Capital Markets Day

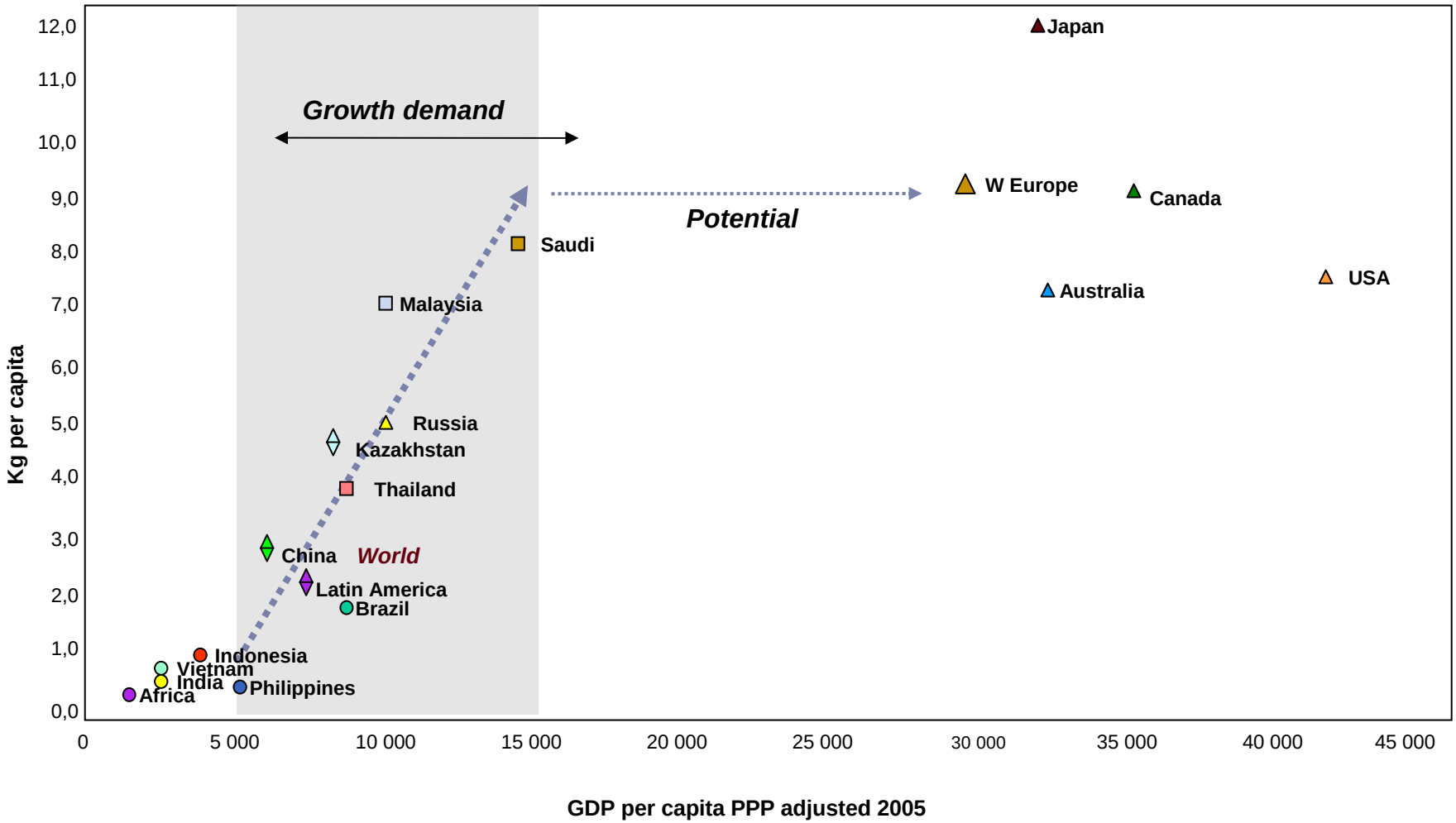
November 2008

Industry trends

Lennart Evrell
President & CEO

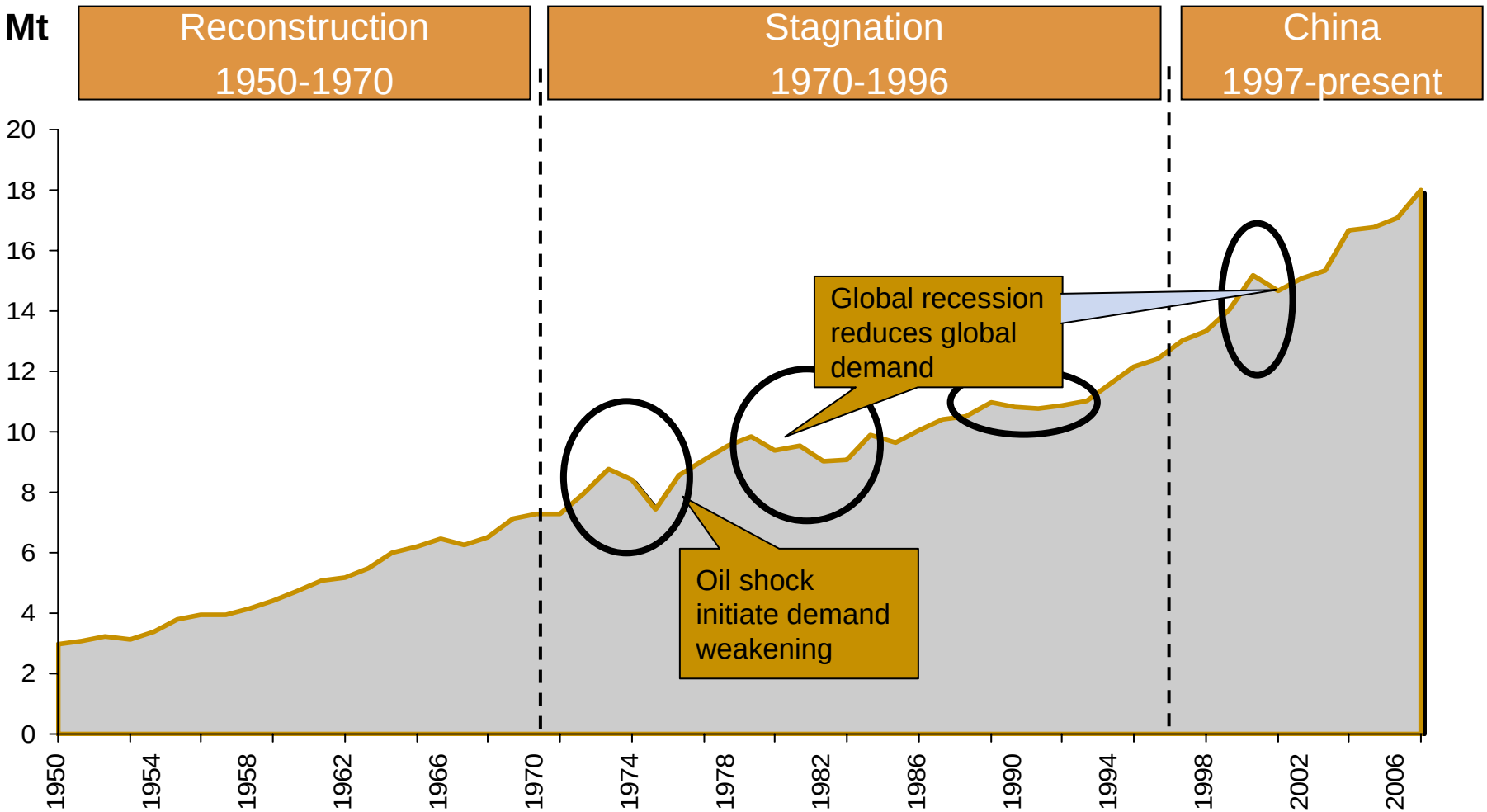
NEW BOLIDEN

Fundamental demand for base metals



HISTORICALLY RECESSIONS HAVE IMPACTED GLOBAL METAL DEMAND, BUT ONLY MODERATELY

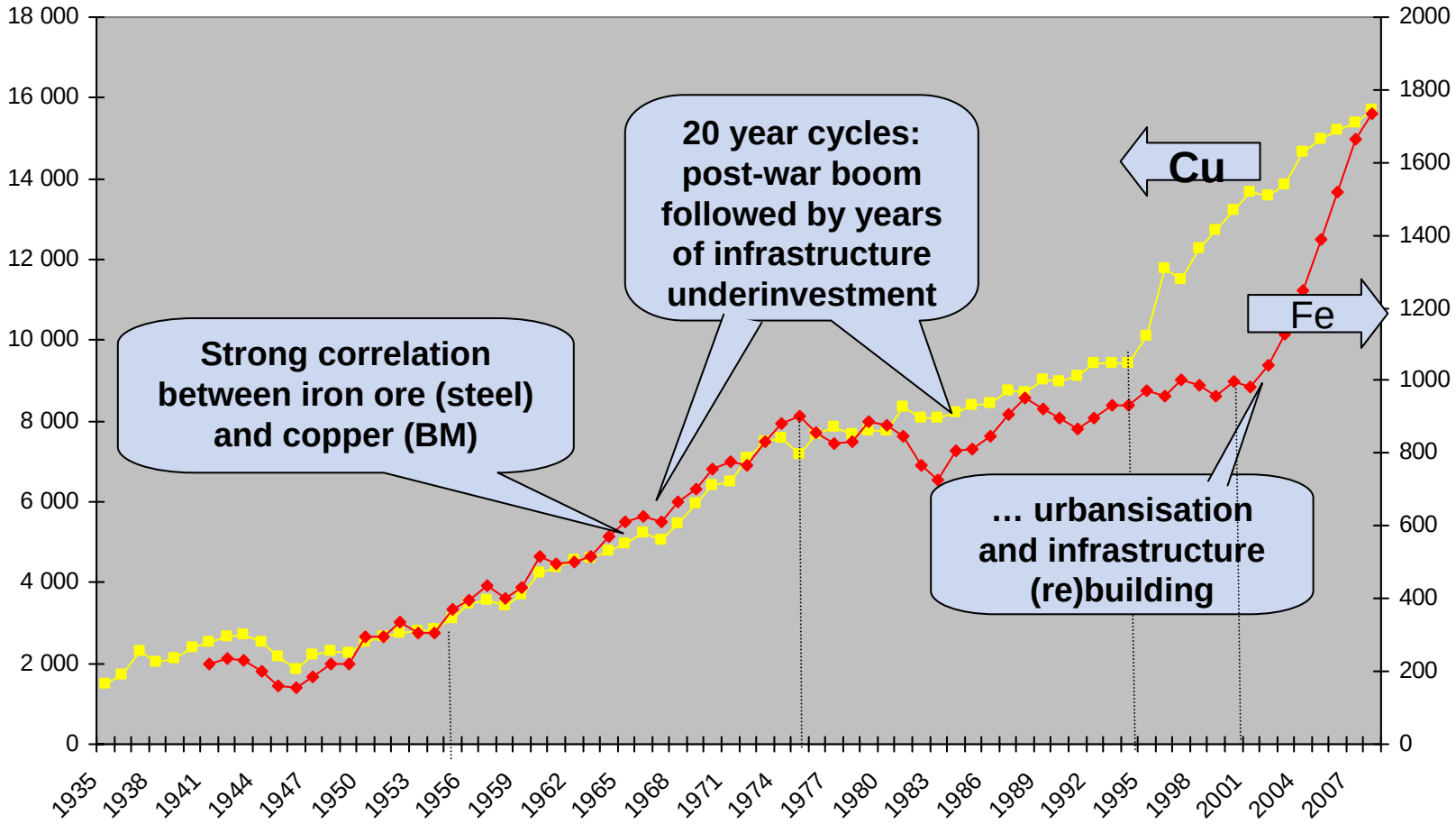
Global refined Cu demand
1950-2007



Source: WBMS; McKinsey analysis

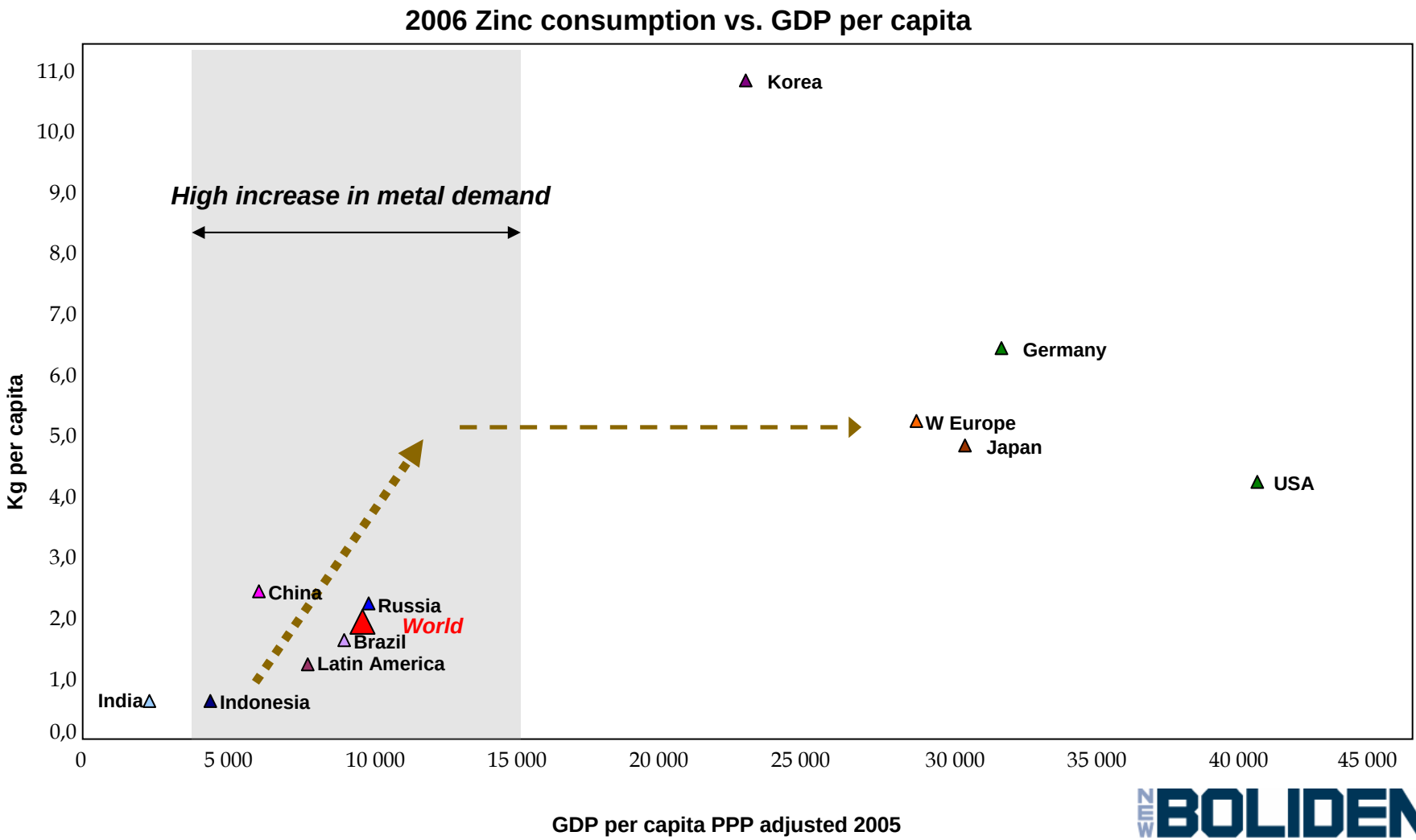
AND PRIMARY DEMAND IS OFTEN LESS AFFECTED..

Thousand tonnes of primary copper consumption (LHS)
Million tonnes of iron ore consumption (RHS)

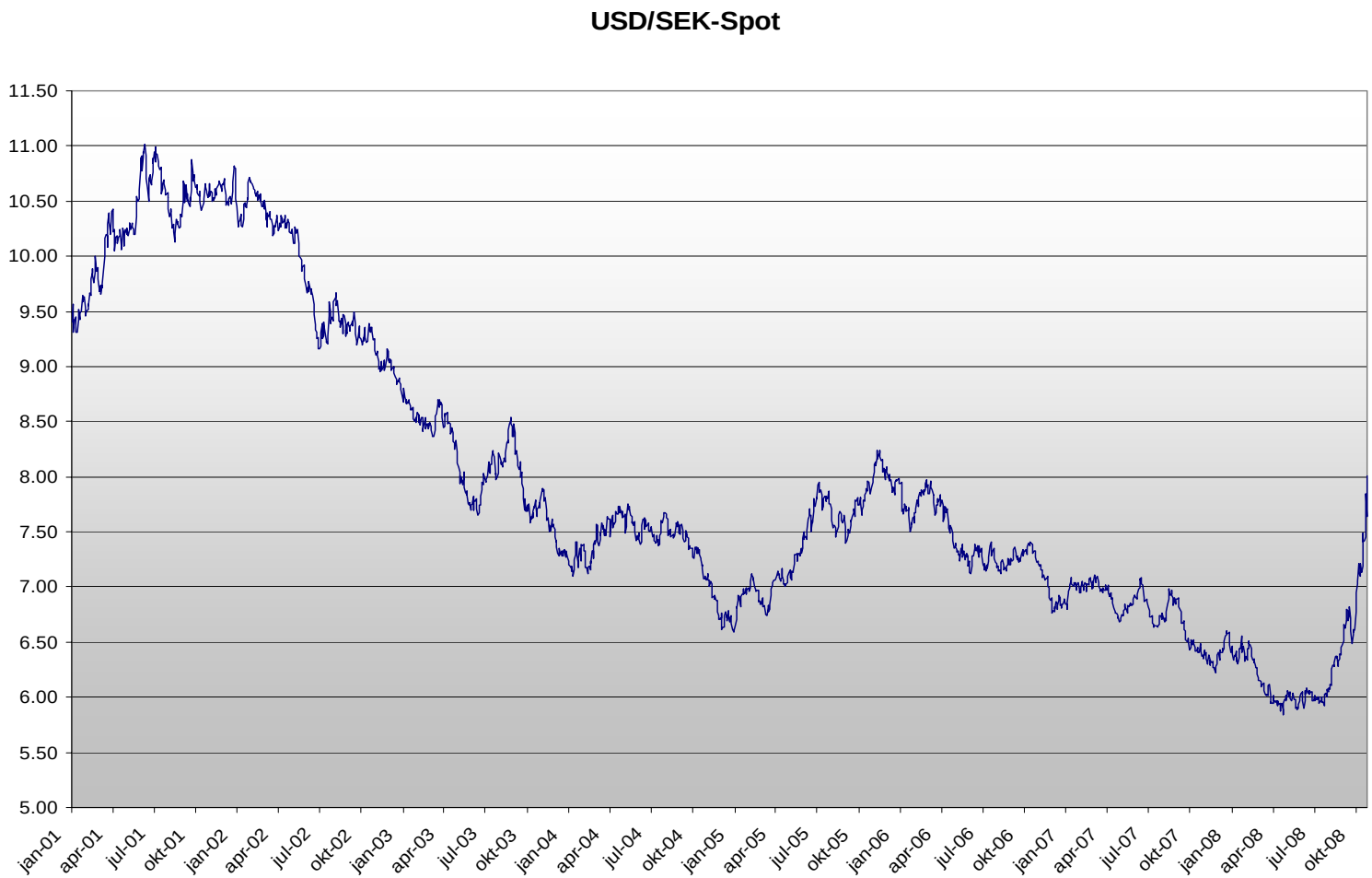


Source: IEA, USGS, UNCTAD, WBMS,ICSG

Potential for continued growth of zinc metal demand



The USD/SEK exchange rate 2001-2008



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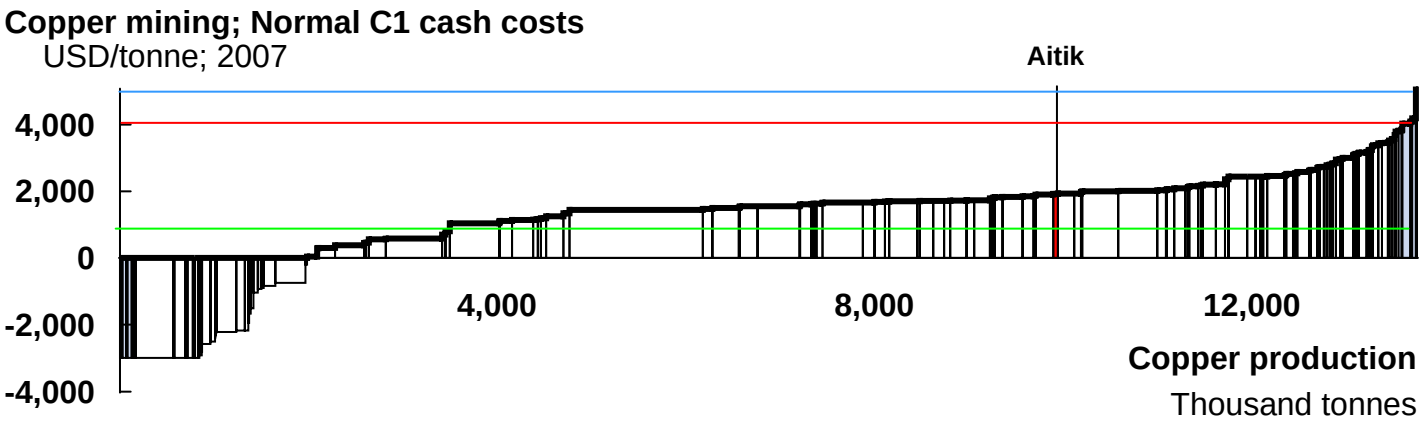
A cash cost curve is benchmarking some 90% of the worlds mines (Normal C1)



Source chart: Brook Hunt 2007

Cash cost at Boliden's zinc mines (Normal C1)

Cashcost 1. Boliden mines 2008

	Boliden	Garpen	Tara
TC	30	30	29
Production Cost	160	58	53
Credits	-172	-78	-9
C1	18	10	73

- Little correlation between production cost and cash cost
- TC and credits are very important
- Volatile with high credits

LME Main metal
-C1
EBITDA Ex overhead

Cash cost definitions

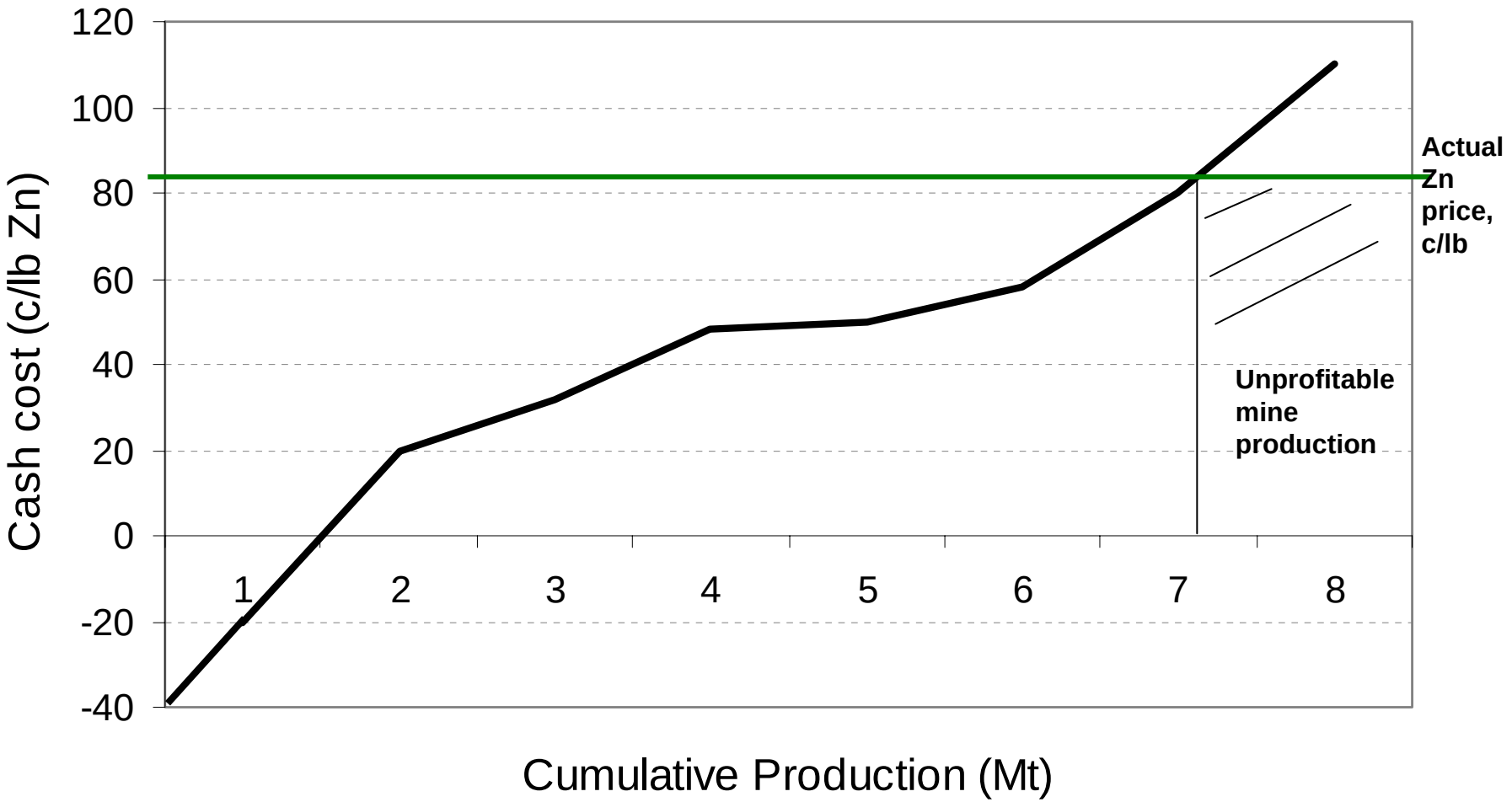
- **Normal costing**
  - Main metal >60% of total metal value
  - All cost allocated to main metal
  - Oter metals regarded as by-products and credit to cost
  - A mine will have only one cash cost
- **Prorata costing**
  - Cost distributed to each metal in relation to value
  - A mine will have one cash cost for each metal
- **Composite Costing**
  - Combines the two methods
  - Mines with a main metal >60% in Normal costing, other Prorata

- **Boliden publishes Normal costing for mines**

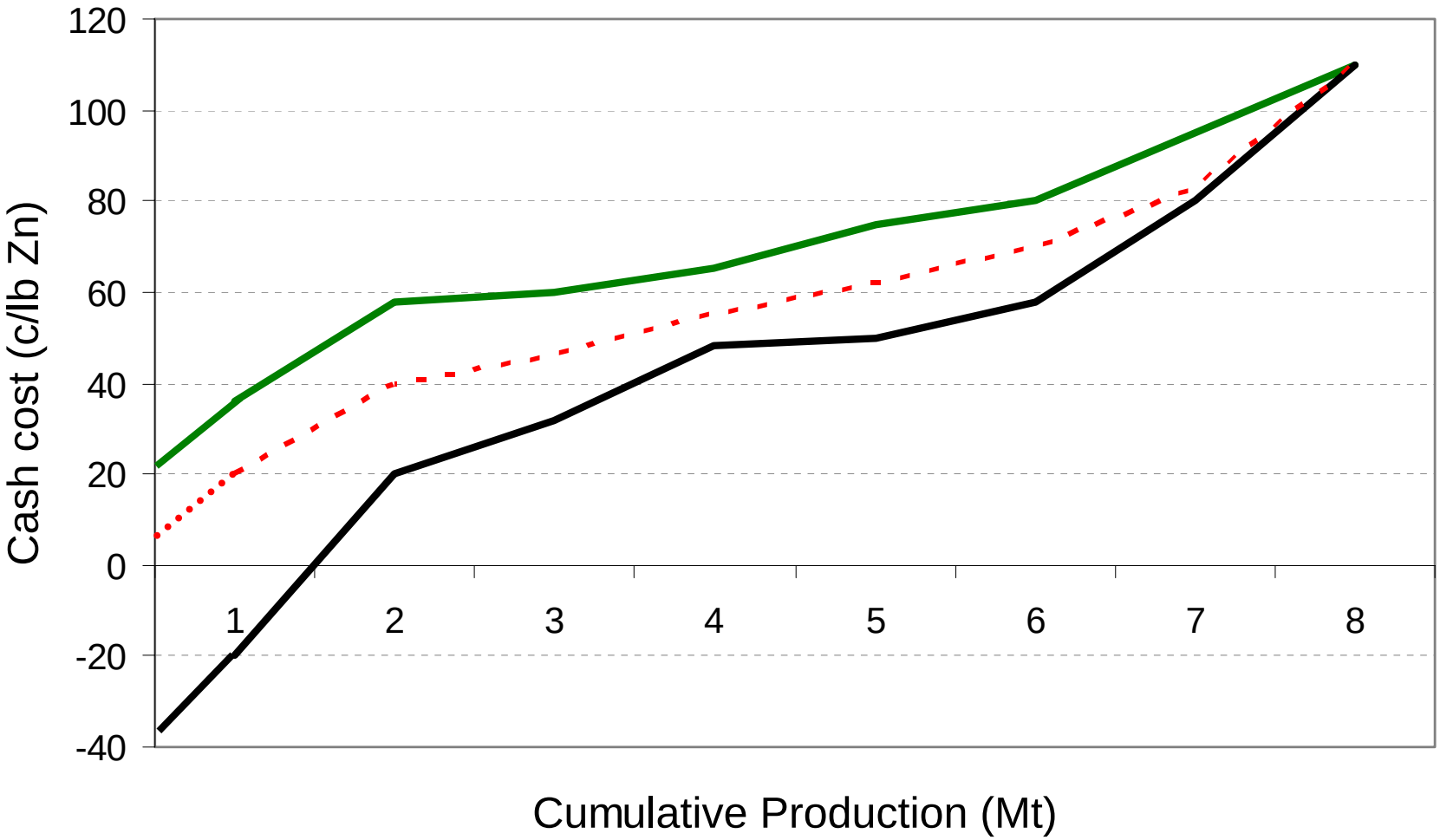
Cash cost definitions

- **C1**
  - **TC (TC/RC)**
  - **Mining cost**
  - **Processing (milling and concentrating)**
  - **Transportation**
  - **On site administration**
  - **Marketing**
- **C2**
  - **C1 plus depreciations**
- **C3**
  - **C2 plus interest and indirect cost (corporate overhead, exploration…)**

Normal costing (C1)

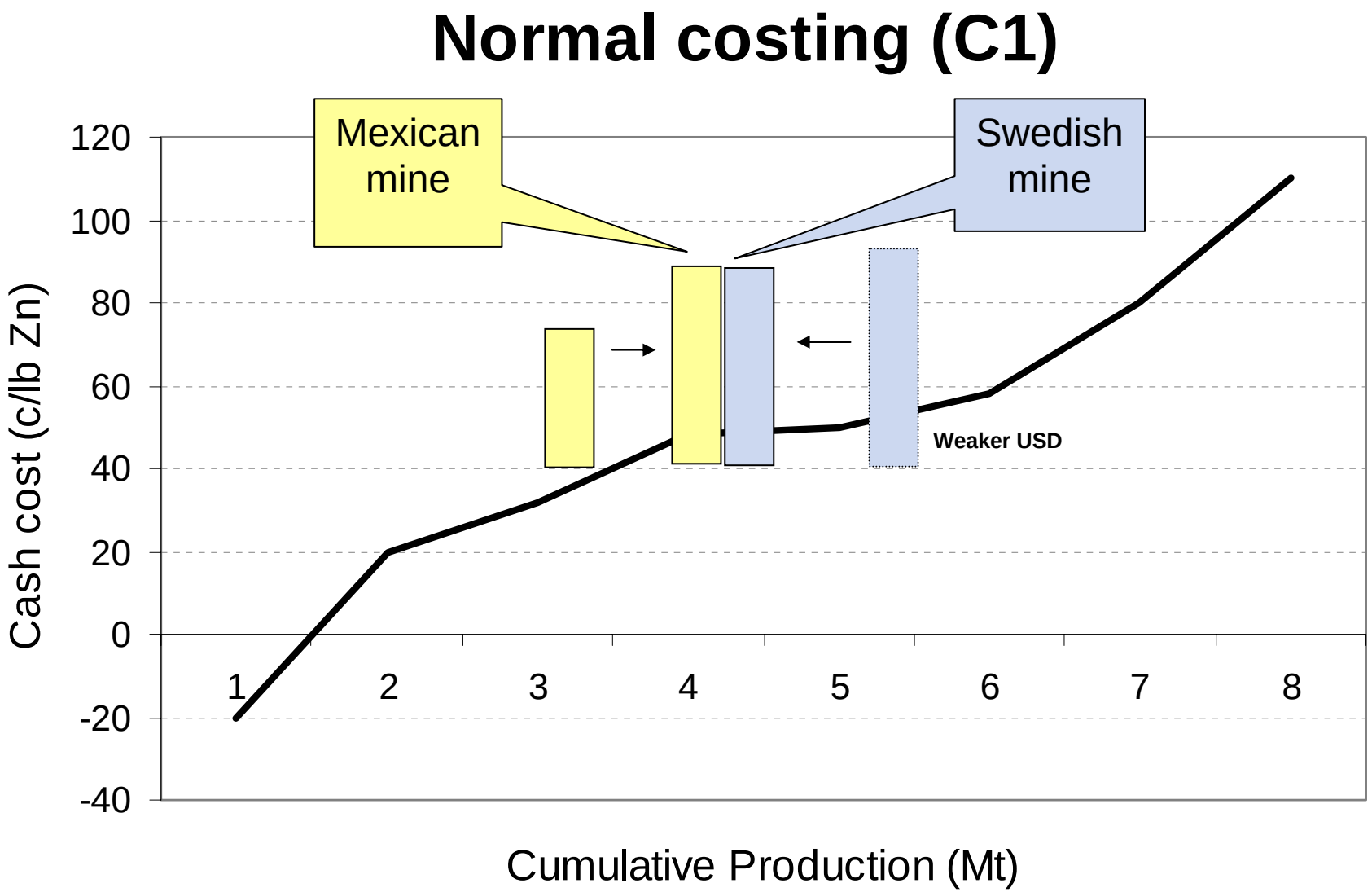


Pro rata / Composite / Normal costing (C1)



Pro rata costing without by-products credits

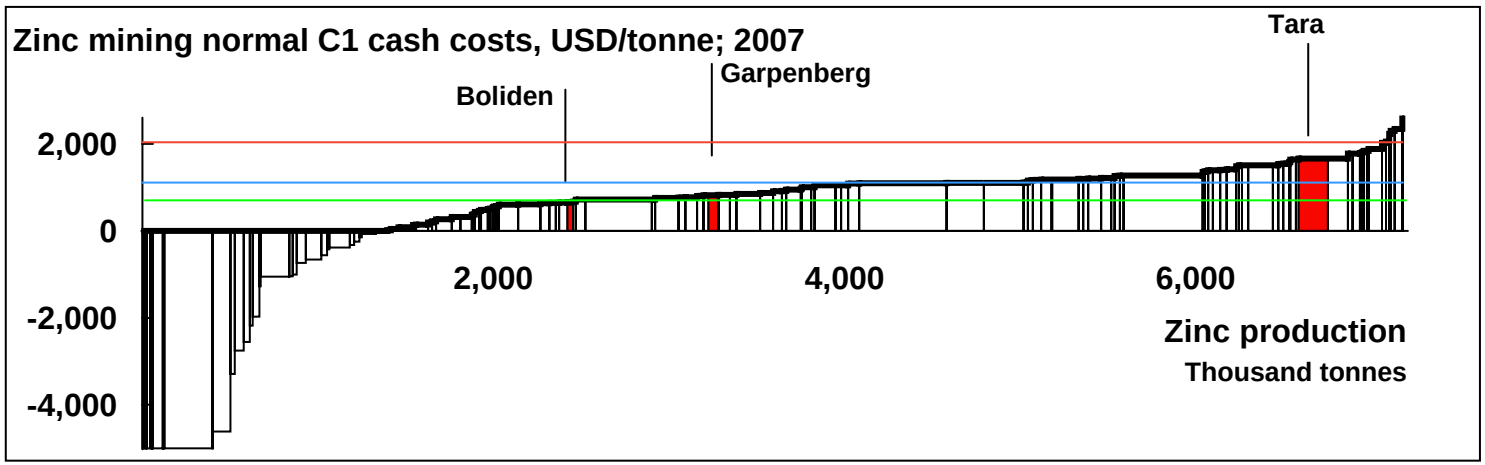
A strong dollar improves Bolidens position



Industry trends - zinc

Cash cost Zn mines

50% of the world capacity at negative cash flow at zinc 1150 USD/tonne



2000 USD/ton

726 USD/ton
Aug -02

1115 USD/ton
Oct 17 -08

Source chart: Brook Hunt, normal costing

Announced production cutbacks at zinc mines

Zinc mine production changes 2008, except disruptions

Q1-08	Country	Comments	Zinc ktpa capcity	Zinc ktpa cut	B.H. cash cost 2008 e normal costing 2006$ c/lb	
Balmat	USA	Put on care and maintenace	60	60	71.8	
Blaiken	Sweden	Closed	23	23	77.6	
Zyryanovsk	Kazakhstan	Closed	20	20		
Q2-08						
Duddar	Palistan	Delayed start up now late 2008				
Broken Hill	Australia	Production downsized in response to lower prices	91	55	57.5	
Endeavour	Australia	High grading but unchanged production			64.9	
Hellyer	Australia	Taiullings recovery put on care and maintenace	30	30	87.7	
Pillara (Lennard Shelf)	Australia	Put on care and maintenace	70	70	61.5	
Monte Cristo	Brazil	Put on care and maintenace	12	12		
El Brocal	Peru	Put on care and maintenace	16	16		
Galmoy	Eire	Closure planned for 2011	70	20	73.9	3 year shutdown
Aljustrel	Portugal	Production plan revised down 30%		14		
Q3-08						
Rau-Rapu	Philippines	Production halted, Chapter 11 protection		14		
Iscaycruz	Peru	Closure 2011, one year earlier			53.8	
Rosaura	Peru	Closure 2009, one year earlier				
Golden Grove	Australia	Reduced production		15	36.2	
Q4-08						
Tennessee zinc mines	USA	Put on care and maintenace	57	57	83.6	
Caribou	Canada	Put on care and maintenace			50.8	
Aljustrel	USA					
Project deffered						
Perkoa	Burkina Faso				72.8	
Black Angel	Greenland				97.2	
Vazante	Brazil	Approved expansion has been cancelled	50		36.9	
Smelter cutbacks						
Horsehead Corp	USA	closes one of 6 zinc furnaces				

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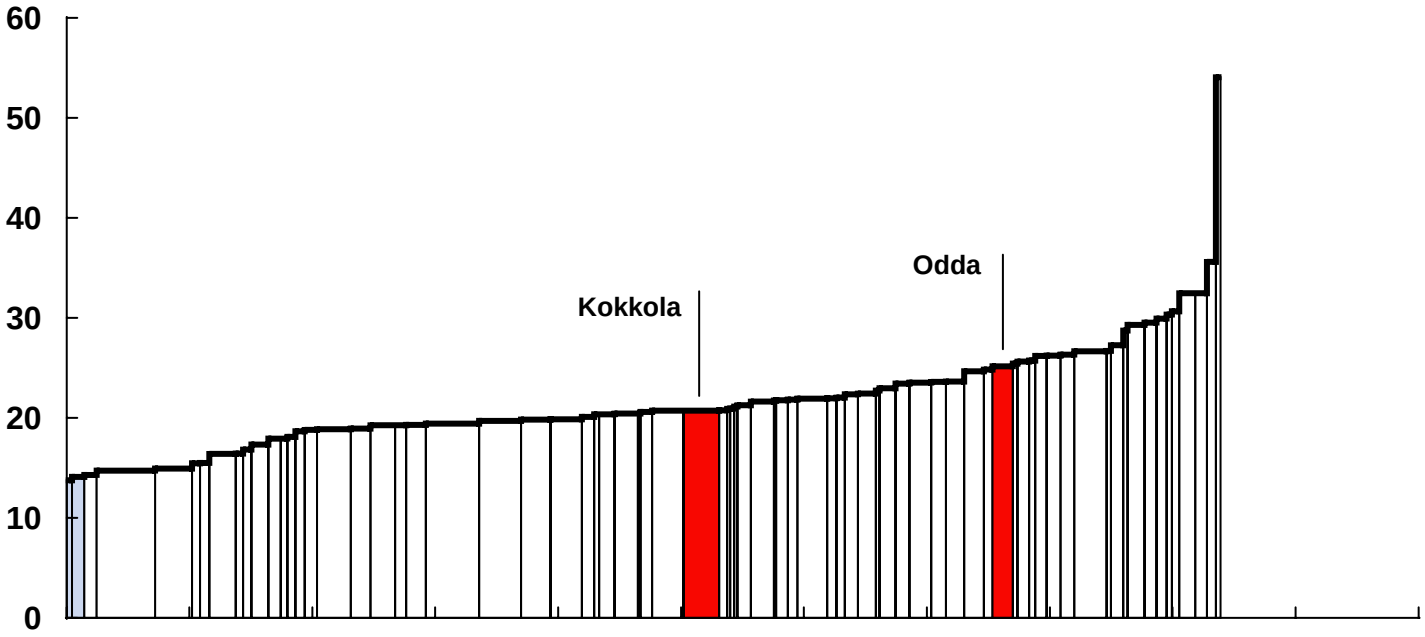
Mine closures / C&M announcements

- 4% of mine capacity announced to be closed
- 8% of capacity including probable closures

Cash conversion cost for zinc smelters

Cash conversion costs in zinc smelting
2007; USc/lb



Source chart: Brook Hunt

Low prices in past cycles

USD/ton	**Zn**
16-okt	1233
90 %ile	1540
75%ile	1320
50%ile	1144

Similar cycle	**Early '00s**
Lowest %ile touched	33%
Current cost at %ile	715
%ile average worst year	83%
Current cost at %ile	1430

Worst downcycle period	**Early '90s**
Lowest %ile touched	33%
Current cost at %ile	715
%ile average worst year	62%
Current cost at %ile	1210

Source MacquarieResearch, Brook Hunt, Oct 2008

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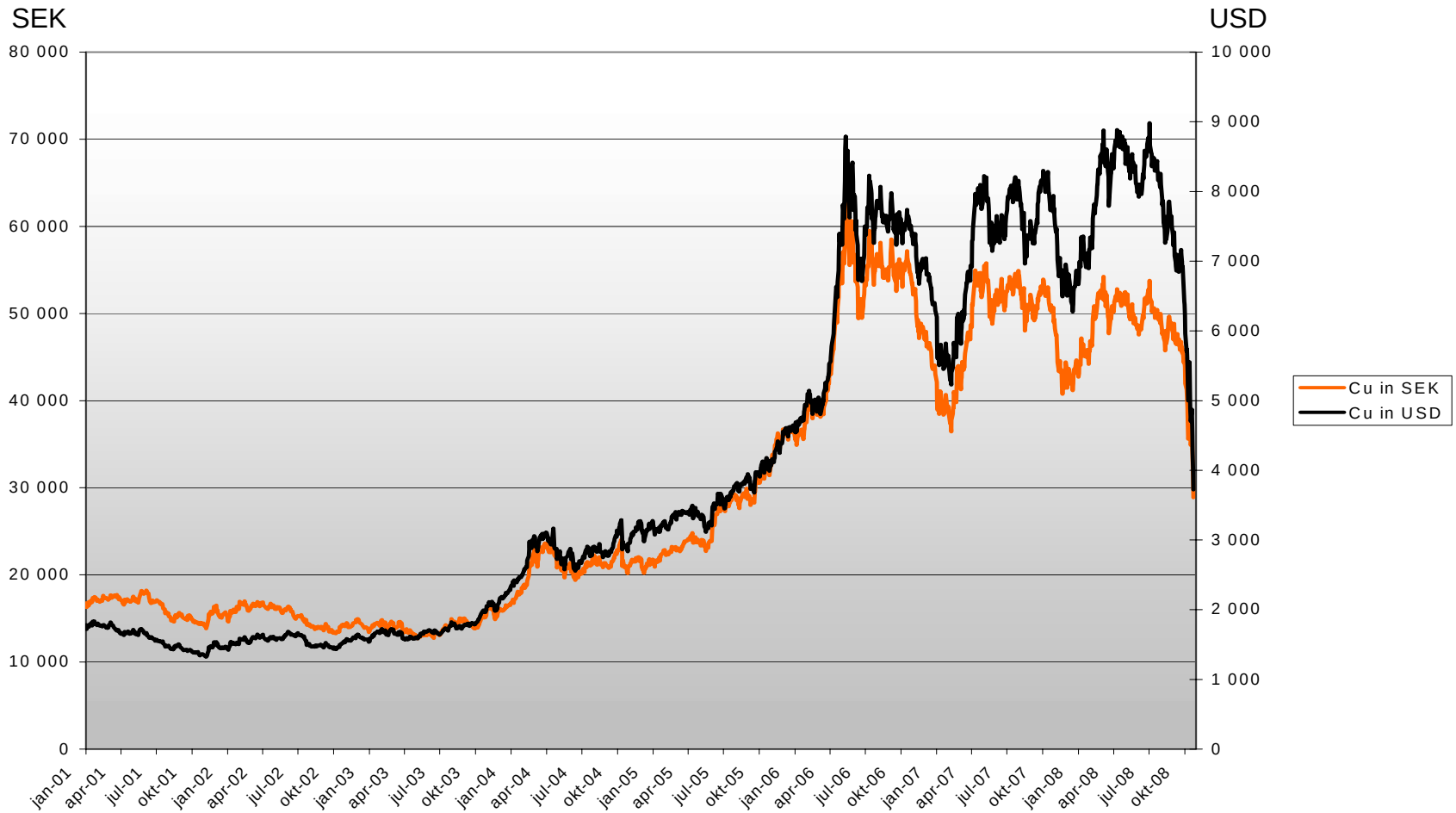
Industry trends - copper

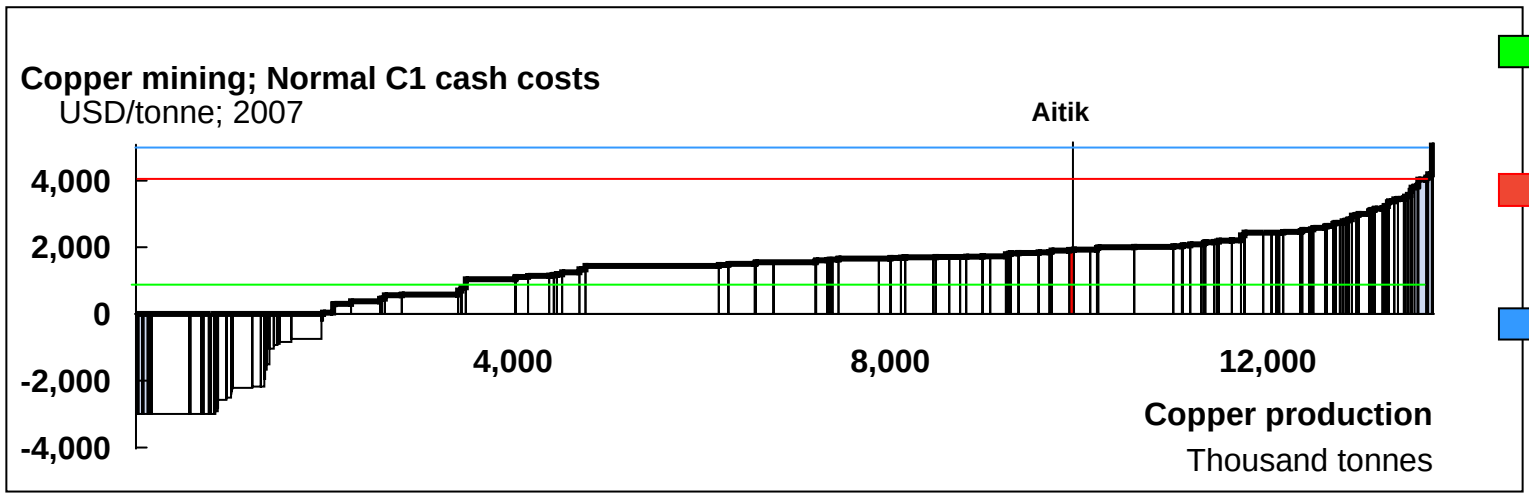
Copper prices in USD and SEK



Copper cash cost (Normal C1) 2008

Brook Hunt 22 okt 2008

30% higher cash cost on update 22 oct 2008



Source chart: Brook Hunt 2007

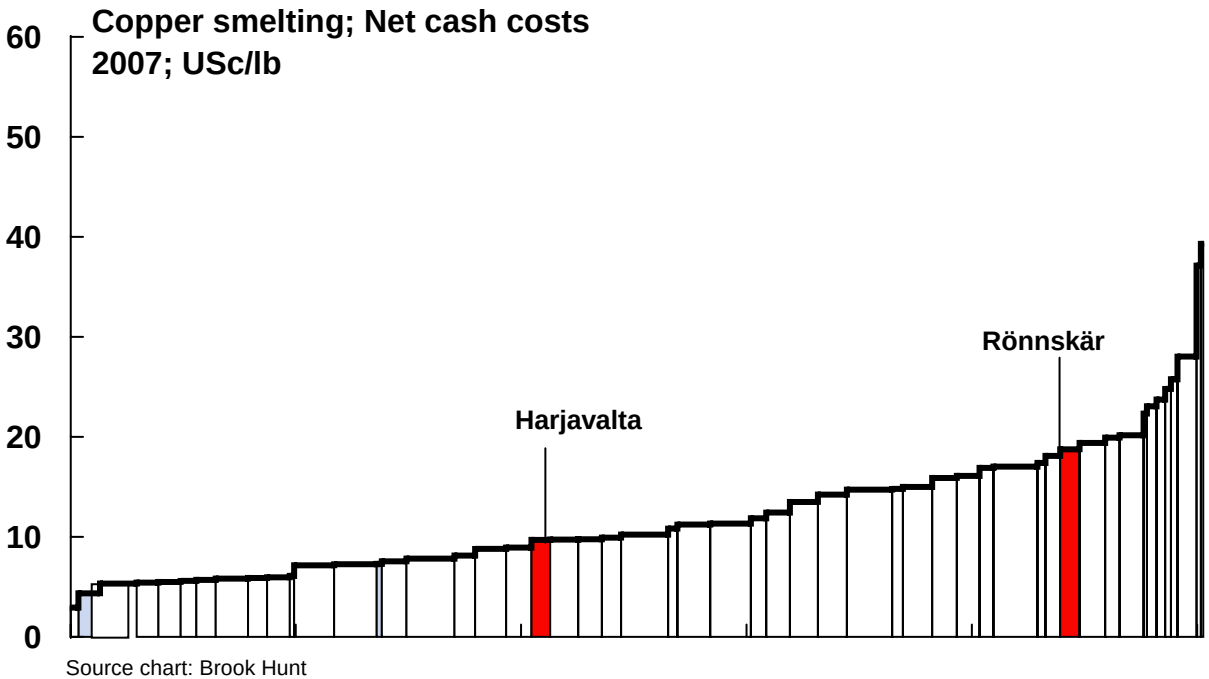
Cost development copper mines 2002-2007

	2002	2003	2004	2005	2006	2007e	2007/2002
Minesite costs, Usc/lb	39	43	52	61	73	85	118%
Freihgt & Marketing	3	3	4	4	5	5	95%
Custom Sales - Long term	17	16	13	27	41	20	18%
Smelting & Refining	14	14	15	22	29	20	43%
Gold credits	-8	-9	-8	-12	-13	-14	87%
Molybdenum credits	-2	-3	-11	-24	-18	-24	1386%
By-product credits	-11	-14	-21	-40	-36	-44	312%
Cash cost 1	45	46	49	48	71	66	47%
Sustaining capital	7	7	7	10	12	15	110%

- **C1 has increased by 50%, credits have strong contributions**
- **Mine site cost more than doubled 2002-2007**

Source: Brook Hunt 22 Oct 2008

Copper smelters, net cash cost



Source chart: Brook Hunt

- Copper smelters have high flexibility and can process many materials
- Cash cost is difficult to use to evaluate copper smelters
- Boliden processes many materials including E-scrap and nickel

Low prices in past cycles

USD/ton	**Cu**
16-okt	4680
90 %ile	3850
75%ile	2970
50%ile	2310

Similar cycle	**Early '00s**
Lowest %ile touched	83%
Current cost at %ile	3520
%ile average worst year	90%
Current cost at %ile	3850

Worst downcycle period	**Early '80s**
Lowest %ile touched	75%
Current cost at %ile	2970
%ile average worst year	82%
Current cost at %ile	3410

Source MacquarieResearch, Brook Hunt, Oct 2008

Strategic rationale from deals by miners/smelters

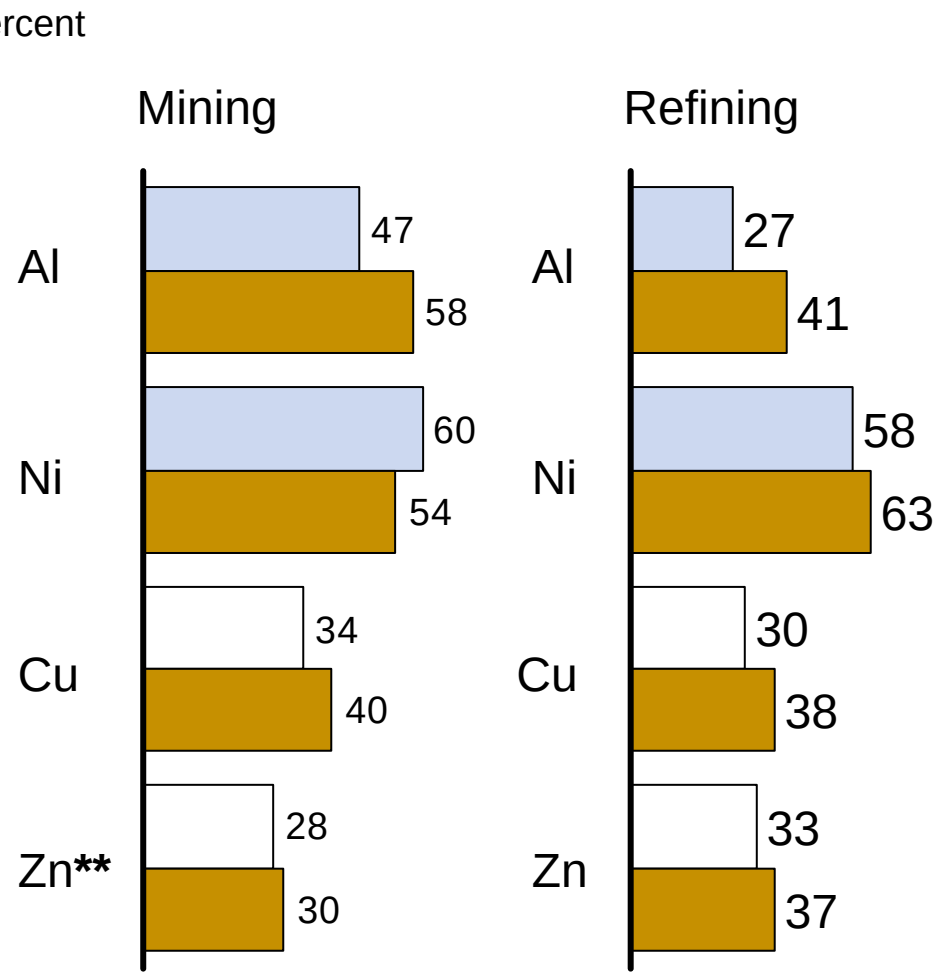
	Description	Smelting/ mining	Example
Fast–track growth	– With constraints on organic growth, acquisition provides faster growth	Miners	– Lundin – Tenke
Secure resources	– Secure resources to supply mid stream assets (scarce market)	Smelters	– Freeport – Phelps Dodge – Chinalco-Rio Tinto
Consolidation	– Consolidation to improve pricing and purchasing power in value chain	Smelters	– Nyrstar merger (Umicore / Zinifex) – NA-Cumerio
Portfolio restructure	– Reducing risk by diversification – Betting on a single metal and thus increasing single metal exposure	Smelters/ miners	– Teck Cominco – Aur resources – Freeport – Phelps Dodge
Operational benefits	– Cost synergies in e.g. OH, R&D, exploration, procurement, logistics – Production improvements by optimizing asset structure / leverage know how	Smelter/ miners	– Anglo American – CMDC* – Norilsk Nickel – Lionore

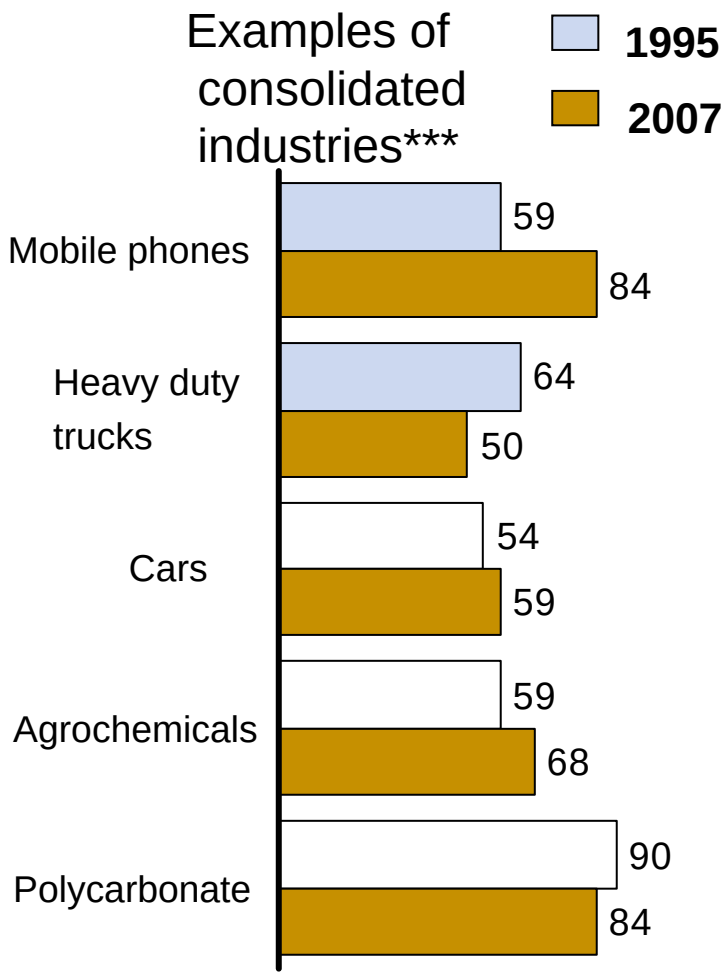
* Cia Minera Disputada de Condes

Source: Press clippings; Company websites

Despite strong M&A activity, the level of consolidation has not increased significantly and still shows room for further global consolidation

Market share of top five companies
Percent

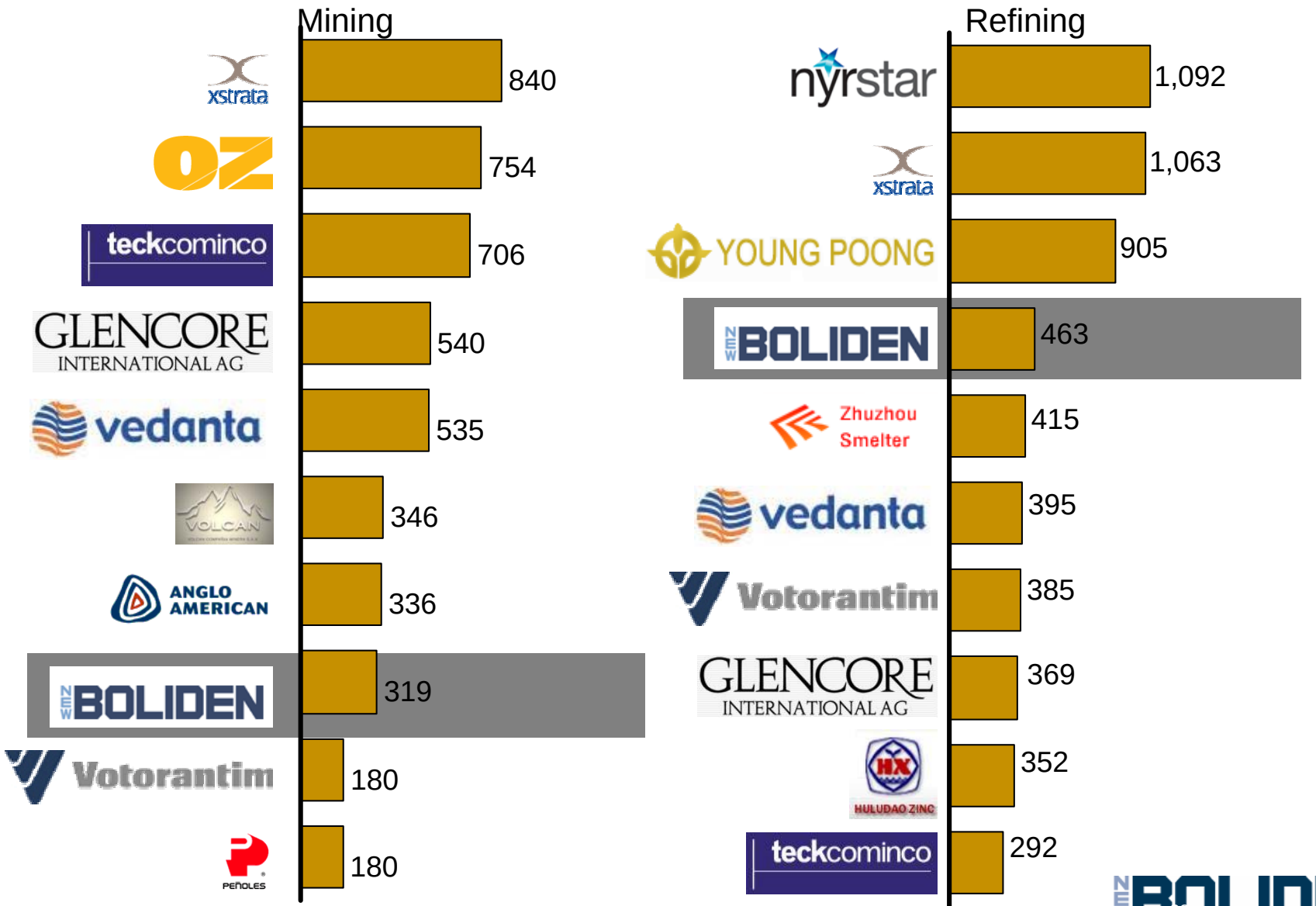




* data as of 2006
** China production included in the analysis might underestimate actual poduction
*** Refers to 2000 and 2007
Source: Raw Materials Database (controlled production – normal method) as of 20/08/2008

Boliden is a top 5 zinc refiner, but must double in size to be a top 3 player

2008; Thousand tonnes of metal content



* controlling production shares as of 2007

Source: Raw Materials Group (Jul 2008), Company websites

The zinc market has further consolidated, and margins in midstream have increased

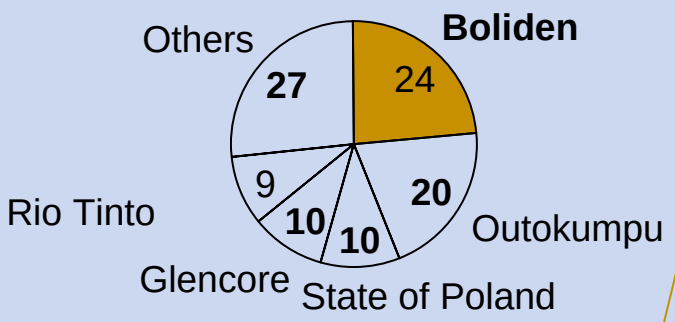
European industry structure

Percent of total European Zinc production

2000 → 2007

Zinc mining

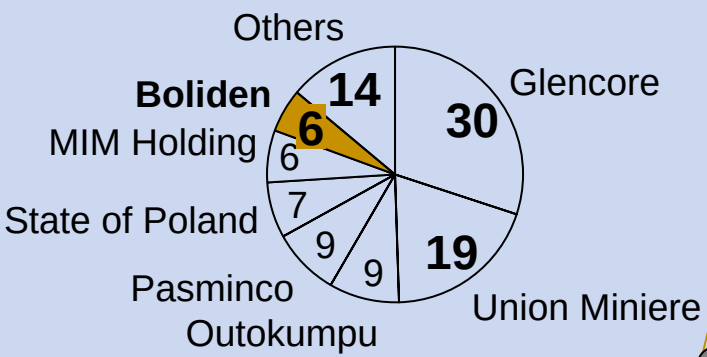
100% = 824 Thousan tonnes

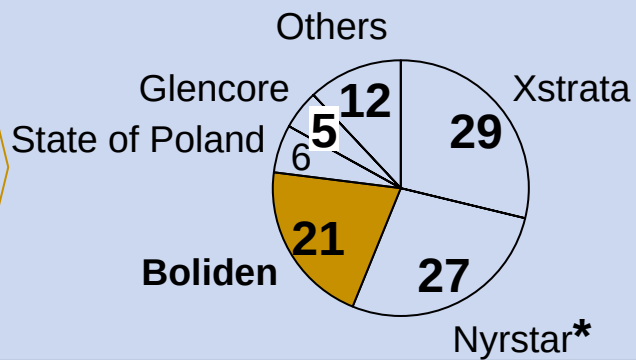


100% = 803 tousand tonnes

Zinc refining

100% = 2,097 thousand tonnes





100% = 2,177 thousand tonnes

Xstrata's margins for European zinc refining from 12.9% to 21.9% last 5 years

* Umicore's and Zinifex zinc refining assets merged to form Nyrstar in 2008

** EBITDA margins; Xstrata's margin improvement considered as an effect of larger concentrate volumes driving refining demand; Umicore's zinc margins declined from 12.9% to 5.3% but mainly active in Zinc specialty products (zinc powders, zinc oxide, zinc building products;

Source: Raw materials database

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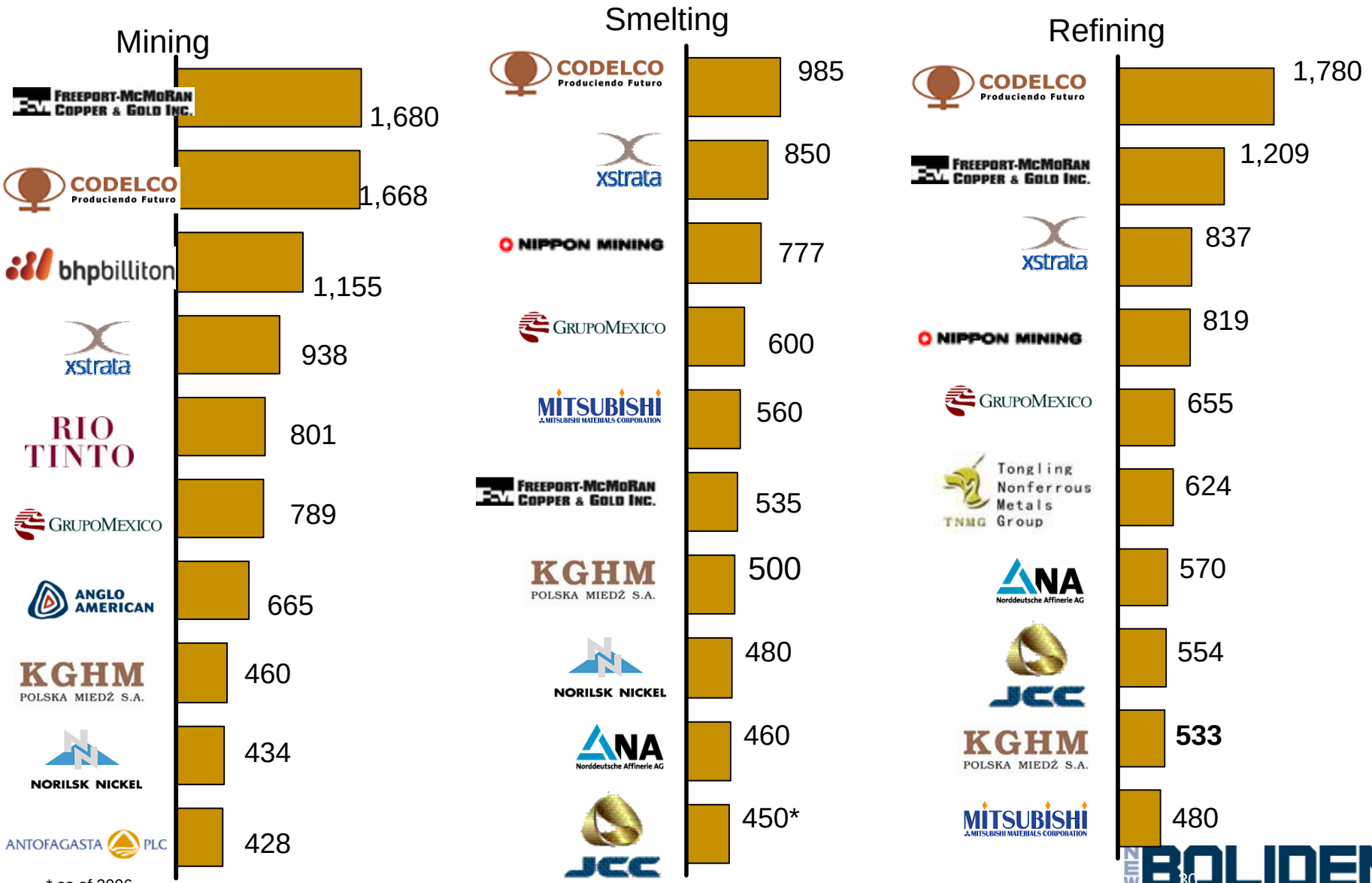
The copper industry is dominated by large, multinational conglomerates

2007; thousand tonnes of metal content



* as of 2006

Source: Raw Materials Group (normal controlled production), Company websites

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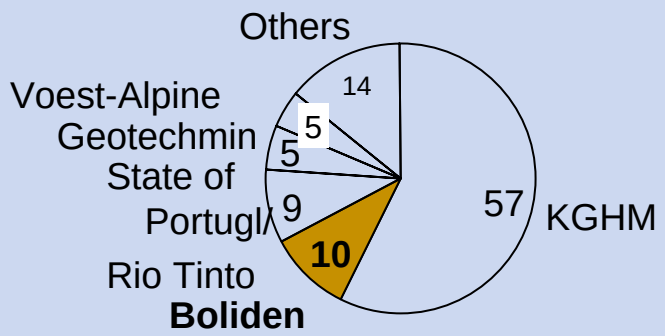
M&A activity has resulted in more consolidated European copper market, but midstream margins have not improved

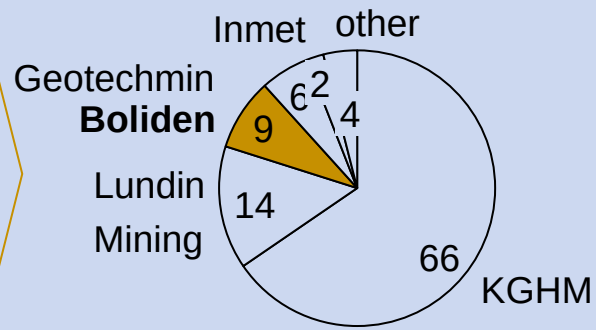
European industry structure
Percent of total European Copper production

2000 → 2007

Copper mining

100% = 841 Thousand tonnes

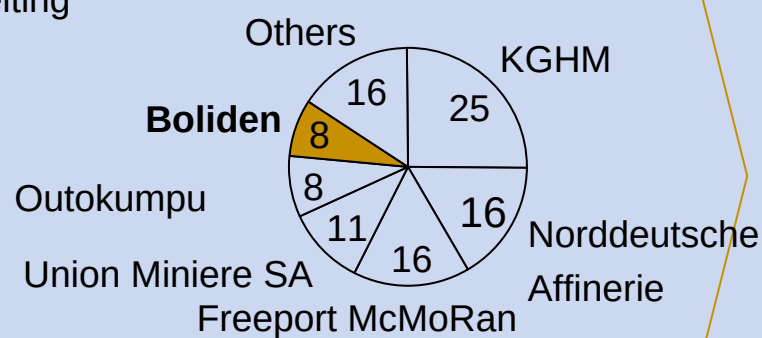


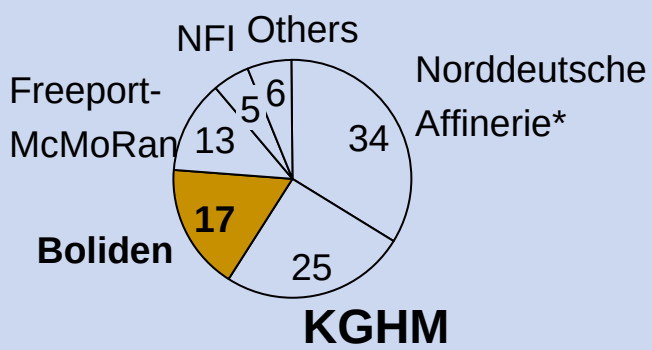


100% = 695 Thousad tonnes

Copper smelting

2000
100% = 1,848 Thousand tonnes



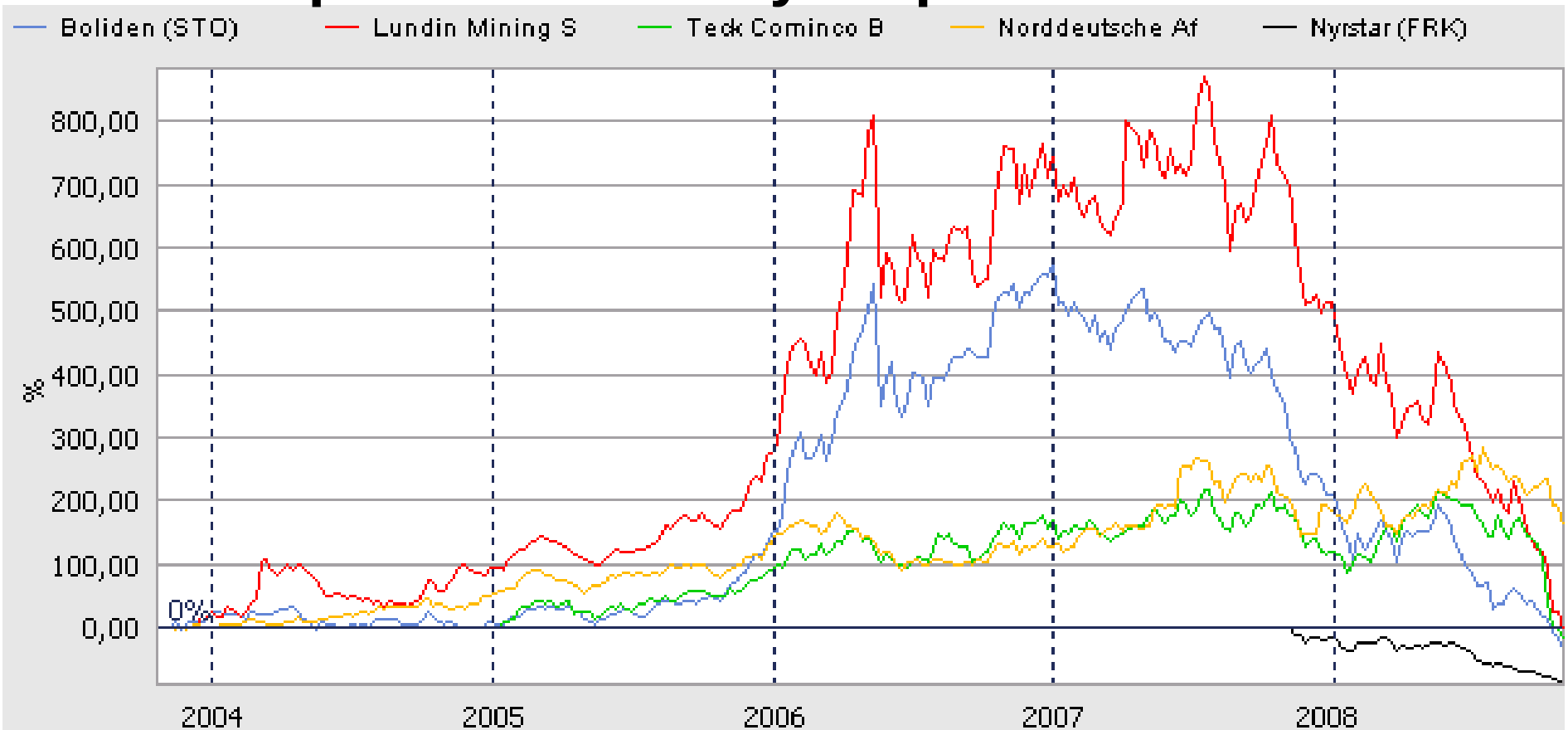


2007
100% = 2,019 Thousand tonnes

Norddeutsche Affinerie's EBITDA margins remained stable at 5.8% (from 5.6%)

* As of 2008 (acquired Cumerio)
Source: Raw materials database

Mining & Metals companies – share price development recent 5-year period



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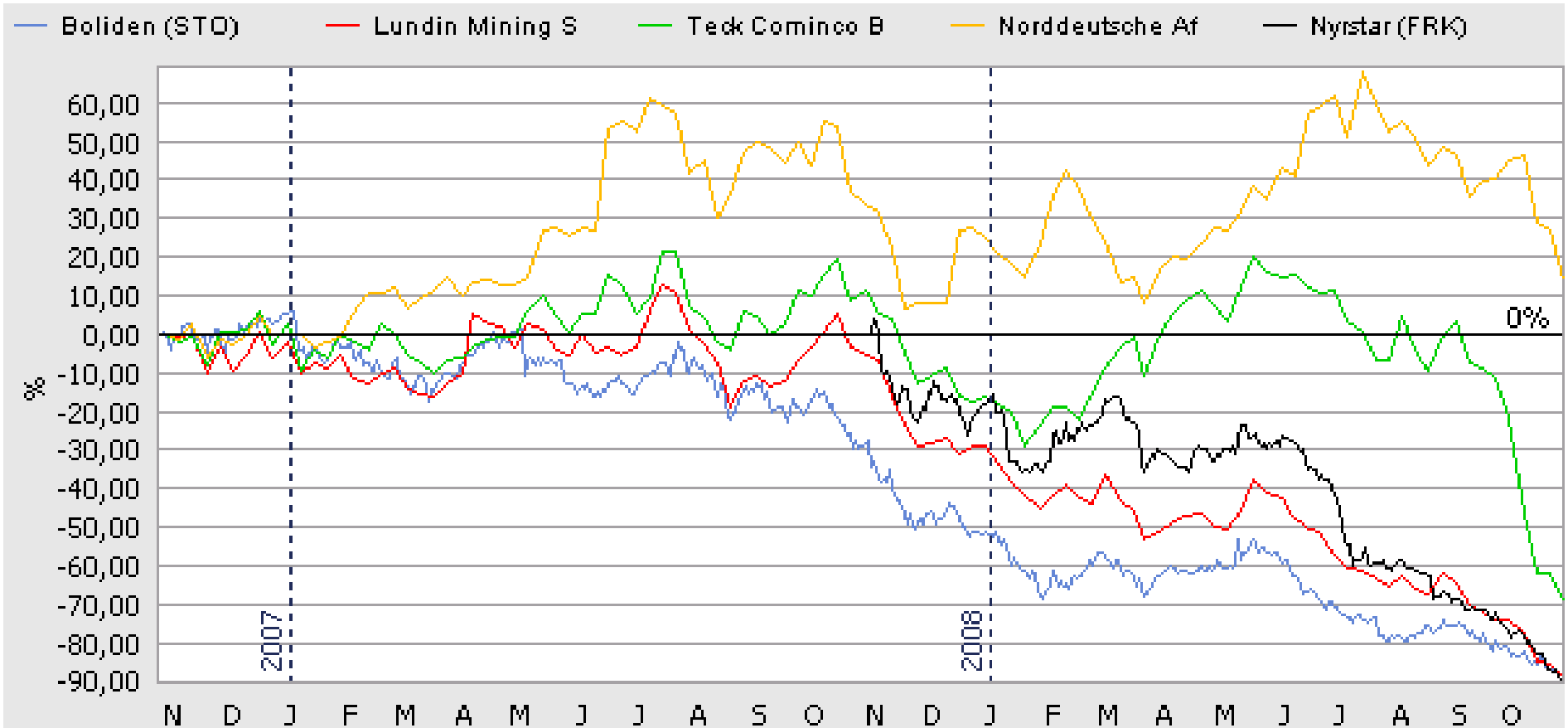
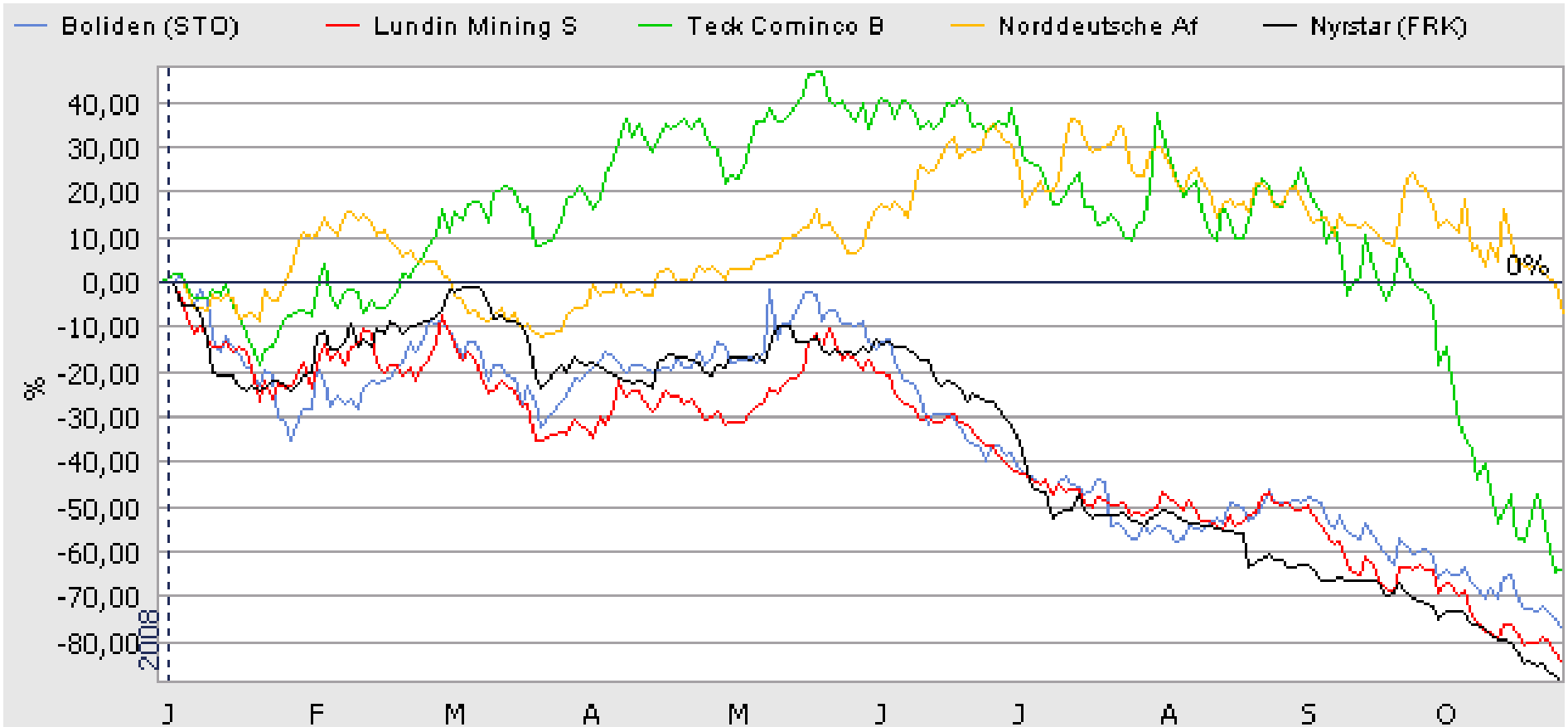
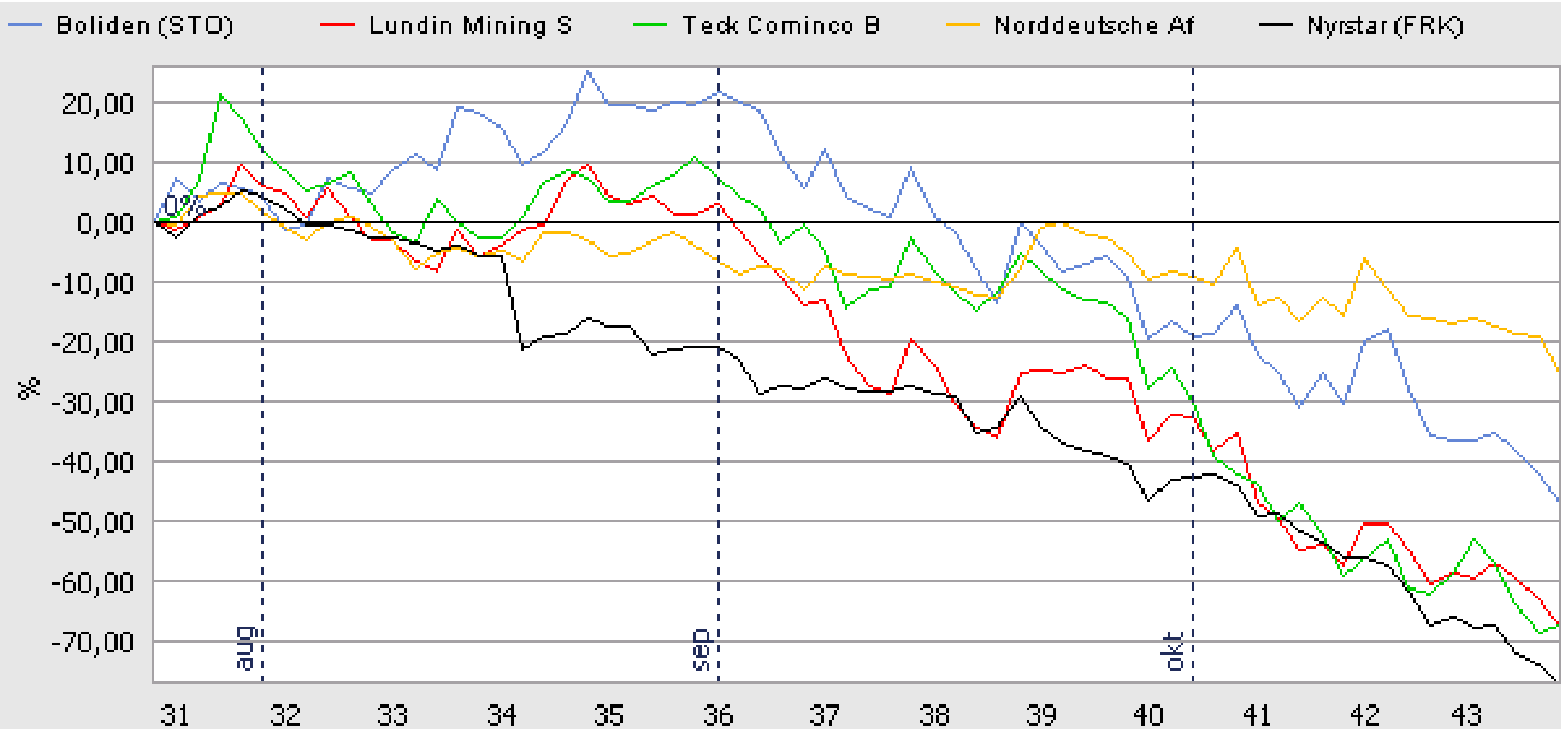
Mining & Metals companies – share price development recent 2-year period



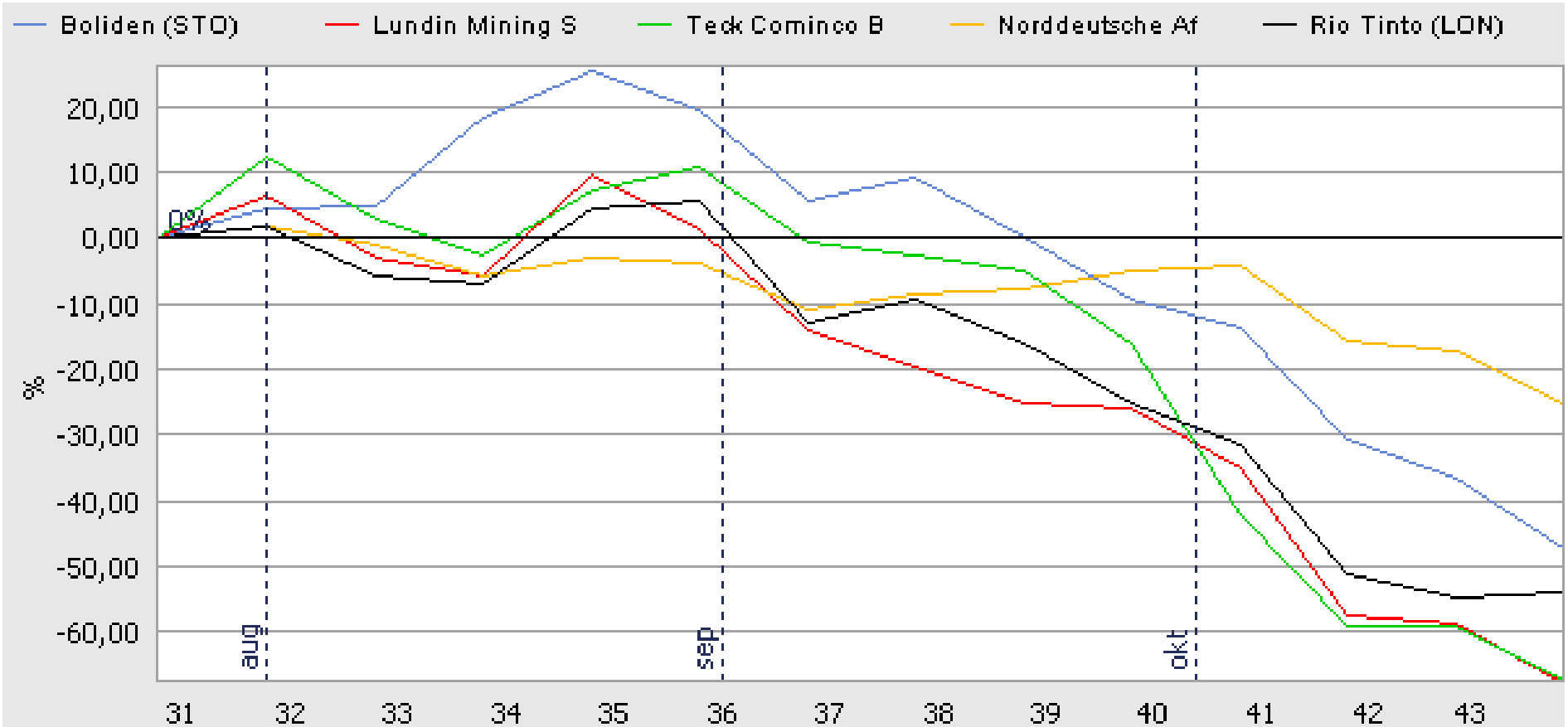
Mining & Metals companies – share price development since 1st January 2008



Mining & Metals companies – share price development recent 3 months



3 months


Boliden (STO)
Lundin Mining S
Teck Cominco B
Norddeutsche Af
Rio Tinto (LON)
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Conclusion industry trends

- Cyclical industry
- Low zinc prices
- Level of consolidation is low but increasing
- Substantial capacity reductions in industry
- Forecasts from analysts suggest strong period after trough