

Press release

Stockholm
December 9, 2024

Boliden to acquire the Neves-Corvo and Zinkgruvan mines

Boliden has entered into a definitive agreement with Lundin Mining to acquire the Neves-Corvo mine in Portugal and the Zinkgruvan mine in Sweden. The upfront cash consideration for the entities is USD 1,300 m plus contingent payments that can reach up to USD 150 m, on a cash and debt-free basis. The transaction, that considerably strengthens Boliden's mine production as well as internal zinc and copper concentrate supply, is subject to customary regulatory approvals.

"The addition of two cash flow generative zinc and copper mines in Portugal and Sweden has a strong industrial logic as well as a strategic fit. Optimizing these well-invested units as well as developing the feed mix to our existing smelters will create short- and long-term value for both our Business Areas. Going forward we will also have greater development opportunities for near mine exploration in these attractive mining regions.", commented Mikael Staffas, President and CEO, Boliden.

Summary of the Transaction

- Boliden has entered into a definitive agreement to acquire the mines Somincor-Sociedade Mineira de Neves-Corvo, S.A. ("Neves-Corvo") and Zinkgruvan Mining Aktiebolag ("Zinkgruvan") for an upfront cash consideration corresponding to USD 1,300 m plus a contingent payment up to USD 150 m, on a cash and debt-free basis (the "Transaction").
- The Transaction has a strong industrial logic and strategic fit, complementing current Boliden operations with two well-invested mines. Following the Transaction, zinc and copper concentrate production will increase from 35% to 70% of zinc smelting capacity and 30% to 40% of copper smelting capacity.
- The Transaction will lead to a significant increase in production of metals in concentrate in Business Area Mines, by 95% for zinc and 43% for copper, based on 2023 production figures.

Metals for generations to come

Boliden's vision is to be the most climate-friendly and respected metal provider in the world. We are Europe's producer of sustainable metals and, guided by our values care, courage and responsibility, we operate within exploration, mines, smelters and recycling. We are around 6,000 employees and have annual revenues of approximately SEK 80 billion. The share is listed in the Large Cap segment of NASDAQ OMX Stockholm.

- The Transaction is expected to be immediately accretive to Boliden's earnings per share from completion of the Transaction and contribute with >10% to Cash EPS¹⁾.
- The EBITDA contribution from the Neves-Corvo and Zinkgruvan mines over the next five years is estimated to amount to USD 300-350 m annually, assuming consensus prices and terms.
- The upfront cash consideration will be fully financed through a bridge loan, which is expected to be refinanced through a share issue corresponding to approximately half of the bridge loan (the "Share Issue"), and the remaining amount in medium and long-term debt financing. The Share Issue will be based on an authorization from a general meeting or subject to approval by a general meeting. Boliden intends to explore options to conduct the Share Issue either as a directed share issue or as a fully underwritten rights issue. The Share Issue is expected to be carried out during the first half of 2025, however no decision has been taken at this time and the timing of the Share Issue is subject to, among other, prevailing market conditions at the time of the Share Issue.
- Completion of the Transaction is expected during mid-2025, subject to regulatory approvals, including merger control filings and approvals and other customary closing conditions.

1) Estimated as average impact during 2025 to 2027.

Neves-Corvo in brief

The Neves-Corvo mine is an underground zinc-copper-lead-silver mine with on-site processing facilities, located approximately 200 km southeast of Lisbon, Portugal, in the western part of the Iberian Pyrite Belt. In 2023, the production of metals in concentrate was as follows:

- Zinc 108,812 tonnes
- Copper 33,823 tonnes
- Lead 5,600 tonnes
- Silver 1.9 Moz

EBITDA generated by the Neves-Corvo mine in 2023 amounted to approximately USD 91 m²⁾. Zinc reserve grade is 7.6% and copper reserve grade is 2.0% (as per Lundin Mining's mineral resource and mineral reserve estimate 2023). Neves-Corvo's cash cost position is approximately 75th percentile of the mining cost curve for both copper and zinc.

2) EBITDA is calculated as Revenue less Production Costs, General Exploration and Business Development expenses.

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Zinkgruvan in brief

The Zinkgruvan mine is an underground zinc-copper-lead-silver mine with on-site processing facilities, located approximately 200 km southwest of Stockholm, Sweden. In 2023, the production of metals in concentrate was as follows:

- Zinc 76,349 tonnes
- Copper 4,434 tonnes
- Lead 26,284 tonnes
- Silver 2.3 Moz

EBITDA generated by the Zinkgruvan mine in 2023 amounted to approximately USD 104 m³⁾. Zinc reserve grade is 7.2% and Copper reserve grade is 2.2% (as per Lundin Mining's mineral resource and mineral reserve estimate 2023). Zinkgruvan's cash cost position is in the middle of the second quartile of the mining cost curve for zinc.

3) EBITDA is calculated as Revenue less Production Costs, General Exploration and Business Development expenses.

Boliden post completion of the Transaction

Post completion, Boliden will operate seven mining areas and five smelters, mainly focused on the value chains for zinc and copper. Out of the seven mining areas, four are located in Sweden and one each in Finland, Ireland and Portugal. Following the Transaction, including the expansion of Odda and the restart of Tara, Boliden's concentrate production will increase from 35% to 70% of zinc smelting capacity and 30% to 40% of copper smelting capacity over the coming years. Production of metals in concentrate in Business Area Mines will increase, based on 2023 production figures, by 95% for zinc and 43% for copper. The Transaction is expected to be accretive to earnings per share post completion. Assuming consensus prices and terms, the EBITDA contribution from Neves-Corvo and Zinkgruvan over the next five years is estimated to amount to USD 300-350 m annually.

Description of the Transaction and financing

The upfront cash consideration consists of USD 1,300 m payable at completion (on a cash and debt free basis and subject to customary adjustments) for the acquisition of a 100% interest in the entities Somincor-Sociedade Mineira de Neves-Corvo, S.A. (directly holding the mine Neves-Corvo) and Zinkgruvan Mining Aktiebolag (directly holding the mine Zinkgruvan). Thereafter, contingency payments may reach up to a total of USD 150 m, subject to in respect to Neves-Corvo, average zinc and copper prices above USD 1.30/lb and USD 4.50/lb, respectively, over the next 3 years and in respect to Zinkgruvan, average zinc prices above USD 1.40/lb and a minimum mining production threshold over the next 2 years.

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The upfront cash consideration will be fully financed through a bridge loan provided by BNP PARIBAS, RBC Capital Markets ("RBC") and Skandinaviska Enskilda Banken AB ("SEB").

Assuming consensus prices and terms, the estimated EBITDA contribution from Neves-Corvo and Zinkgruvan over the next five years would amount to USD 300-350 m annually.

Share Issue

Boliden's intention is to refinance the bridge loan by securing additional medium and long-term debt financing and issuing new equity through a share issue. The size of the Share Issue will be determined to achieve an efficient capital structure and is expected to correspond to approximately half of the bridge loan amount. The Share Issue is expected to be carried out during the first half of 2025. The Share Issue will be based on an authorization from a general meeting or subject to approval by a general meeting. To the benefit of Boliden's shareholders, Boliden intends to explore different options to carry out the Share Issue, including the option to carry out the Share Issue as a directed share issue or as a fully guaranteed rights issue, which will depend, amongst other things, on the prevailing market conditions at the time of the Share Issue.

Further, BNP PARIBAS and SEB have entered into a stand-by underwriting agreement with Boliden, whereby they have committed, subject to customary conditions, to enter into an underwriting agreement, covering the underwriting of the full amount of the Share Issue proceeds, should the Share Issue be carried out as a rights issue.

Financial effects

Prior to completion of the Transaction and the Share Issue, Boliden's net debt/equity ratio (September 30, 2024), was 24%. Assuming the envisaged Share Issue and the theoretical completion of the Transaction on September 30, 2024, the net debt/equity ratio would be approximately 30% excluding dividends. This is temporarily higher than Boliden's target level of 20% net debt/equity ratio in an economic upturn. The net debt/equity ratio is expected to revert towards the target level within three years from the completion of the Transaction, subject to market conditions. Boliden's dividend policy, set at one third of net profit for the year, will remain unchanged.

Regulatory approvals and closing

Completion of the Transaction is subject to obtaining customary regulatory approvals, including merger control filings and approvals by the EU Commission and the Swedish Inspectorate of Strategic Products under the Swedish FDI Act, and the change of control approval under the Neves-Corvo Portuguese Concession Contract and Fundamental Permits Approval. The Transaction is not subject to shareholder approval and is subject to customary conditions to closing. The Transaction is expected to close by mid-2025.

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The Share Issue is expected to be carried out during the first half of 2025, however no decision has been taken at this time and the timing of the Share Issue is subject to, among other, prevailing market conditions.

Other information

RBC Capital Markets is acting as lead financial advisor and Evercore Group L.L.C. is acting as independent financial advisor to Boliden. BNP PARIBAS and SEB are acting as Joint Global Coordinators, and RBC as Joint Bookrunner, in connection with the Share Issue.

Conference call today, December 9, 2024, at 09:00 (CET)

In light of the above, a press and analyst conference will be held today, December 9, at 09:00 CET, and can be followed via webcast and telephone. The conference will be led by Boliden's President and CEO Mikael Staffas, and Executive Vice President and CFO Håkan Gabrielsson.

To participate in the webcast, please use the link below:

<https://boliden.videosync.fi/2024-12-09>

To participate in the telephone conference, please register 5 minutes before the opening of the conference via the link below. After the registration you will be provided with phone number and a conference ID to access the conference. If you wish to ask a question, please dial *5 on your telephone keypad to enter the queue.

<https://service.flikmedia.se/teleconference/?id=100439>

After the call, presentation material and the recorded webcast will be available on our website:

<https://www.boliden.com>

For further information, please contact:

Klas Nilsson
Director Group Communications
+46 70 453 65 88
klas.nilsson@boliden.com

This information is information that Boliden AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of contact person above, at 07:00 CET on December 9, 2024.

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Forward-looking information

Statements in this press release relating to future status and circumstances, including statements regarding future performance, growth and other projections as well as benefits of the agreement, are forward-looking statements. These statements may generally, but not always, be identified by the use of words such as "will", "expects", "believes", "intended" or similar expressions. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Actual results may differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Boliden AB. Any such forward-looking statements speak only as of the date on which they were made and Boliden AB, has no obligation (and undertakes no such obligation) to update or revise any of them, whether as a result of new information, future events or otherwise, except for in accordance with applicable laws and regulations.

This press release does not constitute an offer to sell, or a solicitation of offers to purchase, shares described in this press release in the United States. The shares of Boliden AB referred to in this press release have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") or with any securities regulatory authority of any state of the United States for offer or sale as part of their distribution and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. There will be no public offering of shares in the United States.

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