,100	39,218
Deferred expenses and other assets	33,314	37,110
	<u>\$ 1,777,957</u>	<u>\$ 1,876,903</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued charges	\$ 335,687	\$ 276,863
Deferred revenue	825	3,300
Debt, including current portion of long-term debt	68,326	89,481
	<u>404,838</u>	<u>369,644</u>
Long-term debt	732,800	723,985
Future income tax liabilities	39,681	47,662
Deferred revenue	-	13,200
Provision for reclamation costs	63,214	51,145
Other long-term liabilities	28,479	18,130
	<u>1,269,012</u>	<u>1,223,766</u>
Shareholders' equity	508,945	653,137
	<u>\$ 1,777,957</u>	<u>\$ 1,876,903</u>

# BOLIDEN LIMITED

## Consolidated Statements of Operations

(In thousands of United States dollars, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2000	1999	2000	1999
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	\$ 283,603	\$ 253,265	\$ 834,998	\$ 750,184
Operating expenses:				
Costs of metal and other product sales	229,480	216,995	718,542	666,344
Depreciation, depletion and amortization	30,040	31,554	90,908	85,129
Selling, general and administrative	15,051	16,637	49,229	52,136
Exploration, research and development	2,126	2,785	10,515	11,482
Write down of mining properties and unusual charges	210,509	-	210,509	-
	487,206	267,971	1,079,703	815,091
Operating loss	(203,603)	(14,706)	(244,705)	(64,907)
Interest on long-term debt	(11,564)	(10,807)	(34,624)	(32,970)
Interest and other income (expense)	(488)	2,584	1,320	7,161
Gain/(loss) on asset dispositions	-	14,457	-	14,457
	(12,052)	6,234	(33,304)	(11,352)
Loss before income taxes	(215,655)	(8,472)	(278,009)	(76,259)
Income taxes expense (recovery)	(20,339)	(4,915)	(29,953)	(17,939)
Net loss	\$ (195,316)	\$ (3,557)	\$ (248,056)	\$ (58,320)
Net loss per share	\$ (0.90)	\$ (0.04)	\$ (1.38)	\$ (0.57)

# BOLIDEN LIMITED

## Consolidated Statements of Cash Flows

(In thousands of United States dollars, except per share data)

	Three months ended September 30,		Nine months ended September 30,	
	2000	1999	2000	1999
	(Unaudited)		(Unaudited)	
<b>Cash provided by (used in):</b>				
<b>Operating Activities:</b>				
Net loss for the period	\$ (195,316)	\$ (3,557)	\$ (248,056)	\$ (58,320)
Items not affecting cash:				
Depreciation, depletion and amortization	30,040	31,554	90,908	85,129
Future income taxes	(21,749)	(5,972)	(34,353)	(21,347)
Write down of mining properties and unusual charges	210,509	-	210,509	-
Loss (gain) on asset dispositions	-	(14,457)	-	(14,457)
<b>Cash provided by (used in) operations before non-cash working capital changes</b>	<b>23,484</b>	<b>7,568</b>	<b>19,008</b>	<b>(8,995)</b>
<b>Net change in non-cash operating working capital</b>	<b>11,829</b>	<b>(11,052)</b>	<b>(28,911)</b>	<b>(12,935)</b>
<b>Cash provided by (used in) operating activities</b>	<b>35,313</b>	<b>(3,484)</b>	<b>(9,903)</b>	<b>(21,930)</b>
<b>Financing Activities:</b>				
Additions to debt, net of repayments	20,167	36,050	(1,873)	47,010
Issuance of common shares, net of issue costs	-	-	142,600	-
Issuance of convertible preferred shares, net of issue costs	-	17	-	82,204
Dividends paid on convertible preferred shares	-	(1,075)	-	(2,165)
<b>Cash provided by (used in) financing activities</b>	<b>20,167</b>	<b>34,992</b>	<b>140,727</b>	<b>127,049</b>
<b>Investing Activities:</b>				
Capital expenditures	(30,465)	(39,720)	(123,019)	(115,008)
Other assets	(2,332)	(2,684)	(2,332)	(2,684)
Proceeds on asset dispositions	-	269	-	269
<b>Cash used in investing activities</b>	<b>(32,797)</b>	<b>(42,135)</b>	<b>(125,351)</b>	<b>(117,423)</b>
<b>Effect of exchange rate changes on cash balances in foreign currencies</b>	<b>1,098</b>	<b>337</b>	<b>1,630</b>	<b>(1,171)</b>
<b>Cash provided (used) during the period</b>	<b>23,781</b>	<b>(10,290)</b>	<b>7,103</b>	<b>(13,475)</b>
<b>Cash and short-term investments, beginning of period</b>	<b>49,785</b>	<b>71,911</b>	<b>66,463</b>	<b>75,096</b>
<b>Cash and short-term investments, end of period</b>	<b>\$ 73,566</b>	<b>\$ 61,621</b>	<b>\$ 73,566</b>	<b>\$ 61,621</b>
<b>Cash provided by (used in) operations before non-cash working capital changes, per share</b>	<b>\$ 0.11</b>	<b>\$ 0.07</b>	<b>\$ 0.10</b>	<b>\$ (0.08)</b>

## **NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS**

### **1. General**

The accompanying unaudited consolidated financial statements should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended December 31, 1999.

The accompanying unaudited consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the interim periods presented.

### **2. Los Frailes**

On April 25, 1998, the tailings dam at the Los Frailes mine owned by the Company's subsidiary, Boliden Apirsa SL (Apirsa), failed releasing acidic water and tailings material into the local environment. In 1998, the Company recorded a provision of \$42.5 million to cover Apirsa's estimated loss, net of insurance proceeds, from the tailings dam failure. During the third quarter of 2000, Apirsa filed a court application for commencement of "suspension de pagos" proceedings (similar to Canadian CCAA and United States Chapter 11 proceedings) and the Company wrote off its investment in Los Frailes.

### **3. Capital Management Program and Strategic Review**

The Company has 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 and selling non-strategic assets. The Company has also initiated a strategic review of all its operations. During the third quarter of 2000, the Company recorded a restructuring charge on account of the downsizing at its corporate offices in Toronto and Stockholm and at its Swedish mining operations. The capital management program and the strategic review may affect the carrying value of certain of the Company's assets.

### **4. Per Share Information**

Per share information for the quarter is based on the weighted average number of common shares outstanding during the quarter (218.3 million; 1999 – 107.0 million). Per share information for the nine months ended September 30, 2000 is based upon the weighted average number of common shares outstanding during the period (182.8 million; 1999 – 107.0 million). On March 30, 2000, the Company completed a common share rights offering pursuant to which it issued 107.1 million common shares. As at September 30, 2000, there were 218.3 million common shares outstanding.

### **5. Segmented Data** *(In thousands of United States dollars)*

The Company operates principally in three operating segments: mining, smelting and fabrication.

The Company's operating income (loss) at each of these operating segments was as follows:

<b>QUARTER ENDED September 30, 2000</b>	<b><i>Mining</i></b>	<b><i>Smelting</i></b>	<b><i>Fabrication</i></b>	<b><i>Corporate and other</i></b>	<b><i>Write-off and unusual charges</i></b>	<b><i>Consolidation adjustment</i></b>	<b><i>Total</i></b>
Revenues	101,358	165,858	57,072	4,454	–	(45,139)	283,603
Operating income (loss)	(6,113)	14,602	1,270	(2,853)	(210,509)	–	(203,603)
Depreciation, Depletion	(23,459)	(4,957)	(1,523)	(101)	–	–	(30,040)
Capital Expenditures	8,486	20,473	1,467	39	–	–	30,465
<b>QUARTER ENDED September 30, 1999</b>	<b><i>Mining</i></b>	<b><i>Smelting</i></b>	<b><i>Fabrication</i></b>	<b><i>Corporate and other</i></b>	<b><i>Write-off and unusual charges</i></b>	<b><i>Consolidation adjustment</i></b>	<b><i>Total</i></b>
Revenues	88,730	147,012	56,069	3,237	–	(41,783)	253,265
Operating income (loss)	(20,040)	8,816	1,043	(4,525)	–	–	(14,706)
Depreciation, Depletion	(24,986)	(4,873)	(1,527)	(168)	–	–	(31,554)
Capital Expenditures	14,010	23,859	1,773	78	–	–	39,720

The Company's operating income (loss) at each of these operating segments was as follows:

<b>NINE MONTHS ENDED September 30, 2000</b>	<b><i>Mining</i></b>	<b><i>Smelting</i></b>	<b><i>Fabrication</i></b>	<b><i>Corporate and other</i></b>	<b><i>Write-off and unusual charges</i></b>	<b><i>Consolidation adjustment</i></b>	<b><i>Total</i></b>
Revenues	300,483	479,720	188,612	13,184	–	(147,001)	834,998
Operating income (loss)	(49,449)	26,450	2,209	(13,406)	(210,509)	–	(244,705)
Depreciation, Depletion	(71,491)	(14,103)	(4,916)	(398)	–	–	(90,908)
Capital Expenditures	38,640	80,953	3,248	178	–	–	123,019
<b>NINE MONTHS ENDED September 30, 1999</b>	<b><i>Mining</i></b>	<b><i>Smelting</i></b>	<b><i>Fabrication</i></b>	<b><i>Corporate and other</i></b>	<b><i>Write-off and unusual charges</i></b>	<b><i>Consolidation adjustment</i></b>	<b><i>Total</i></b>
Revenues	236,733	435,305	189,264	13,260	–	(124,378)	750,184
Operating income (loss)	(71,347)	18,768	1,776	(14,104)	–	–	(64,907)
Depreciation, Depletion	(64,857)	(14,651)	(5,104)	(517)	–	–	(85,129)
Capital Expenditures	47,725	62,221	4,815	247	–	–	115,008

Intersegment revenues are principally sales from the Company's mines to its smelters, which are recorded at fair market value.

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