

Interim Report

Boliden AB (publ)

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Interim Report, 1st January - 30th September 2005

Key ratios

| | First nine months of 2005 SEK m | First nine months of 2004 SEK m | Change in % | Q3 2005 SEK m | Q3 2004 SEK m | Full year 2004 SEK m |
|--|--|--|-------------------|---------------------|---------------------|----------------------------|
| Net sales | 14 118 | 13 310 | 6 | 4 939 | 4 265 | 17 928 |
| Operating result before depreciation and amortisation (EBITDA) | 2 403 | 2 197 | 9 | 1 013 | 684 | 2 977 |
| Operating result (EBIT) | 1 484 | 1 320 | 12 | 701 | 405 | 1 831 |
| Operating margin, % | 10.5 | 9.9 | | 14.2 | 9.5 | 10.2 |
| Result after financial items | 1 231 | 1 013 | 22 | 610 | 315 | 1 365 |
| Net result | 857 | 928 | -8 | 435 | 298 | 1 220 |
| Cash flow from operating activities | 1 593 | 1 257 | 27 | 632 | 347 | 1 552 |
| Earnings per share, SEK/EUR | 2.96 | 3.90 | | 1.50 | 1.18 | 4.98 |
| Equity/assets ratio, % | 44.7 | 39.7 | | 44.7 | 39.7 | 45.2 |
| Net debt/shareholders' equity, % | 64 | 94 | | 64 | 94 | 71 |

“Boliden reports a historically strong result”

Comparison between the first nine months of 2005 and 2004

- Net sales: SEK 14,118 million (SEK 13,310 m).
- Operating result: SEK 1,484 million (SEK 1,320 m).
- Result after financial items: SEK 1,231 million (SEK 1,013 m).
- Net result: SEK 857 million (SEK 928 m).
- Earnings per share: SEK 2.96 (SEK 3.90).
- Cash flow from operating activities: SEK 1,593 million (SEK 1,257 m).
- Net debt/equity ratio: 64 per cent (94%).

Comparison between Q3 2005 and Q3 2004

- Net sales: SEK 4,939 million (SEK 4,265 m).
- Operating result: SEK 701 million (SEK 405 m).
- Result after financial items: SEK 610 million (SEK 315 m).
- Net result: SEK 435 million (SEK 298 m).
- Earnings per share: SEK 1.50 (SEK 1.18).
- Cash flow from operating activities: SEK 632 million (SEK 347 m).

Other matters

- A new Board of Directors was appointed at an Extraordinary General Meeting held in October. Anders Ullberg was appointed Chairman of the Board and Carl Bennet was appointed Deputy Chairman.
- In September Boliden augmented its copper-price hedging of planned copper production. This hedging previously covered 40 per cent for a period of one year and now covers 67 per cent up to and including February 2007.
- Boliden believes that the result after financial items for 2005 will exceed that for 2004, when a historically strong result was reported. A marked improvement in free cash flow is also expected in 2005.

COMMENTS BY JAN JOHANSSON, PRESIDENT AND CEO

Boliden reported one of the strongest results in the company's eighty-year history, primarily due to the continued strength of metal prices, high treatment and refining charges and high levels of production at both mines and smelters. The operating result for the first nine months of the year increased to SEK 1,484 million (SEK 1,320 m) and to SEK 701 million (SEK 405 m) for Q3.

The result after financial items for the first nine months of 2005 was SEK 1,231 million (SEK 1,013 m), and SEK 610 million (SEK 315 m) for Q3. Net financial items were negatively affected to the tune of SEK 84 million (-) by changes in market valuations of shares and currency options in accordance with IFRS, although this has not affected the cash flow. Net financial items were, however, positively affected by the ongoing reduction in debt and improvement in lending terms compared with corresponding periods last year. The reported tax cost was SEK 374 million (85 m) which is considerably higher than the actual amount of tax paid, namely SEK 61 million (SEK 10 m), since Boliden has substantial unutilised tax losses carried forward. This had a negative impact on both the net result and earnings per share, although only the actual tax paid was charged to the cash flow.

The prices of Boliden's metals in US dollars continued to rise during the reporting period compared with corresponding periods in 2004. The high growth rate in the global economy, primarily in Asia and particularly in China, helped ensure that global consumption of copper and zinc remained high. Copper stocks remained at historically low levels during the reporting period, while zinc stocks continued to fall.

The US dollar weakened against Boliden's most important currencies during the first nine months of the year, but rallied during the third quarter of 2005 compared with the corresponding period in 2004. Boliden's exchange rate against the US dollar was considerably lower during the reporting period than in 2004. All the currency hedging contracts had expired by the end of June 2005, leaving only currency options that match corresponding metal hedging.

The cash flow from operating activities improved during both the first nine months of the year and Q3 compared with corresponding periods last year.

Production of copper concentrate from Boliden's mines was slightly lower than in corresponding periods last year during both the first nine months of 2005 and Q3. This was primarily due to a breakdown suffered by a grinding mill during Q2 and to lower grades in the ore mined at the beginning of the year. The grades have, however, successively improved during the reporting period. The production of zinc concentrate from Boliden's mines was higher during both the first nine months of 2005 and Q3 than during corresponding periods last year, mainly due to higher grades in the ore mined at the Garpenberg and Tara mines.

Production of metal from Boliden's copper smelters was lower during the first nine months of 2005 than in the corresponding period in 2004. This lower production was mainly due to planned large-scale maintenance shutdowns at Rönnskär and Harjavalta during Q2. Production returned to planned levels, however, during Q3 2005. During both the first nine months of 2005 and Q3, metal production at the zinc smelters was on a par with that of corresponding periods in 2004.

In August, Boliden implemented organisational changes with a view to further enhancing the management and monitoring of the operations and increasing the focus on our main products, copper and zinc. The Business Area Smelting Operations was divided into two new business areas, namely Copper Smelting Operations and Zinc Smelting Operations. The Business Area Marketing and Sales was also divided into copper and zinc units linked to the respective smelting operations.

September's augmented copper-price hedging should be viewed in the light of the fact that the price of copper has now reached historically high levels and Boliden was able to hedge part of its future cash flows from the mines' production of copper concentrate.

A new Board of Directors was elected at Boliden's Extraordinary General Meeting held in October at the request of the major shareholders in the company in response to Outokumpu's sale of its remaining holding in Boliden. The new Board comprises a number of new members, namely Ulla Litzén, Anders Ullberg, Matti Sundberg and Anders Sundström, as well as several previous members, namely Carl Bennet, Marie Berglund, Jan Johansson and Leif Rönnbäck. Anders Ullberg was appointed Chairman of the Board and Carl Bennet Deputy Chairman.



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From a market perspective, the first nine months of 2005 have continued strong, with healthy demand, declining stocks and rising metal prices. Boliden managed to return rapidly to planned production levels during Q3 following the weak start to the production this year caused by both planned maintenance shutdowns and a number of unplanned production stoppages. Production during the opening weeks of Q4 remained stable and the metal market is also expected to remain strong.

Forecast

The Board of Directors reiterates its forecast issued in conjunction with the production report in July. The Board believes that despite deviations from planned production levels during Q2, the result after financial items for 2005 will exceed that for 2004, when a historically strong result was reported. A marked improvement in free cash flow is also expected in 2005.

MARKET**Economic trends**

As predicted in the IMF's (International Monetary Fund) September report, "World Economic Outlook", growth in the global economy has stabilised at a high and healthy rate and is expected to reach 4.3 per cent for 2005. The IMF also forecasts global growth in 2006 of 4.3 per cent.

The US economy has performed well and growth for 2005 is expected to reach a healthy 3.5 per cent, with growth of 3.3 per cent forecast for 2006. At the same time, the forecast growth rate in the Japanese economy has been revised upwards to 2.0 per cent for 2005 from the previous forecast level of 1.2 per cent.

The economic growth forecast for Europe has, by contrast, been revised downwards and is now expected to be as low as 1.2 per cent for 2005, rising slightly to 1.8 per cent in 2006. Uncertainty about how vigorously reforms will be implemented in Germany after the outcome of the parliamentary elections there is highlighted as a threat to growth in Europe. The new EU member states are expected to report growth rates substantially above average for Europe as a whole in both 2005 and 2006.

China's massive economic growth continues and both the IMF and the OECD believe that the Chinese economy will continue to perform strongly, with economic growth estimated at approximately 9 per cent for both 2005 and 2006. These reports are also in line with the Chinese government's ambition to slow down the country's vigorous economic growth somewhat. Massive investments in infrastructure and new manufacturing industries in China are stimulating demand for both metals and energy.

Metal prices

The third quarter was characterised by major price increases for base metals. The prices of copper and zinc rose by a massive 33 per cent and 34 per cent respectively compared with the corresponding period last year. Copper stocks at LME rose from approximately 30,000 tonnes to approximately 80,000 tonnes during Q3. Despite this increase, however, copper stocks remain at historically low levels. Zinc stocks at LME fell during the same period by 13 per cent to approximately 530,000 tonnes by the end of Q3, while lead stocks remained essentially unchanged.

Global copper consumption remained almost unchanged while production increased by just over 7 per cent during the first nine months of 2005, compared with the corresponding period last year. Zinc consumption increased by just over 3 per cent while production increased by only 1 per cent during the first nine months of 2005 compared with the corresponding period last year.

Compared with the corresponding period in 2004, changes in the price of gold and silver have largely mirrored the trends for copper and zinc during the reporting period.

Boliden's metal price hedging on 30th September 2005 is presented in the table on page 20.

| Metal prices (average LME/LBMA) | First nine months of | | Change in % | Q3 | | Change in % |
|--|----------------------|------|----------------|------|------|----------------|
| | 2005 | 2004 | | 2005 | 2004 | |
| Copper (USc/lb) | 158 | 127 | 24 | 171 | 129 | 33 |
| Zinc (USc/lb) | 59 | 47 | 26 | 59 | 44 | 34 |
| Lead (USc/lb) | 43 | 39 | 10 | 40 | 42 | -5 |
| Gold (USD/oz) | 432 | 401 | 8 | 440 | 401 | 10 |
| Silver (USD/oz) | 7.07 | 6.46 | 9 | 7.07 | 6.45 | 10 |

Exchange rates

The Swedish krona weakened slightly against both the euro and the US dollar during Q3 2005 compared with the corresponding quarter last year. The American balance of trade deficit is increasing steadily and now exceeds 6 per cent of GNP. On the other hand, the short-term interest rate difference between the USA and Europe continues to attract flows to the dollar. Norway's economy is benefiting from the high oil price, and this is reflected in a stronger exchange rate.

Boliden's currency hedging on 30th September 2005 is presented in the table on page 19.

| Exchange rate (average) | First nine months of | | Change in % | Q3 | | Change in % |
|------------------------------------|----------------------|------|----------------|------|------|----------------|
| | 2005 | 2004 | | 2005 | 2004 | |
| USD/SEK | 7.28 | 7.45 | -2 | 7.65 | 7.46 | 3 |
| EUR/USD | 1.26 | 1.23 | 2 | 1.22 | 1.22 | 0 |
| EUR/SEK | 9.20 | 9.16 | 0.4 | 9.35 | 9.10 | 3 |
| USD/NOK | 6.35 | 6.87 | -8 | 6.37 | 6.85 | -7 |

Treatment charges/Refining charges (TC/RC)

During Q3 the copper concentrate market was in slightly better equilibrium than during the first six months of 2005, which led to a slight fall in spot treatment charges from the peak levels noted in the spring, even though they are still high. As a net purchaser of copper concentrate, Boliden benefits from high treatment charges. Boliden is due to commence renegotiations during the course of the year for just over 50 per cent of the total volume for 2006.

Zinc concentrate production from mines improved only marginally in 2005, despite the improvement in the price of zinc. Many European zinc smelters have been forced to close, primarily due to a shortage of concentrate, high electricity prices and outdated technology. The serious shortage of concentrate is helping to maintain the pressure on zinc treatment charges. Boliden does, however, have a natural hedge against changes in zinc treatment charges as a result of the zinc concentrate balance that exists between the company's zinc mining and smelting operations.

The supply of lead concentrate remains limited, and this is having a negative effect on treatment charges. As a net vendor of lead concentrate, Boliden benefits from low treatment charges.

The table below shows European benchmark prices for 2005 and 2004.

| | 2005 | 2004 | Change in % |
|---|------|------|----------------|
| Treatment and refining charges | | | |
| Copper | | | |
| - Treatment charge (TC) USD/tonne | 85 | 40 | 113 |
| - Refining charge (RC) US\$/lb | 8.5 | 4.0 | 113 |
| Zinc | | | |
| - Treatment charge (TC) base 1,000 USD/tonne | 126 | 142 | -11 |
| Lead | | | |
| - Treatment charge (TC) base 500 USD/tonne | 125 | 125 | 0 |

Source: CRU.

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| SUMMARY OF CONSOLIDATED INCOME STATEMENTS | First nine months of 2005 SEK m | First nine months of 2004 SEK m | Q3 2005 SEK m | Q3 2004 SEK m |
|--|------------------------------------|------------------------------------|------------------|------------------|
| Net sales | 14 118 | 13 310 | 4 939 | 4 265 |
| Operating expenses | -12 634 | -11 990 | -4 238 | -3 860 |
| Operating result | 1 484 | 1 320 | 701 | 405 |
| Financial income and expenses | -253 | -307 | -91 | -90 |
| Result after financial items | 1 231 | 1 013 | 610 | 315 |
| Taxes | -374 | -85 | -175 | -17 |
| Result for the period | 857 | 928 | 435 | 298 |
| Earnings per share, SEK | 2.96 | 3.90 | 1.50 | 1.18 |
| Earnings per share after dilution, SEK | 2.96 | 3.89 | 1.50 | 1.18 |
| Number of shares | 289 387 169 | 252 387 169 | 289 387 169 | 252 387 169 |
| Average number of shares | 289 387 169 | 238 064 860 | 289 387 169 | 252 387 169 |
| Average number of shares after dilution | 289 844 363 | 238 409 860 | 289 844 363 | 252 732 169 |

| SUMMARY OF CONSOLIDATED BALANCE SHEETS | 30 th Sept. 2005 SEK m | 31 st Dec. 2004 SEK m | 30 th Sept. 2004 SEK m |
|---|--------------------------------------|-------------------------------------|--------------------------------------|
| Intangible fixed assets | 3 190 | 2 915 | 2 928 |
| Tangible fixed assets | 11 785 | 11 587 | 11 545 |
| Deferred tax | 620 | 475 | 507 |
| Interest-bearing assets | 79 | 203 | 94 |
| Other financial fixed assets | 45 | 47 | 92 |
| Inventories | 3 097 | 2 679 | 2 694 |
| Interest-bearing current receivables | – | 66 | – |
| Other receivables | 1 396 | 1 330 | 1 317 |
| Liquid assets | 1 075 | 874 | 1 117 |
| Total assets | 21 287 | 20 176 | 20 294 |
| Shareholders' equity | 9 509 | 9 118 | 8 053 |
| Pension provisions | 502 | 475 | 378 |
| Deferred tax provisions | 187 | 205 | 233 |
| Other provisions | 858 | 849 | 841 |
| Interest-bearing long-term liabilities | 5 065 | 6 623 | 8 276 |
| Other long-term liabilities | – | 2 | 6 |
| Interest-bearing current liabilities | 1 627 | 514 | 91 |
| Other current liabilities | 3 539 | 2 390 | 2 416 |
| Total liabilities and shareholders' equity | 21 287 | 20 176 | 20 294 |

| SUMMARY OF CONSOLIDATED STATEMENTS OF CASH FLOW | First nine months of 2005 SEK m | First nine months of 2004 SEK m |
|--|------------------------------------|------------------------------------|
| Cash flow from operating activities | 1 593 | 1 257 |
| Investment activities | -605 | -1 234 |
| Financing activities | -787 | -285 |
| Exchange rate difference in liquid assets | – | 1 |
| Change in liquid assets | 201 | -261 |

Net sales

Boliden's net sales totalled SEK 14,118 million (SEK 13,310 m) for the first nine months of the year and SEK 4,939 million (SEK 4,265 m) for Q3 2005. Net sales were positively affected by improvements in both metal prices and metal production for Product Segment Zinc, but this was offset by a lower US dollar exchange rate and lower levels of metal production for Product Segment Copper than in corresponding periods last year.

Profit performance

The operating result before depreciation and amortisation (EBITDA) totalled SEK 2,403 million (SEK 2,197 m) for the first nine months of the year and SEK 1,013 million (SEK 684 m) for Q3 2005. The operating result (EBIT) increased to SEK 1,484 million (SEK 1,320 m) for the first nine months of the year and to SEK 701 million (SEK 405 m) for Q3 2005, corresponding to operating margins of 10.5 per cent (9.9%) and 14.2 per cent (9.5%) respectively. The improvement in the operating result is primarily attributable to the same factors that affected net sales (see above) and to stock profits at the Product Segment Copper smelters. The improvement in the result was offset by increased costs in conjunction with the planned maintenance shutdowns and the unforeseen breakdowns suffered by the grinding mills. Costs, primarily those associated with input goods (electricity, oil and spare parts), also increased compared with corresponding periods last year.

The result after financial items increased to SEK 1,231 million (SEK 1,013 m) for the first nine months of the year and to SEK 610 million (SEK 315 m) for Q3 2005. Net financial items were negatively affected to the tune of SEK 84 million (-) by changes in market valuations of shares and currency options in accordance with IFRS, although this has not affected the cash flow. Net financial items were positively affected by lower interest expenses resulting from reduced debt levels, improved lending terms and lower interest rates. Boliden's average interest rate on 30th September 2005 was 2.8 per cent.

Cash flow

The cash flow from operating activities was SEK 1,593 million (SEK 1,257 m) for the first nine months of the year. Acquisitions of tangible fixed assets totalled SEK -858 million (SEK -1,109 m). The higher investment figure in 2004 is primarily attributable to investments in Odda.

Liabilities totalling a net amount of SEK 787 million (SEK 1,659 m) were amortised during the period. In addition to the net amortisations, share issue proceeds totalling SEK 1,374 million in cash flow from financial operations for 2004 are included in the figure.

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. 2005 | 31 st Dec. 2004 | 30 th Sept. 2004 |
|----------------------------------|--------------------------------|-------------------------------|--------------------------------|
| Net debt (SEK m) | 6 039 | 6 468 | 7 535 |
| Shareholders' equity (SEK m) | 9 509 | 9 118 | 8 053 |
| Net debt/shareholders' equity, % | 64 | 71 | 94 |
| Equity/assets ratio, % | 44.7 | 45.2 | 39.7 |

Boliden's financial position has continued to improve during Q3. The net debt/equity ratio fell to 0.64, thereby attaining Boliden's financial goal of a net debt/equity ratio within the 0.50 - 0.75 interval. The net debt/equity ratio was also affected during the third quarter by the new IFRS-compliant reporting method, under which the market valuation of currency and raw materials derivatives has reduced shareholders' equity.

Boliden raised a new long-term loan for SEK 400 million in Q3. The loan is a 7-year bond loan and spreads the maturity structure in Boliden's debt portfolio. The Group's syndicated credit facility for EUR 840 million was also renegotiated after the end of the reporting period and extended for an additional year, falling due for final payment in 2010. It was also reduced to EUR 750 million and carry a lower interest rate than before. Boliden's current liquidity in the form of liquid asset and unutilised binding credit facilities totalled SEK 3,550 million at the end of the reporting period.

Integration process and synergies

The integration of the operations has enabled the company to attain its previously announced goals earlier than planned, with operational synergies totalling at least SEK 270 million on a full year basis. Work is currently in progress with a view to ensuring that the full effect of operational synergies achieved so far is felt on an annual basis as of 2006.

PRODUCT SEGMENTS COPPER AND ZINC

As of 2005, the Board of Directors and management of Boliden have decided to present the company's reports in the form of segment reporting for its primary products, Copper and Zinc. The main reason for changing over to segment reporting (from the previous division into Mining Operations and Smelting Operations, with Production Areas Copper and Zinc), is the company's wish to ensure that the strategic governance of Boliden corresponds to its financial reporting. One of the principal reasons for the structural transaction with Outokumpu was to create an integrated mining and smelting company based on the company's metals, copper and zinc. In addition, the majority of our international competitors present segment reporting, and our doing so will make comparison with them easier.

PRODUCT SEGMENT COPPER

Product Segment Copper comprises the operations at the Aitik mine in Sweden together with those of the Rönnskär copper smelter in Sweden, the Harjavalta smelter in Finland and the Boliden Bergsöe lead smelter in Sweden. Production at the mine mainly comprises copper, but also includes precious metals in the form of gold and silver. Smelter production primarily comprises copper, but also includes lead, gold, silver and lead alloys (Boliden Bergsöe).

Production, Copper

| Metal production Mines, COPPER | First nine months of 2005 | First nine months of 2004 | Change in % | Q3 2005 | Q3 2004 | Change in % |
|---------------------------------------|---------------------------|---------------------------|-------------|---------|---------|-------------|
| Copper, tonnes | 44 303 | 48 909 | -9 | 16 967 | 18 844 | -10 |
| Gold, kg | 1 171 | 1 468 | -20 | 526 | 622 | -15 |
| Silver, kg | 30 495 | 36 773 | -17 | 9 460 | 11 241 | -16 |

During both the first nine months of the year and Q3 2005, production of copper in the form of concentrate from Aitik was lower than in corresponding periods in 2004. Production of copper, gold and silver were all negatively affected, primarily by a combination of lower grades and a breakdown at the grinding mill during Q2. Grades have successively improved at Aitik in 2005.

| Metal production Smelters, COPPER | First nine months of 2005 | First nine months of 2004 | Change in % | Q3 2005 | Q3 2004 | Change in % |
|--|---------------------------|---------------------------|-------------|---------|---------|-------------|
| Copper, tonnes | 258 278 | 268 624 | -4 | 88 143 | 89 898 | -2 |
| Gold, kg | 15 725 | 15 238 | 3 | 5 459 | 5 039 | 8 |
| Silver, kg | 377 138 | 343 625 | 10 | 125 608 | 114 167 | 10 |
| Lead, tonnes | 18 766 | 20 709 | -9 | 2 510 | 4 581 | -45 |
| Lead alloys, tonnes (Bergsöe) | 33 785 | 33 255 | 2 | 8 779 | 9 118 | -4 |

Production of copper cathodes at Rönnskär and Harjavalta during the first nine months of 2005 than during was lower the corresponding period in 2004. A planned large-scale maintenance shutdown was implemented at the copper smelters during Q2, reducing production levels. During Q3, both copper smelters reported stable production at planned levels on a par with production for 2004. A growing percentage of electronic waste was processed at Rönnskär during Q3, and this had a positive impact on gold production, although lead production levels were lower.

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Boliden also smelts nickel at Harjavalta on behalf of its customers, and the smelter successfully recommenced production two weeks earlier than anticipated after the temporary production stoppage caused by a market shortage of nickel concentrate.

During both the first nine months of the year, Boliden Bergsöe's production of lead was higher than during corresponding period in 2004. However, production of lead was lower during Q3 2005 compared to corresponding period in 2004.

Net sales, results and investments

| SEK m | First nine months of 2005 | First nine months of 2004 | Change in % | Q3 2005 | Q3 2004 | Change in % |
|--|------------------------------|------------------------------|----------------|------------|------------|----------------|
| Net sales | 10 043 | 9 553 | 5 | 3 548 | 3 081 | 15 |
| Result before depreciation and amortisation | 1 363 | 1 527 | -11 | 610 | 530 | 15 |
| Depreciation and amortisation | 446 | 432 | 3 | 148 | 144 | 3 |
| Operating result | 917 | 1 095 | -16 | 462 | 386 | 20 |
| Investments | 365 | 234 | 56 | 132 | 105 | 26 |
| Capital employed | 8 000 | 8 306 | -4 | 8 000 | 8 306 | -4 |

Net sales for Product Segment Copper totalled SEK 10,043 million (SEK 9,553 m) for the first nine months of the year and SEK 3,548 million (SEK 3,081 m) for Q3 2005. The operating result was SEK 917 million (SEK 1,095 m) for the first nine months of the year and SEK 462 million (SEK 386 m) for Q3, corresponding to operating margins of 9.1 per cent (11.5%) and 13.0 per cent (12.5%) respectively. The operating result was positively affected by higher metal prices and treatment and refining charges, and by a stock profit of SEK 208 million (SEK 17 m) in the copper process stores, SEK 60 million (SEK -33 m) of which accrued during Q3 2005. At the same time, lower revenues caused by deterioration of US dollar exchange rate and lower production and higher costs resulting primarily from the planned maintenance shutdowns at the copper smelters during Q2 had a negative impact on the result.

PRODUCT SEGMENT ZINC

Product Segment Zinc comprises the operations at the mines in the Boliden Area and Garpenberg in Sweden, and at Tara in Ireland. The segment also includes the Boliden Kokkola and Boliden Odda zinc smelters in Finland and Norway respectively. Production at the mines mainly comprises zinc, but also includes copper and lead, as well as precious metals in the form of gold and silver. Smelter production mainly comprises zinc, although Boliden Odda also produces aluminium fluoride.

Production, Zinc

| Metal production Mines, ZINC | First nine months of 2005 | First nine months* of 2004 | Change in % | Q3 2005 | Q3 2004 | Change in % |
|---------------------------------|---------------------------------|----------------------------------|----------------|------------|------------|----------------|
| Zinc, tonnes | 253 985 | 250 124 | 2 | 86 800 | 79 657 | 9 |
| Copper, tonnes | 15 466 | 12 866 | 20 | 4 517 | 3 834 | 18 |
| Lead, tonnes | 36 550 | 39 463 | -7 | 13 470 | 12 129 | 11 |
| Gold, kg | 1 951 | 2 389 | -18 | 575 | 736 | -22 |
| Silver, kg | 140 990 | 140 185 | 1 | 40 698 | 44 778 | -9 |

* Excludes Myra Falls, whose figures for the first nine months of 2004 were: Zn 26,404 tonnes, Cu 4,357 tonnes, Au 463 kg, and Ag 11,012 kg

Production of zinc and copper in the form of concentrate was higher during both the first nine months of the year and Q3 2005 than in corresponding periods last year. Production of lead in the form of concentrate was lower during the first nine months of the year but higher during Q3 2005. Production of gold in concentrate form was lower during both the first nine months of the year and Q3 2005 than in corresponding periods last year. Production of silver in concentrate form was lower during Q3 but somewhat higher during the first nine months of the year compared with levels in the corresponding periods last year.

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Production of zinc and lead in concentrate form at Tara was lower during the first nine months of 2005 than in the corresponding period last year. The primary reason for this was lower grades during Q1 and a loss of production due to a breakdown at the mine's grinding mill in June and early July. Tara has been back in full production since early July. As a result, production of zinc and lead in concentrate form was higher during Q3 2005 than during the corresponding period in 2004.

In the Boliden Area, production of zinc in the form of concentrate improved, while production of gold in the form of concentrate was lower for the first nine months of 2005. Production of both metals was slightly lower in Q3 2005 than in the same period in 2004.

Garpenberg continues to report healthy production levels and production of zinc in concentrate form was higher for both the first nine months of the year and for Q3 2005 than in corresponding periods in 2004. The higher production levels in 2005 are mainly due to the fact that a greater percentage of the high-grade Lappberget ore was mined.

| Metal production Smelters, ZINC | First nine months of 2005 | First nine months of 2004 | Change in % | Q3 2005 | Q3 2004 | Change In % |
|--|---------------------------|---------------------------|-------------|---------|---------|-------------|
| Zinc, tonnes | 320 652 | 316 269 | 1 | 107 429 | 107 994 | -1 |
| Aluminium fluoride, tonnes | 22 281 | 21 444 | 4 | 6 014 | 5 723 | 5 |

Zinc metal production at Boliden's zinc smelters in Kokkola in Finland and Odda in Norway increased slightly during the first nine months of the year. During Q3 2005, it was on a par with levels in corresponding periods in 2004.

Production at Boliden Kokkola remained stable during the reporting period and on a par with levels in the corresponding period of the previous year. In principle, Boliden Odda has now achieved anticipated production levels after the introduction of direct leaching, and zinc production levels were consequently higher during the first nine months of the year. During Q3 2005, they were on a par with levels in corresponding periods in 2004.

Net sales, results and investments

| SEK m | First nine months of 2005 | First nine months of 2004 | Change in % | Q3 2005 | Q3 2004 | Change in % |
|---|---------------------------|---------------------------|-------------|---------|---------|-------------|
| Net sales | 4 927 | 4 509 | 9 | 1 661 | 1 461 | 14 |
| Result before depreciation and amortisation | 1 123 | 1 082 | 4 | 408 | 444 | -8 |
| Depreciation and amortisation | 493 | 444 | 11 | 170 | 140 | 21 |
| Operating result | 630 | 638 | -1 | 238 | 304 | -22 |
| Investments | 494 | 835 | -41 | 177 | 252 | -30 |
| Capital employed | 8 265 | 7 576 | 9 | 8 265 | 7 576 | 9 |

Net sales in Product Segment Zinc totalled SEK 4,927 million (SEK 4,509 m) for the first nine months of the year and SEK 1,661 million (SEK 1,461 m) for Q3 2005. The operating result fell to SEK 630 million (SEK 638 m) for the first nine months of the year and to SEK 238 million (SEK 304 m) for Q3 2005, corresponding to operating margins of 12.8 per cent (14.1%) and 14.3 per cent (20.8%) respectively. The operating result was positively affected by increased production and higher metal prices, as well as the sale of land adjacent to Tara mine, amounting to SEK 12 million (SEK 183 m). At the same time, lower revenues caused by the deterioration in the US dollar exchange rate during both the first nine months of the year and Q3 2005 had a negative impact on the result.

Mining production, total

| Metal production Mines, TOTAL | First nine months of 2005 | First nine months of 2004 | Change in % | Q3 2005 | Q3 2004 | Change in % |
|--------------------------------------|---------------------------|---------------------------|-------------|---------|---------|-------------|
| Zinc, tonnes | 253 985 | 250 124 | 2 | 86 800 | 79 657 | 9 |
| Copper, tonnes | 59 769 | 61 775 | -3 | 21 484 | 22 678 | -5 |
| Lead, tonnes | 36 550 | 39 463 | -7 | 13 470 | 12 129 | 11 |
| Gold, kg | 3 122 | 3 857 | -19 | 1 101 | 1 358 | -19 |
| Silver, kg | 171 485 | 176 958 | -3 | 50 158 | 56 019 | -10 |

Exploration

Boliden's exploration budget for 2005 has been increased to SEK 147 million (SEK 120 m) and exploration efforts have intensified during the reporting period. Many of Boliden's mining areas have also reported significant successes in their exploration activities.

* In the *Boliden Area* in Sweden, geophysical measurements at the Kristineberg mine have shown that the so-called J-zone, at a depth of 1,100 metres, extends one kilometre further than previously reported.

Drilling is continuing in three ore bodies (the Main Ore or Huvudmalmen, the Simon Ore or Simonmalmen, and the Deep Zone or Djupzonen) at the Renström mine and the results are promising.

* The focus of work at *Garpenberg* in Sweden is on the continued development of the Lappberget mineralisation down to a depth of 1,100 metres with a view to further increasing the ore reserve. Exploration work is also under way at Dammsjön and Kvarnberget in the same area.

* Drilling work is in progress at *Aitik* in Sweden with the aim of securing the quantities required for a planned future increase in production.

* Work is proceeding at Europe's largest zinc mine, *Tara* in Ireland, on extensions to existing operations by excavating a probing shaft with a view to enabling continued investigation of the SWEX area. Drilling is also under way from the surface.

The focus is currently on mine-site exploration, since new finds in the vicinity of an existing mine mean that the time lag between discovery and production can be shortened. Just over one third of the exploration budget comprises field exploration for gold and base metals, primarily in the Skellefte field and the Bergslagen and Norrbotten regions of Sweden, as well as in the areas around Limerick in Ireland. Boliden has also begun primary geological work in the Dorotea field in Sweden with a view to investigating the area's zinc and lead potential.

The majority of Boliden's mines have zinc-bearing ores and the Group's strategy is to carry out copper exploration work primarily at the Aitik mine in cooperation with other companies with the aim of attaining the company's goal of also achieving equilibrium between copper mines and smelters.

Employees

The average number of employees in Boliden at the end of the reporting period was 4,549, of whom 2,255 work in Sweden, 1,185 in Finland, 410 in Norway, 671 in Ireland and 28 in other countries. This represents an increase of 70 on the figure for 2004 as a whole, when the average number of employees was 4,479.

Health, environmental and safety matters

Boliden's health, environmental and safety work is conducted systematically within the framework of the company's overall strategy and operational policy. Measurable goals have been set for this work and the results are assessed and presented on an annual basis.

Sick-leave figures remained low during Q3 and the accident frequency continues to fall at the Product Segment Copper and Product Segment Zinc smelters. The Business Area Mining Operations has, however, noted a slight increase in the number of accidents after a long period of steady decline in accident figures.

Negotiations with environmental authorities concerning increased production at the mines at Aitik and in the Boliden Area are currently in progress and are due to be concluded before the end of the year. The work on implementing an energy management system continued during Q3 with a view to implementing it at the Swedish facilities by the end of June 2006.

Parent Company

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

Other matters**Taxes**

As described in Boliden's Annual Report for 2004, the Boliden Treasury subsidiary company was the subject of a tax audit in 2002 with reference to the financial years from 1998 to 2002. On 5th October 2005, the company received a ruling from the County Administrative Court disallowing tax losses carried forward of SEK 2,043 million and imposing a tax surcharge of SEK 29 million. The ruling will be appealed to the Administrative Court of Appeal and a request for a payment respite submitted with regard to the tax surcharge. No provisions have been made as a result of the ruling. As before, no valuation of the disallowed tax losses carried forward has been made and they are therefore not included in the underlying data for valuation of deferred tax receivables.

The reported tax expense for the first nine months of the year came to 30 per cent of the pre-tax profit. This exceeds tax payable at the Group's current tax rate (28 per cent) and is due to non-deductible costs. Boliden's booked tax for the first nine months of 2005 totalled SEK 374 million (SEK 85 m), while tax paid totalled SEK 61 million (SEK 10 m). Boliden has substantial unutilised tax losses carried forward and the actual amount of tax paid will therefore continue to be low in 2005.

Important events

In January 2005, the sale of Bergsöe was halted when the parties failed to reach agreement on terms and conditions. The lead smelter has now been integrated into Boliden's Business Area Copper Smelting Operations.

In February, Boliden sold all of its shares in the Lundin Mining Corporation. The sale proceeds totalled SEK 147 million and generated a capital gain for Boliden of SEK 20 million.

In April, Boliden drew up a commercial paper programme that enables the company to issue commercial paper up to a maximum of SEK 1.5 billion with a maximum term of 12 months.

In June, the Tara mine suffered a breakdown at its grinding mill that led to a 40 per cent reduction in production of zinc and lead concentrate over a period of six weeks. By July, Tara was once again operating at full production capacity according to plan. The impact on the result was just over SEK -40 million.

In July, Boliden announced, in conjunction with its Q2 production reports, that the company had, in addition to the planned maintenance shutdowns at the copper smelters, suffered a number of unplanned stoppages within both its Product Segments, Copper and Zinc. The production stoppages resulted in lower revenues and higher costs during the second quarter.

In July, Boliden also reported that the company would be implementing organisational changes with a view to effecting additional improvements in the way operations are managed and monitored and increasing the focus on its main products, copper and zinc. Its Business Area Smelting Operations will be divided into two new business areas, namely Copper Smelting Operations and Zinc Smelting Operations. Boliden's Business Area Marketing and Sales will also be divided into two separate units for each of the two main products and linked to the respective smelting operations.

In September, Boliden augmented its copper price hedging for planned copper production from the previous level, which covered 40 per cent for a period of one year, to its current level, which covers 70 per cent of production up to and including February 2007.

In September, Boliden also decided to invest SEK 48 million in a nickel sulphate evaporator for the copper smelter at Rönnskär in Skellefteå. The plant will double the smelter's nickel sulphate production capacity and increase flexibility with regard to the processing of raw materials containing nickel.

In September, Outokumpu sold the remainder of its shareholding in Boliden, comprising 46,669,712 Boliden shares, which corresponds to approximately 16.1 per cent of the votes and capital in the company. Outokumpu now owns no shares in Boliden.

Interim Report, January-September 2005

In October, Boliden signed a new long-term partnership agreement with Skellefteå Kraft, securing Boliden's electricity supply up to the year 2015. The agreement covers all of Boliden's Swedish operations, which together account for approximately 40 per cent of the company's total energy consumption.

In October, a new Board of Directors was also elected at an Extraordinary General Meeting. This was done at the request of major shareholders in the company following the sale by Outokumpu of its remaining holding in Boliden. The new Board comprises a number of new members, namely Ulla Litzén, Anders Ullberg, Matti Sundberg and Anders Sundström, as well as several previous members, namely Carl Bennet, Marie Berglund, Jan Johansson and Leif Rönnbäck. Anders Ullberg was appointed to the position of Chairman of the Board with Carl Bennet as Deputy Chairman.

In October Boliden sold its entire holding of 18 million shares in the Canadian mining company Breakwater Resources Ltd. The sales price was CAD 0.38 per share, which is equivalent to sales proceeds of approximately CAD 6.8 million (approximately SEK 46 million).

Preparation principles for interim reports

As of 1st January 2005, Boliden will prepare its consolidated accounts in accordance with the new, EU-approved, international accounting principles, IFRS, or International Financial Reporting Standards. IFRS requires the recalculation of comparative years and the comparative figures for 2004 have consequently been recalculated in accordance with IFRS in this report. The accounting principles applied are those described on pages 64-66 of the 2004 Annual Report and those presented on page 23 of this Report. The Interim Report has been prepared in accordance with IAS 34 Interim Reporting. Please see page 19, the press release published on 21st April 2005, and Boliden's website at www.boliden.com for details of the ways in which the transition has affected Boliden's financial information.

Interim Reports

The Preliminary Financial Statement for 2005 will be published on 7th February 2006.
The Annual Report for 2005 will be published in April 2005 and will be available from Boliden's head office.
The Interim Report for January-March 2006 will be published on 4th May 2006.
The Annual General Meeting will be held at the Expolaris Conference Centre in Skellefteå on 4th May 2006.

Stockholm
24th October 2005

Jan Johansson
President and CEO

Review Report

We have reviewed this Interim Report in accordance with the recommendation issued by FAR. A review is considerably limited in scope compared with an audit. Nothing has come to our attention that causes us to believe that the Interim Report does not comply with the requirements of the Swedish Exchange and Clearing Operations Act and the Swedish Annual Accounts Act.

Stockholm
24th October 2005

Hans Pihl
Authorised Public Accountant

Björn Sundkvist
Authorised Public Accountant

Conference call on 24th October and lunch presentation on 25th October

The capital market is hereby invited, with reference to this Interim Report, to a conference call on Monday, 24th October, and a lunch presentation on Tuesday, 25th October, with Boliden's President and CEO, Jan Johansson, and members of the Group Management .

Conference call Monday, 24th October

The conference call will begin at 4 p.m. (16.00 CET)

To take part in the conference call, please phone:

- from Sweden: 08-50 52 01 10 (remember to dial the area code)

- from abroad: +44 (0)207 162 00 81

a couple of minutes before the conference call starts.

Lunch presentation Tuesday, 25th October

The lunch presentation will begin at 12 noon (12 noon CET) at Operaterrassen, Karl XII:s torg, Stockholm. Please send confirmation of your intention to attend the lunch presentation to Helen Sand by mailing helen.sand@boliden.com.

OH slides will be available on the Boliden website at www.boliden.com approximately one hour before the start of the conference call. A recording of the conference call will be available from 6 p.m. on 24th October until 6 p.m. on 1st November to callers dialling 08-50 52 03 33 or +44 (0)20 70 31 40 64 and using the code 679781.

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INCOME STATEMENTS

| | First nine months of 2005 | First nine months of 2004 | Q3 2005 | Q3 2004 | Full year 2004 |
|--|--|--|--------------------------|--------------------------|---------------------------------|
| Net sales | 14 118 | 13 310 | 4 939 | 4 265 | 17 928 |
| Cost of goods sold | -12 030 | -11 404 | -4 063 | -3 639 | -15 398 |
| Gross result | 2 088 | 1 906 | 876 | 626 | 2 530 |
| Selling expenses | -255 | -245 | -81 | -88 | -333 |
| Administrative expenses | -283 | -312 | -79 | -114 | -396 |
| Research and development costs | -143 | -121 | -43 | -36 | -169 |
| Other operating income and expenses | 79 | 296 | 28 | 231 | 328 |
| Results from participations in associated companies | -2 | 10 | - | - | 85 |
| Loss on the sale of operations | - | -214 | - | -214 | -214 |
| Operating result | 1 484 | 1 320 | 701 | 405 | 1 831 |
| Financial income and expenses | -253 | -307 | -91 | -90 | -466 |
| Result after financial items | 1 231 | 1 013 | 610 | 315 | 1 365 |
| Taxes | -374 | -85 | -175 | -17 | -145 |
| Result for the period | 857 | 928 | 435 | 298 | 1 220 |
| Earnings per share, SEK | 2.96 | 3.90 | 1.50 | 1.18 | 4.98 |
| Earnings per share after dilution, SEK | 2.96 | 3.89 | 1.50 | 1.18 | 4.97 |
| Shareholders' equity per share, SEK | 32.86 | 31.58 | 32.86 | 31.58 | 31.51 |
| Number of shares | 289 387 169 | 252 387 169 | 289 387 169 | 252 387 169 | 289 387 169 |
| Average number of shares | 289 387 169 | 238 064 860 | 289 387 169 | 252 387 169 | 244 944 346 |
| Average number of shares after dilution | 289 844 363 | 238 409 860 | 289 844 363 | 252 732 169 | 245 401 540 |

| Other key ratios | First nine months of 2005 | First nine months of 2004 | Full year 2004 |
|--------------------------------------|---|---|----------------------------------|
| Return on capital employed, % | 12.7 | 11.5 | 11.9 |
| Return on shareholders' equity, % | 12.3 | 16.9 | 16.1 |
| Equity/assets ratio, % | 44.7 | 39.7 | 45.2 |
| Net debt/shareholders' equity, % | 64 | 94 | 71 |
| Depreciation and amortisation, SEK m | 919 | 877 | 1 146 |
| Investments, SEK m | 860 | 1 110 | 1 536 |
| Capital employed, SEK m | 15 317 | 15 409 | 15 393 ¹⁾ |
| Net debt, SEK m | 6 039 | 7 535 | 6 468 ¹⁾ |

¹⁾The amounts have been marginally amended in relation to those previously reported due to a redefinition.

BALANCE SHEETS

| | 30 th Sept. | 30 th Sept. | 31 st Dec. |
|---|------------------------|------------------------|-----------------------|
| | 2005 | 2004 | 2004 |
| Intangible fixed assets | 3 190 | 2 928 | 2 915 |
| Tangible fixed assets | 11 785 | 11 545 | 11 587 |
| Deferred tax | 620 | 507 | 475 |
| Interest-bearing assets | 79 | 94 | 203 |
| Other financial fixed assets | 45 | 92 | 47 |
| Inventories | 3 097 | 2 694 | 2 679 |
| Interest-bearing current receivables | – | – | 66 |
| Other receivables | 1 396 | 1 317 | 1 330 |
| Liquid assets | 1 075 | 1 117 | 874 |
| Total assets | 21 287 | 20 294 | 20 176 |
| Shareholders' equity | 9 509 | 8 053 | 9 118 |
| Pension provisions | 502 | 378 | 475 |
| Deferred tax provisions | 187 | 233 | 205 |
| Other provisions | 858 | 841 | 849 |
| Interest-bearing long-term liabilities | 5 065 | 8 276 | 6 623 |
| Other long-term liabilities | – | 6 | 2 |
| Interest-bearing current liabilities | 1 627 | 91 | 514 |
| Other current liabilities | 3 539 | 2 416 | 2 390 |
| Total liabilities and shareholders' equity | 21 287 | 20 294 | 20 176 |

| Specification of change in shareholders' equity | 30 th Sept | 30 th Sept | 31 st Dec |
|--|-----------------------|-----------------------|----------------------|
| SEK m | 2005 | 2004 | 2004 |
| Opening balance | 9 118 | 6 100 | 6 100 |
| Effect of change in accounting principle, net after tax | | | |
| IAS 19, Remuneration to employees | – | -90 | -115 |
| IAS 39, Financial instruments | 6 | – | – |
| New issue | – | 1 390 | 2 283 |
| Result for the period | 857 | 928 | 1 220 |
| Closed out futures contracts, after fiscal effect | -113 | -259 | -341 |
| Market valuation of financial instruments, after fiscal effect | -360 | – | – |
| Translation differences | 1 | -16 | -29 |
| Closing balance | 9 509 | 8 053 | 9 118 |

STATEMENTS OF CASH FLOW

| SEK m | First nine months of 2005 | First nine months of 2004 | Full year 2004 |
|--|---------------------------------|---------------------------------|-------------------|
| Cash flow from operating activities before changes in working capital | 1 680 | 1 799 | 2 341 |
| Cash flow from changes in working capital | -87 | -542 | -789 |
| Cash flow from operating activities | 1 593 | 1 257 | 1 552 |
| Investment activities | | | |
| - Acquisition of tangible fixed assets | -858 | -1 109 | -1 534 |
| - Other | 253 | -125 | 26 |
| Cash flow from investment activities | -605 | -1 234 | -1 508 |
| Cash flow before financing activities | 988 | 23 | 44 |
| Financing activities | -787 | -285 | -549 |
| Exchange rate difference on liquid assets | - | 1 | 1 |
| Change in liquid assets | 201 | -261 | -504 |

INFORMATION PER SEGMENT

SEK m

First nine months of 2005

| | <u>Copper</u> | <u>Zinc</u> | <u>Other</u> | <u>The Group</u> |
|-------------------------------|---------------|-------------|--------------|------------------|
| Net sales | 10 043 | 4 927 | -852 | 14 118 |
| Operating result | 917 | 630 | -63 | 1 484 |
| Depreciation and amortisation | 446 | 493 | -20 | 919 |
| Investments | 365 | 494 | 1 | 860 |
| Capital employed | 8 000 | 8 265 | -948 | 15 317 |

First nine months of 2004

| | <u>Copper</u> | <u>Zinc</u> | <u>Other</u> | <u>The Group</u> |
|-------------------------------|---------------|---------------------|--------------|------------------|
| Net sales | 9 553 | 4 509 ¹⁾ | -752 | 13 310 |
| Operating result | 1 095 | 638 | -413 | 1 320 |
| Depreciation and amortisation | 432 | 444 | 1 | 877 |
| Investments | 234 | 835 | 41 | 1 110 |
| Capital employed | 8 306 | 7 576 | -473 | 15 409 |

Q3 2005

| | <u>Copper</u> | <u>Zinc</u> | <u>Other</u> | <u>The Group</u> |
|-------------------------------|---------------|-------------|--------------|------------------|
| Net sales | 3 548 | 1 661 | -270 | 4 939 |
| Operating result | 462 | 238 | 1 | 701 |
| Depreciation and amortisation | 148 | 170 | -6 | 312 |
| Investments | 132 | 177 | - | 309 |
| Capital employed | 8 000 | 8 265 | -948 | 15 317 |

Q3 2004

| | <u>Copper</u> | <u>Zinc</u> | <u>Other</u> | <u>The Group</u> |
|-------------------------------|---------------|---------------------|--------------|------------------|
| Net sales | 3 081 | 1 461 ¹⁾ | -277 | 4 265 |
| Operating result | 386 | 304 | -285 | 405 |
| Depreciation and amortisation | 144 | 140 | -5 | 279 |
| Investments | 105 | 252 | 2 | 359 |
| Capital employed | 8 306 | 7 576 | -473 | 15 409 |

Full year 2004

| | <u>Copper</u> | <u>Zinc</u> | <u>Other</u> | <u>The Group</u> |
|-------------------------------|---------------|---------------------|--------------|------------------|
| Net sales | 12 901 | 6 036 ¹⁾ | -1 009 | 17 928 |
| Operating result | 1 393 | 808 | -370 | 1 831 |
| Depreciation and amortisation | 578 | 573 | -5 | 1 146 |
| Investments | 410 | 1 085 | 41 | 1 536 |
| Capital employed | 8 227 | 7 656 | -490 | 15 393 |

¹⁾ To enable comparisons between 2004 and 2005, net sales in the Product Segment Zinc have been corrected for 2004. The correction is due to organisational changes within the Group in 2005.

Sensitivity analysis 2005

The following table shows an estimate of the full-year effects of changes in metal prices, exchange rates and treatment and refining charges (TC/RC) on Boliden's results for 2005 as a whole, based on average metal prices, exchange rates and treatment and refining charges for the third quarter of 2005, and on planned production volumes for 2005. The sensitivity analysis does not take into account the effects of metal price hedging, exchange rate hedging or contracted treatment and refining charges. To some extent, there is a delay in the impact of price and currency fluctuations on Boliden's results.

| Change in metal prices +10% | Effect on the result SEK m | Change in USD +10% | Effect on the result SEK m | Change in TC/RC +10% | Effect on the result SEK m |
|-----------------------------|----------------------------|--------------------|----------------------------|----------------------|----------------------------|
| Copper | 284 | USD/SEK | 569 | TC/RC Copper | 102 |
| Zinc | 426 | EUR/USD | 291 | TC Zinc | 29 |
| Lead | 50 | USD/NOK | 67 | TC Lead | -5 |
| Gold | 52 | | | | |
| Silver | 44 | | | | |
| Nickel | 63 | | | | |

Exchange rate hedging

Currency contracts on 30th September 2005 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 options Floor |
|------------------------------------|--------------------------------|------------------------|
| Maturity year 2005 | amount, sold rate ¹ | 77 |
| Maturity year 2006 | amount, sold rate ¹ | 6.92 |
| Maturity year 2007 | amount, sold rate ¹ | 295 |
| | | 7.14 |
| | | 63 |
| | | 7.25 |
| Total, unrealised contracts | | 435 |

¹⁾ Rates refer to weighted strike for currency options.

The floor spread in the options portfolio is from USD/SEK 6.70 – 7.40

The contribution levels for exposure to USD/SEK are 41, 40 and 8 per cent respectively for 2005, 2006 and 2007, calculated on the basis of the price assumptions in the sensitivity analysis table.

Metal price hedging

The following table provides a summary of metal price hedging for copper, lead, gold and silver on 30th September 2005. Boliden's exposure to future metal price fluctuations is otherwise, in every significant respect, unhedged.

| | | Copper | Lead | Gold | Silver |
|--------------------|--|--------------|------------|------------|-------------|
| Maturity year 2005 | Hedged percentage of planned production, rate ¹ | 67% 3 012 | 51% 899 | 59% 358 | 73% 7.3 |
| Maturity year 2006 | Hedged percentage of planned production, rate ¹ | 67% 2 885 | 34% 902 | 63% 437 | 69% 7.38 |
| Maturity year 2007 | Hedged percentage of planned production, rate ¹ | 17% 2 912 | | 14% 491 | 14% 7.38 |

¹⁾ Contract rate, USD/tonne for copper and lead, and USD/oz for gold and silver

Adoption of International Financial Reporting Standards (IFRS) 2005

As of 1st January 2005, the Boliden Group will be applying International Financial Reporting Standards (IFRS).

The transition to IFRS means that the comparative figures for 2004 are recalculated. An exception has been made for the IAS 32/IAS 39 recommendations concerning financial instruments, which will be applied as of 2005. The 2005 opening balance includes the effects of these recommendations.

The recommendations of the Swedish Financial Accounting Standards Council that are applied by the Group are primarily based on earlier versions of IAS that have later been updated in certain respects under IFRS. This means that most of Boliden's accounts have already been adapted to IFRS. The effects that arise are thus mainly limited to the updates made to existing IAS standards and the issuing of new standards (IFRS 1-5) and statements.

The EU directives under which the transition is reported require IFRS to be presented in complete financial reports, which means that the rules in force at the end of 2005 are the rules that should be applied to the transition to IFRS.

Recalculated Income Statements and Balance Sheets for the third quarter of 2004 and the interim reporting period are presented below. The opening balance for 2004 has not been affected by the transition to IFRS. No significant differences exist between the Statement of Cash Flow in accordance with IFRS and the Statement of Cash Flow in accordance with previously applied accounting principles.

Background

The recommendations of the Swedish Financial Accounting Standards Council that are applied by the Group are based on the recommendations issued by IASC and the statements made by SIC (Standing Interpretation Committee). IASB has thereafter updated several of the recommendations and introduced certain SIC statements into the standards that form the basis for the introduction of IFRS. In addition, IASB has issued another 5 standards that will be applied by Boliden when the transition to IFRS takes place.

The work involved in charting the effects of the transition to IFRS has focused primarily on identifying the effect on Boliden of changes in prevailing norms and standards, as compared with the standards on which the Swedish Financial Accounting Standards Council based its recommendations. Boliden has also charted the effects of the application of the new standards that have been issued (IFRS 1-5). The standards that are relevant to Boliden correspond relatively well with the previously applied recommendations of the Swedish Financial Accounting Standards Council, and the effects are therefore primarily limited to the new standards.

Voluntary exceptions

In conjunction with the transition to IFRS, Boliden will be applying IFRS 1 (First-time adoption of International Financial Reporting Standards). As a rule, IFRS 1 requires the standards in force at the point of transition to IFRS to be applied retroactively when determining the opening balance on 1st January 2004 in accordance with IFRS. IFRS 1 does however permit certain exceptions from this retroactive application and Boliden has thus chosen to apply the following principles:

- Only corporate acquisitions and mergers implemented as of the transition point on 1st January 2004 are recalculated in accordance with IFRS 3. The requirements imposed by IFRS 1 with regard to the recalculation in certain respects of acquisitions prior to this point in time are not considered to have any impact on Boliden's shareholders' equity at the time of the transition.
- Boliden has chosen to apply IAS 19 as of the transition date of 1st January 2004, which means, among other things, that actuarial profits and losses arising prior to this date are booked to opening shareholders' equity.
- Under IFRS, fixed assets may not be written up, unless the option of re-valuing the fixed assets on an ongoing basis is applied ("the revaluation method"). IFRS 1 does however permit write-ups performed prior to the transition point to continue to be regarded as the acquisition value at the time that the write-up was performed. Bearing in mind the write-up of the Rönnskär plant, among others, that was performed in 2001 and totalled SEK 2,066 million once the deferred tax effect had been taken into account, Boliden has chosen to make use of this exemption. The exemption rule also requires the value of the write-up to be comparable with the market value of the relevant asset.
- Accumulated translation differences when translating foreign subsidiaries are closed out at the time of transition.
- Share-related remuneration is reported in accordance with IFRS 2 for all share-related remuneration awarded after 7th November 2002 and not earned on 1st January 2005. Boliden has chosen not to apply IFRS 2 retroactively prior to this date.

The following recommendations affect Boliden's reporting:**1. Intangible assets**

Under IAS 38, intangible assets should be classified as assets with a definable period of use or as assets with an indefinable period of use. Under Boliden's current principles, goodwill has been amortised over a maximum of 20 years. Under IFRS 3, goodwill should be classified as an asset with an indefinable lifetime and may no longer be amortised. Instead, write-down tests shall be performed as soon as there are indications of a need for a write-down, as well as at least once a year. The transitional rules in IFRS 1 also require a write-down test to be performed at the time of the transition on 1st January 2004. Boliden has performed write-down tests that show that there is no need for a write-down, either at the time of the transition on 1st January 2004 or at the end of the financial year ending on 31st December 2004.

In view of the adoption of IFRS as of 1st January 2004, all amortisation according to plan performed in 2004 has been reversed, boosting both the result and shareholders' equity at the end of the year by SEK 165 million and by SEK 126 million at the end of the nine-month period.

2. Financial instruments

Under the version of IAS 39 approved by the EU, financial instruments shall initially be valued at their actual value, and shall be valued on an ongoing basis at either their actual value or their accrued acquisition value, depending on how they are categorised. Under IAS 39, all financial derivative instruments shall be reported on an ongoing basis at their market value.

Changes in the market value of hedging instruments, which under IAS 39 qualify as hedging of future cash flows or net investment in overseas operations, are booked to shareholders' equity until such time as the underlying flows are reflected in the income statement.

Boliden applies hedging accounting for financial derivatives acquired in order to hedge part of forecast currency, metal and interest flows. At the start of 2005, the market value of these derivatives was SEK -3 million after deferred tax, and the total has been booked to shareholders' equity.

Changes in the market value of other financial derivative instruments are reported on an ongoing basis in the income statement.

At the start of 2005, the difference between the market value and the book value of other shareholdings was SEK 8 million after deferred tax. The effect has been booked directly to shareholders' equity.

The values of embedded derivatives in contracts currently in force are not classified as tangible.

The comparative figures for 2004 will not be recalculated in accordance with IAS 39. Instead, the transition effects will be reported as an adjustment of the opening balance in 2005.

THE GROUP - SEPTEMBER 2004

INCOME STATEMENTS

| SEK m | First nine months of 2004 | | | Q3 2004 | | |
|---|---------------------------|----------------------|----------------------|-------------------------|----------------------|----------------------|
| | In acc. with Sw GAAP | Adjusted for IFRS | In acc. with IFRS | In acc. with Sw GAAP | Adjusted For IFRS | In acc. with IFRS |
| Net sales | 13 310 | – | 13 310 | 4 265 | – | 4 265 |
| Cost of goods sold | -11 530 | 126 | -11 404 | -3 681 | 42 | -3 639 |
| Gross result | 1 780 | 126 | 1 906 | 584 | 42 | 626 |
| Selling expenses | -245 | – | -245 | -88 | – | -88 |
| Administrative expenses | -312 | – | -312 | -114 | – | -114 |
| Research and development costs | -121 | – | -121 | -36 | – | -36 |
| Other operating income and expenses | 296 | – | 296 | 231 | – | 231 |
| Results from participations in associated companies | 10 | – | 10 | 0 | – | 0 |
| Loss on the sale of operations | -214 | – | -214 | -214 | – | -214 |
| Operating result | 1 194 | 126 | 1 320 | 363 | 42 | 405 |
| Financial income and expenses | -307 | – | -307 | -90 | – | -90 |
| Result after financial items | 887 | 126 | 1 013 | 273 | 42 | 315 |
| Taxes | -85 | – | -85 | -17 | – | -17 |
| Result for the period | 802 | 126 | 928 | 256 | 42 | 298 |
| Earnings per share, SEK | 3.37 | | 3.90 | 1.01 | | 1.18 |
| Earnings per share after dilution, SEK | 3.36 | | 3.89 | 1.01 | | 1.18 |
| Shareholders' equity per share, SEK | 31.42 | | 31.58 | 31.42 | | 31.58 |
| Number of shares | 252 387 169 | | 252 387 169 | 252 387 169 | | 252 387 169 |
| Average number of shares | 238 064 860 | | 238 064 860 | 252 387 169 | | 252 387 169 |
| Average number of shares after dilution | 238 409 860 | | 238 409 860 | 252 732 169 | | 252 732 169 |

Other key ratios

| | First nine months of 2004 | |
|--------------------------------------|---------------------------|----------------------|
| | In acc. with Sw GAAP | In acc. with IFRS |
| Equity/assets ratio, % | 39.3 | 39.7 |
| Net debt/shareholders' equity, % | 96 | 94 |
| Depreciation and amortisation, SEK m | 1 006 | 877 |
| Investments, SEK m | 1 110 | 1 110 |
| Capital employed, SEK m | 15 199 | 15 409 |
| Net debt, SEK m | 7 604 | 7 535 |

BALANCE SHEETS

| SEK m | 30 th Sept. 2004 | | 30 th Sept. 2004 |
|---|-----------------------------|----------------------|-----------------------------|
| | In acc. with Sw GAAP | Adjusted for IFRS | In acc. with IFRS |
| Intangible fixed assets | 2 804 | 124 | 2 928 |
| Tangible fixed assets | 11 545 | – | 11 545 |
| Deferred tax | 507 | – | 507 |
| Interest-bearing assets | 94 | – | 94 |
| Other financial fixed assets | 92 | – | 92 |
| Inventories | 2 694 | – | 2 694 |
| Interest-bearing current receivables | – | – | – |
| Other receivables | 1 317 | – | 1 317 |
| Liquid assets | 1 117 | – | 1 117 |
| Total assets | 20 170 | 124 | 20 294 |
| Shareholders' equity | 7 929 | 124 | 8 053 |
| Pension provisions | 378 | – | 378 |
| Deferred tax provisions | 233 | – | 233 |
| Other provisions | 841 | – | 841 |
| Interest-bearing long-term liabilities | 8 276 | – | 8 276 |
| Other long-term liabilities | 6 | – | 6 |
| Interest-bearing current liabilities | 91 | – | 91 |
| Other current liabilities | 2 416 | – | 2 416 |
| Total liabilities and shareholders' equity | 20 170 | 124 | 20 294 |

Specification of change in shareholders' equity

| | | | |
|---|-------|-----|-------|
| Opening balance | 6 100 | – | 6 100 |
| Effect of change in accounting principle, net after tax | | | |
| RR 29, Remuneration to employees | -90 | – | -90 |
| New issue | 1 390 | – | 1 390 |
| Result for the period | 802 | 126 | 928 |
| Closed out futures contracts, after fiscal effect | -259 | – | -259 |
| Translation differences | -14 | -2 | -16 |
| Closing balance | 7 929 | 124 | 8 053 |