Finance and Sensitivities

Capital Markets Day 6 September 2011

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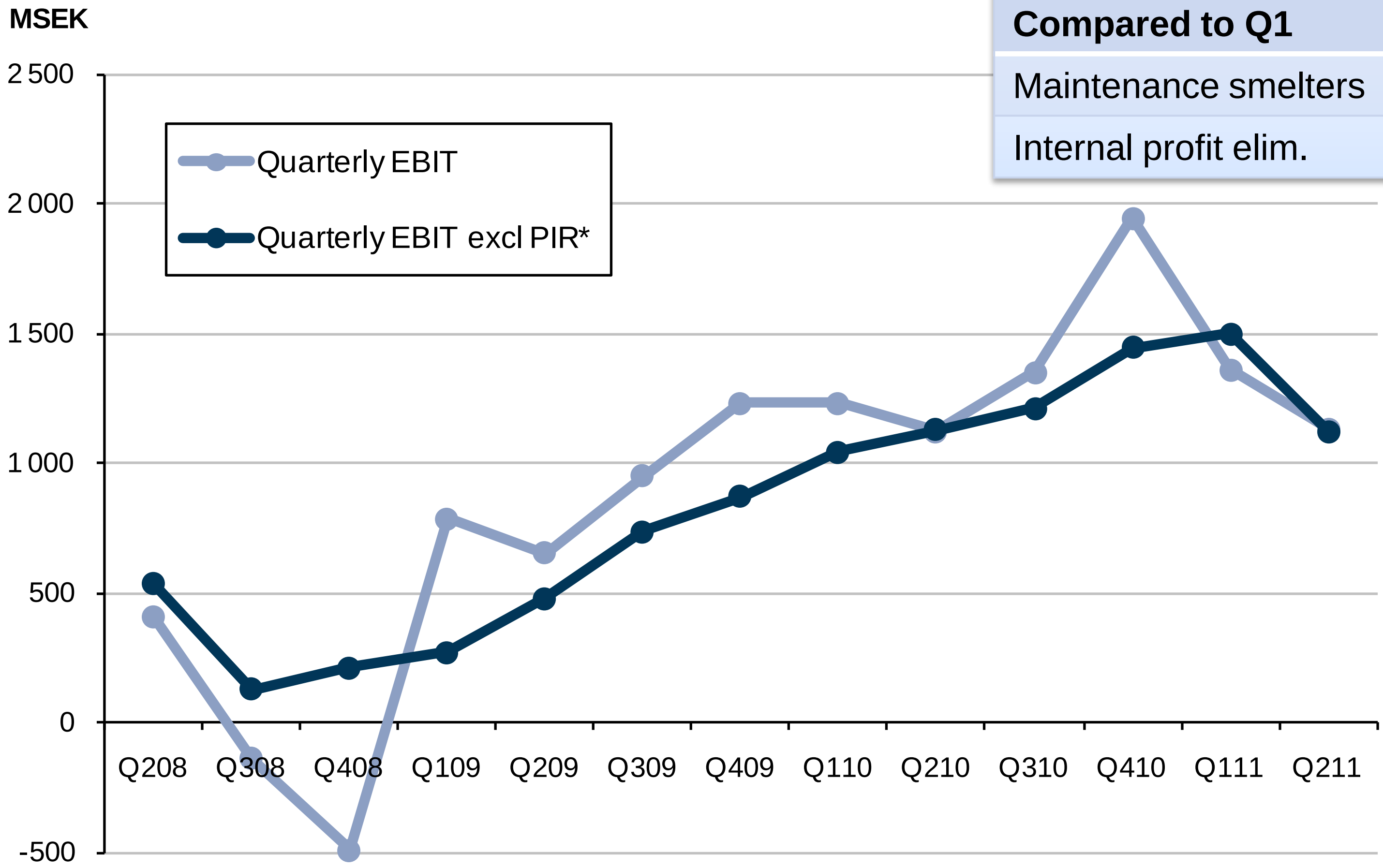
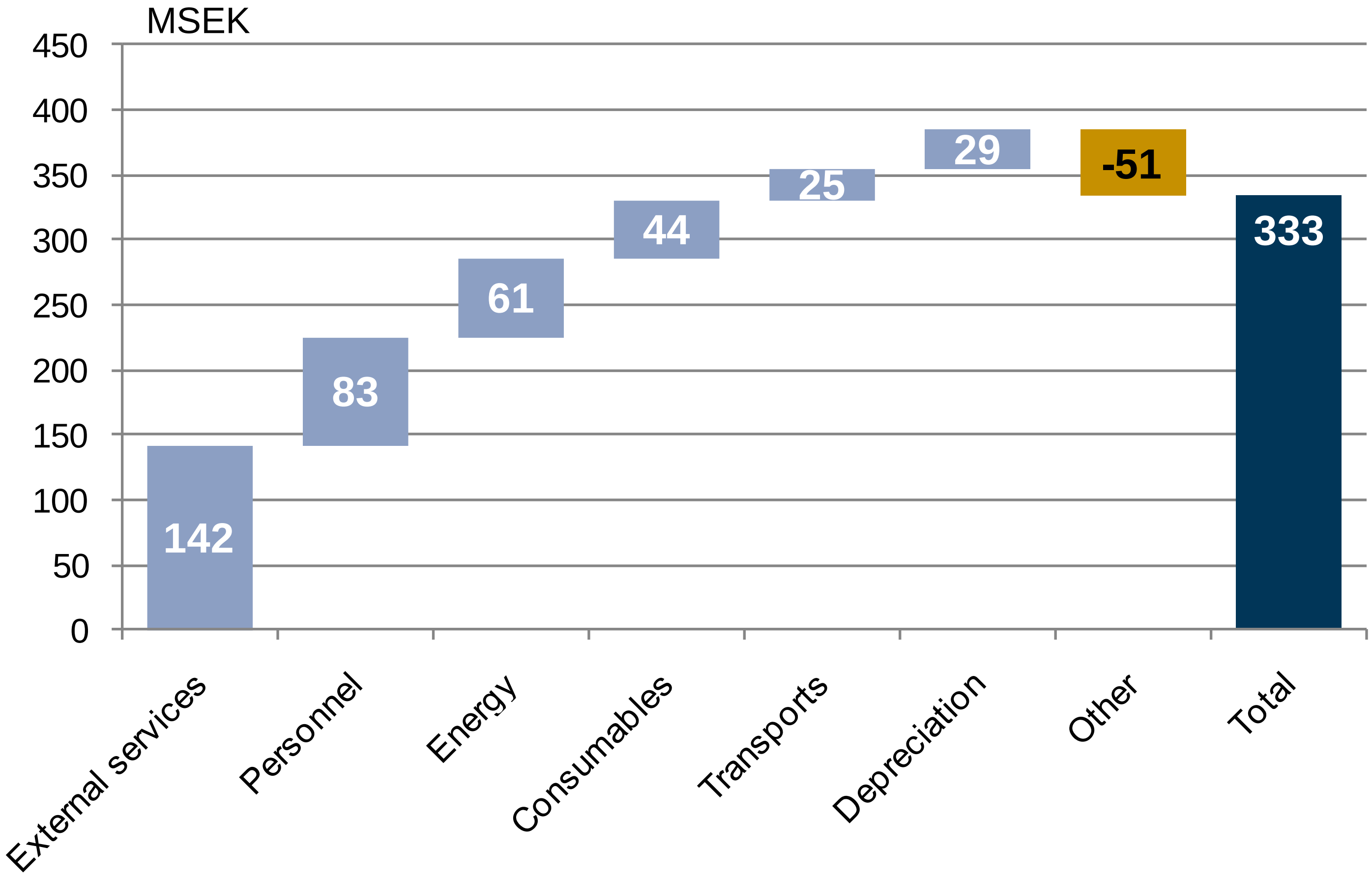
Group EBIT Development – Q2 recap



EBIT Q2, ex PIR	**1,120**
Compared to Q1	**-380**
Maintenance smelters	**-180**
Internal profit elim.	**-170**

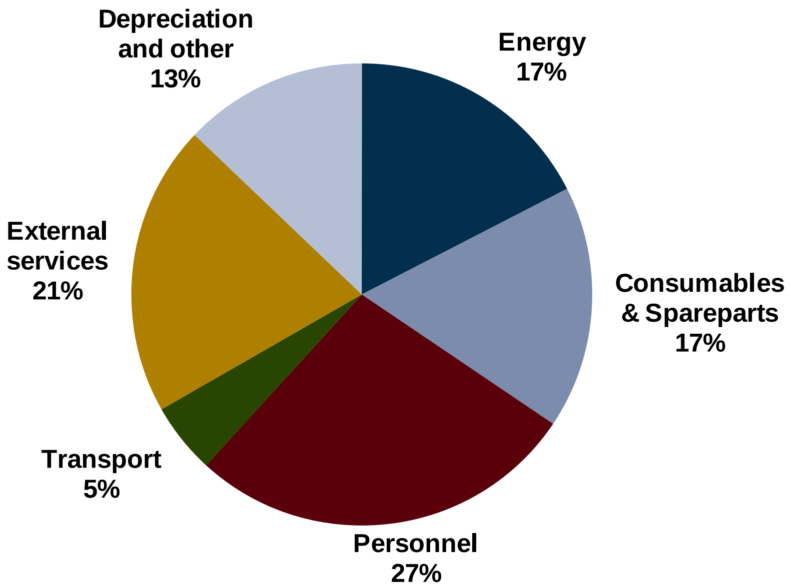
*Process Inventory Revaluation

Cost increase Q2 2011 vs Q2 2010



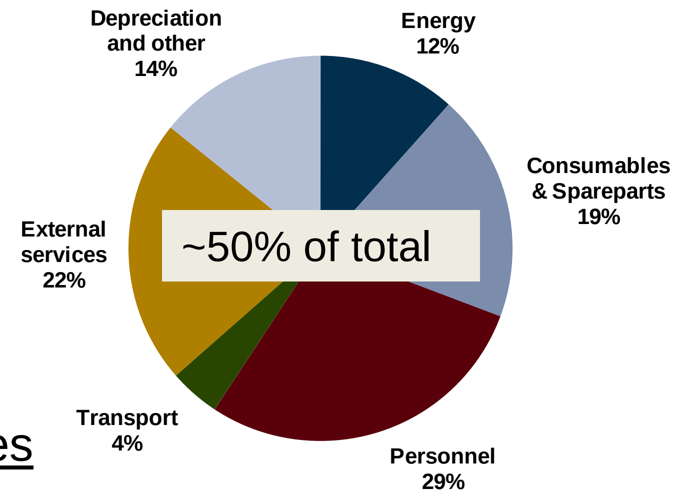
Operating costs by cost type – 6m 2011

Group

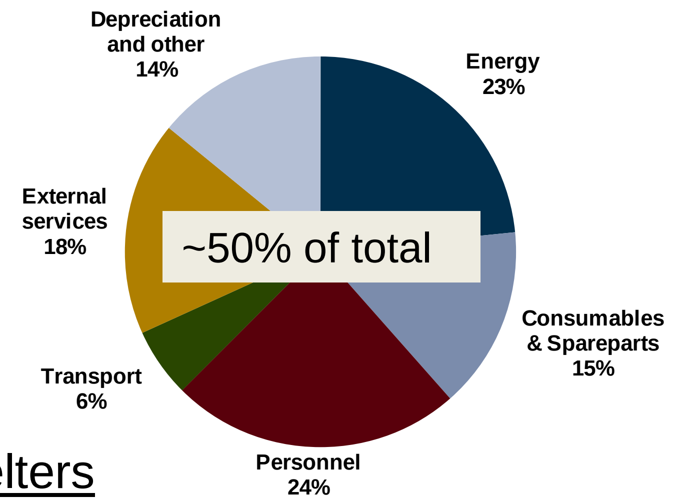


Total cost 6,2 SEK bn

Mines

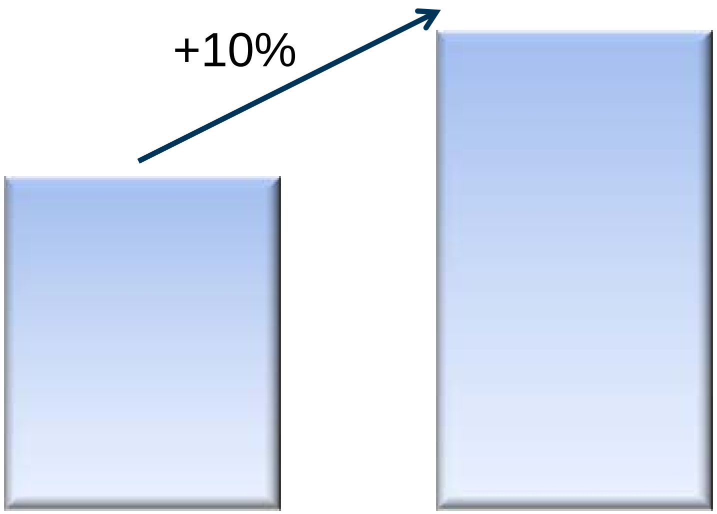


Smelters



Is there a visible cost inflation?

H1 2010 vs H1 2011 – operating costs increased by 10% excluding depreciations and 200 MSEK in Aitik ramp-up costs



- Cost increase includes higher volume:
  - Milled production +16%
  - Total smelter feed +8%
  - Average no. of employees +3%
- Inflationary pressure
  - Consumables
  - Spare parts
  - Energy (fuel)
  - External services
- Lasting cost inflation not really visible in Boliden results
  - Volume related
  - Ramp-up problems

Cost trend per cost type

Cost type	Trend	Comment
Energy (70% electricity, oil, diesel, coal)	→	Long term trend of increasing energy prices in Nordic area
Consumables & spareparts (explosives, chemicals etc)	↗	Economic development will determine direction – current cost push visible
Personnel	→	In line – variable pay and slightly higher numbers
Transport	↗	Truck, ship and rail
External services (50% maintenance)	↗	Economic development will determine direction – current cost push visible
Depreciations	→	Slight increase on the back of ongoing Capex projects, ~2 SEK bn annually

Cash Flow

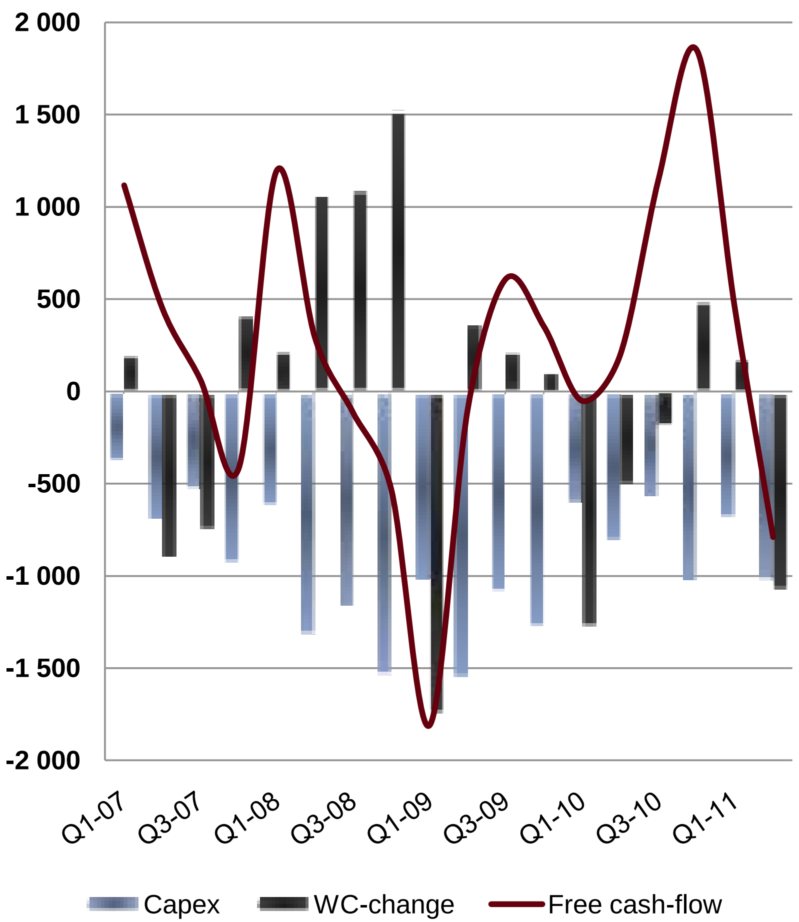
MSEK	Q2 11	Q2 10	YTD 11	YTD 10
Op profit before depreciation (EBITDA)*	**1 616**	**1 589**	**3 450**	**3 222**
Change in inventories	-975	-1 121	51	-2 080
Change in receivables	-82	-150	-861	-30
Change in liabilities	-19	768	-71	334
Other change in working capital	4	0	-21	0
Changes in working capital*	**-1 073**	**-502**	**-902**	**-1 776**
Capital expenditure	**-1 020**	**-806**	**-1 684**	**-1 405**
Financial net	-52	-127	-109	-161
Paid tax	-79	-94	-987	-135
Other	-178	140	-89	405
Free cash flow	**-790**	**201**	**-342**	**149**

*Includes Process Inventory Revaluation

- Higher inventories in Q2 vs Q1
- Capex in 2011 approx. SEK 4-5 billion

NEW BOLIDEN

Working capital

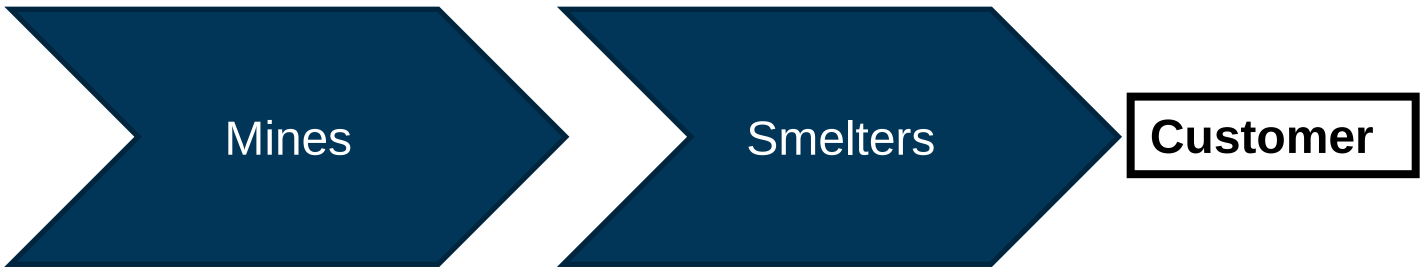


- Strong impact on free cash-flow from changes in working capital
- Large variations between quarters
- Driven by inventory changes
  - Metal prices
  - Volumes
  - Shipments of concentrates
- Internal concentrate production to own smelters (profit eliminations)
  - Neutral impact over time

- Capex 4 to 5 SEK bn in 2011
  - >4bn in 2012 and 2013

NEW BOLIDEN

Internal Profits



EBIT ex PIR 2010 | 4 BSEK | 1 BSEK

- Large part of earnings in Mines, i.e. beginning of value chain
- Mines sells internally to Smelters
- Internal profit elimination required in group accounting until material has been sold externally
- Consequently, internal profit elimination can vary between quarters as a result of changes in metal prices and internal stock levels

Boliden sensitivities
– quarterly updated, one year projection

Change in metal prices, +10%	EBIT effect, MSEK	Change in USD, +10%	EBIT effect, MSEK	Change in TC/RC, +10%	EBIT effect, MSEK
Copper	475	USD/SEK	1 100	TC Zn	50
Zinc	535	EUR/USD	405	TC/RC Cu	40
Lead	115	USD/NOK	70	TC Pb	-10
Gold	135				
Silver	190				

As reported in Q2 2011

Group EBIT Q2, bridge

MSEK	Q2 2011	Q2 2010	Q1 2011
EBIT	**1 134**	**1 123**	**1 359**
Process Inventory revaluation	14	-7	-142
EBIT excl Process Inventory Revaluation	**1 120**	**1 130**	**1 500**
Deviation		**-10**	**-380**
Specification of deviation			
Volume		43	27
Costs		-333	-193
Prices & Terms		1 095	47
Metal prices and terms		1 175	-54
Realised Metal- & Currency hedge*		-78	69
TC/RC terms		-44	17
Premiums		45	4
Definitive pricing (MAMA)*		-3	11
Currency effects		-789	-108
whereof translation effects		-15	3
Internal profit elimination		-40	-172
Others		14	19
Deviation		**-10**	**-380**
***Result for respective period**			
Realised Metal- & Currency hedge	*81*	*159*	*12*
Definitive pricing (MAMA)	*1*	*4*	*-10*

Metal sensitivities

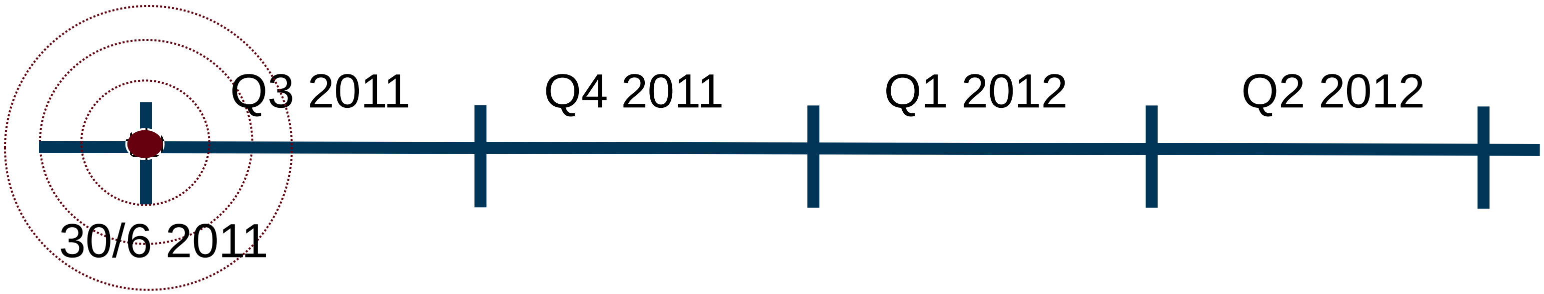
Currency sensitivities

What are the drivers of metal price exposure within Boliden?

Change in metal prices, +10%	EBIT effect, MSEK	Payable metal Mines	Free metal Smelters	Escalators Mines & Smelters
Copper	475	**90 %**	**9 %**	**1 %**
Zinc	635	**74 %**	**22 %**	**4 %**
Lead	115	**83 %**	**28 %**	**-11 %**
Gold	135	**71 %**	**29 %**	**0 %**
Silver	190	**85 %**	**15 %**	**0 %**

Note: EBIT effects from process inventory exposure not included

10% is a relative term.
What is the starting point?



For example in Q2 -2011 report +10% starting from:

LME cash prices 30/6 2011
FX spot rates 30/6 2011
TC/RC Q2 average levels

Other assumptions are based on best available information about ore milled, metal content, grades, smelter feeds, costs etc.

Process Inventory, volumes and values

June 30, 2011	Quantity (ton/kg*)	Value (MSEK)
External concentrate		
Copper	29,000	920
Zink	17,000	114
Lead	300	3
Gold*	2,200	460
Silver*	66,200	366
Other (internal concentrates, etc.)		339
TOTAL		**2,202**

- Booked at lowest of cost (last month average) and market (balance day price)

Process inventory in Q2 2011

		2011, 31 March			2011, 30 June				
Metal	Tonnes/ Kg*	EOP	Avg.	Lowest	EOP	Avg.	Lowest	Delta	Value (MSEK
Copper	29,000	59,327	60,524	59,327	59,393	57,342	57,342	-1,985	-58
Zinc	17,000	14,795	14,919	14,795	14,776	14,140	14,140	-655	-11
Lead	300	17,259	16,665	16,665	16,851	15,926	15,926	-739	0
Gold*	2,200	289,959	290,503	289,959	305,876	311,499	305,876	15,917	35
Silver*	66,200	7,673	7,312	7,312	7,103	7,295	7,103	-209	-14
Total									**-48**
Internal concentrates and other									**62**
Actual									**14**

NEW BOLIDEN

Summary – some help when analyzing Boliden

Use our guidance:

+/- Price sensitivities

+/- Process inventory result

+/- Hedge results

+/- Maintenance stops

+/- Exploration cost

+/- Communicated average grades

+/- Other communicated items

Be aware about:

- hedge volumes, prices and maturities
- financial statements and press releases

Make your own assumptions on unknown factors:

+/- Macroeconomics

+/- Future terms and prices

+/- Cost inflation

+/- Production development

+/- Other short and long term parameters

+/- Feed mix smelters