

Interim Report

Boliden AB (publ)

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Interim Report, January-September 2006

Strong global metal market improves Boliden's result

Q3 2006

- Revenues rose by SEK 4,375 million to SEK 9,299 million (SEK 4,924 m).
- The operating profit improved by SEK 1,409 million to SEK 2,095 million (SEK 686 m).
- The profit for the period increased by SEK 1,106 million to SEK 1,541 million (SEK 435 m).
- Earnings per share strengthened by SEK 3.82 to SEK 5.32 (SEK 1.50).

The first nine months of 2006

- Revenues rose by SEK 11,416 million to SEK 25,485 million (SEK 14,069 m).
- The operating profit improved by SEK 4,862 million to SEK 6,297 million (SEK 1,435 m).
- The profit for the period increased by SEK 3,661 million to SEK 4,518 million (SEK 857 m).
- Earnings per share strengthened by SEK 12.65 to SEK 15.61 (SEK 2.96).

Important matters

- Boliden's Board of Directors approved an investment of SEK 5.2 billion to double ore production from 18 to 36 million tonnes at the Aitik copper mine.

Key ratios

	Q3 2006	Q3 2005	Change in %	First 9 months 2006	First 9 months 2005	Change in %
	SEK m	SEK m		SEK m	SEK m	
Revenues	9 299	4 924	89	25 485	14 069	81
Operating profit before depreciation (EBITDA)	2 421	998	143	7 280	2 354	209
Operating profit (EBIT)	2 095	686	205	6 297	1 435	339
Profit before tax	2 067	610	239	6 128	1 231	398
Profit for the period	1 541	435	254	4 518	857	427
Cash flow from operating activities	1 681	632	166	5 063	1 593	218
Earnings per share, SEK, before and after dilution	5.32	1.50	255	15.61	2.96	427
Return on capital employed, %	51	18		52	12	
Net debt/shareholders' equity, %	16	64		16	64	

MARKET

Economic trends

The global economy continued to perform strongly during the third quarter of 2006, with industrial production growing at a rate of around 4.6 per cent. Growth did flatten out slightly in the USA during the autumn, but this was counterbalanced by stronger growth in Europe and Japan.

The Asian economies continued to report high growth rates, mainly fuelled by China where industrial production grew by 15.8 per cent during the third quarter.

This strong global growth is expected to continue in the immediate future, helping to ensure a continued healthy demand for metals.

The copper and zinc market

New smelters and increased capacity utilisation at existing smelters helped bring about an increase of 4.2 per cent in copper metal production during the first nine months of the year. Despite the high copper price, the increase in the production of copper concentrate was only marginal, mainly as a result of technical problems and strikes. Global copper consumption during the same period increased by 4.0 per cent. Demand was strongest in Europe during the reporting period. Sales of copper from China's strategic stocks had no significant effect on the copper market, and a balanced copper market is not expected until early 2007.

Copper stocks at the LME continue at historically low levels. A small increase in stocks from approximately 95,000 tonnes to approximately 130,000 tonnes, corresponding to 2 days' global consumption, was noted during Q3.

Zinc metal production rose during the first nine months of the year by 5.0 per cent, with new smelters, principally in China and India, contributing to this increase. Global zinc consumption increased during the same period by 3.5 per cent, and demand continues to be strongest in China. The high price of zinc has resulted in increased mined production, and production has even been restarted at some previously closed mines, but there is still a shortage of zinc concentrate. Global mining production increased by approximately 5 per cent during the first nine months of the year, with the major part of this coming from mines in China. The supply-demand shortfall is expected to continue in the zinc metal market in 2006 and 2007.

Consumption still exceeds production, in terms of total tonnes, and zinc stocks at the LME (London Metal Exchange) continued their steady downward trend, falling in Q3 2006 by 35 per cent to approximately 140,000 tonnes, corresponding to just over four days' global consumption. Stocks have also continued to decline during the early part of Q4.

Metal prices

The third quarter was characterised by a continuation in the healthy and relatively stable price trend for Boliden's main metals, copper and zinc. The price of lead continued to strengthen during the third quarter, rising by 9 per cent in comparison with levels in Q2 2006.

Gold and silver prices fluctuated relatively little. The price of gold fell by 1 per cent and the price of silver fell by 4 per cent in the third quarter, in comparison with Q2 2006.

The prices of Boliden's base and precious metals have strengthened from Q3 levels during the early part of Q4.

Metal prices (average LME/LBMA)	Q3 2006	Q3 2005	Change in %	First 9 months 2006	First 9 months 2005	Change in %
Copper (USD/tonne)	7 670	3 759	104	6 612	3 479	90
Zinc (USD/tonne)	3 363	1 298	159	2 966	1 296	129
Lead (USD/tonne)	1 189	892	33	1 176	952	24
Gold (USD/troy oz)	622	440	41	601	432	39
Silver (USD/troy oz)	11.70	7.07	65	11.21	7.07	59

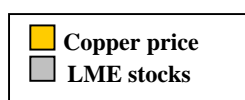
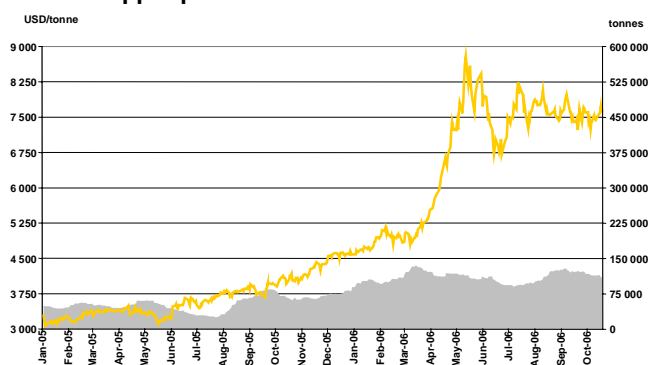
Metal price hedging

The following table contains a summary of Boliden's metal price hedging for copper, lead, gold and silver on 30th September 2006, with regard to commercial metal exposure.

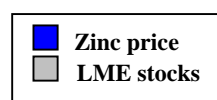
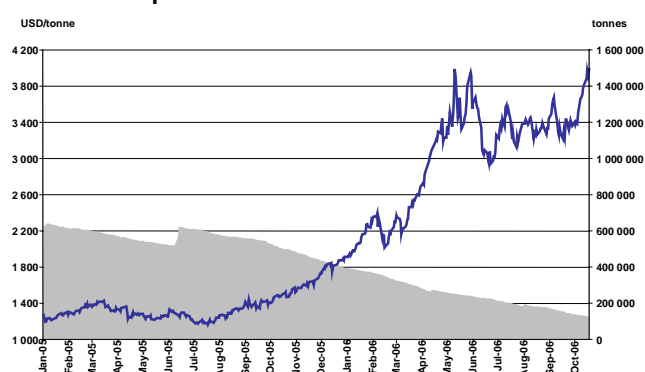
		Copper	Lead	Gold	Silver
Maturity year, 2006	Percentage of planned production hedged	76%	47%	69%	56%
	price ¹	2 819	958	485	7.37
Maturity year, 2007	Percentage of planned production hedged	71%	37%	72%	51%
	price ¹	3 966	1 132	578	9.26
Maturity year, 2008	Percentage of planned production hedged	16%		20%	12%
	price ¹	6 591		664	11.70
Market value of outstanding contracts, SEK m		-1 975	-64	-70	-122

¹⁾ Contract price: USD/tonne for copper, lead. USD/oz for gold and silver.

Copper price and stocks – Jan 05-Oct 06



Zinc price and stocks – Jan 05-Oct 06



Treatment charges/Refining charges (TC/RC)

The spot market for copper concentrate was characterised during the third quarter by very low activity levels. A few so-called half-year contracts (12 month contracts that run from July to June, and which do not concern Boliden) were announced during September at treatment charges/refining charges (TC/RC) that were below the 2006 benchmark of USD 95 per tonne treatment charge and 9.5 US cents per lb refining charges. The contracts also had limited the price escalators. The half-year contracts are expected to act as guidelines, to some extent, for the 2007 benchmark negotiations that began in October.

Boliden intends to renegotiate the terms for approximately 50 per cent of the copper contract volumes, which had previously been priced at 2005 benchmark prices of USD 85 per tonne for treatment charges and US cents 8.5 per lb for refining charges.

The zinc concentrate spot market was less pressured in Q3 than in the first two quarters of 2006. Spot treatment charges have, however, remained low at levels substantially below the 2006 benchmark prices. Lower smelting charges and restricted price escalator clauses are expected in 2007. Negotiations began in October. The high price of zinc to date has meant very favourable results from the 2006 benchmark contracts for the zinc smelters.

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Boliden essentially maintains a balance between zinc mines and zinc smelters and consequently TC changes have only a limited effect on the company's result.

The lead concentrate spot market has been affected by the long-term production problems experienced by some of the larger mines in Australia. This has turned a balanced market into a shortfall market with less favourable spot terms. Negotiations for the 2007 benchmark prices are not expected to begin until Q1 2007.

The table below shows European benchmark prices for 2006 and 2005.

Treatment and refining charges	2006	2005	<i>Change in %</i>
Copper			
- Treatment charge (TC) USD/tonne	95	85	12
- Refining charge (RC) USc/lb	9.5	8.5	12
Zinc			
- Treatment charge (TC) base USD 1,400/tonne +14/-12%	128		
- Treatment charge (TC) base USD 1,000/tonne +16/-14%		126	
Lead			
- Treatment charge (TC) base USD 750/tonne +15%	149		
- Treatment charge (TC) base USD 500/tonne +10%/-10%		125	

Source: CRU

Exchange rates

The US dollar weakened against both the Swedish krona and the euro during the third quarter, in comparison with both the first quarter and the second quarter of 2006. The krona also weakened against the euro during the same period.

Exchange rate (average)	Q3 2006	Q3 2005	<i>Change in %</i>	First 9 months 2006	First 9 months 2005	<i>Change in %</i>
USD/SEK	7.24	7.65	-5	7.47	7.31	2
EUR/USD	1.27	1.22	4	1.24	1.26	-1
EUR/SEK	9.23	9.35	-1	9.29	9.22	1
USD/NOK	6.32	6.37	-1	6.41	6.38	0

Currency hedging

Current contracts on 30th September 2006 in respect of exchange rate hedging of commercial currency exposure in USD/SEK are summarized in the table below. Boliden's other currency risks in respect of commercial exposure are, in all significant respects, unhedged.

		Currency forwards	Currency options
			Floor
Maturity year 2006	amount, sold, USD m	5	73
	rate ¹	7.68	7.34
Maturity year 2007	amount, sold, USD m	31	340
	rate ¹	7.59	7.17
Maturity year 2008	amount, sold, USD m		124
	rate ¹		6.96
Total unrealised contracts		36	537
Market value of outstanding contracts, SEK m		14	113

¹⁾ Refers to weighted rates for currency forwards and weighted strike rates for currency options. The floors in the options portfolio are divided between USD/SEK 6.90 and 7.50.

The hedge coverage rates for exposure to USD/SEK are 28, 66 and 22 per cent respectively for 2006, 2007 and 2008, calculated on the basis of the price assumptions in the sensitivity analysis table.

Sensitivity analysis, 2006

The following table shows an estimate of the effects of changes in metal prices, exchange rates and treatment and refining charges (TC/RC) on Boliden's operating profit for 2006 as a whole (the whole year effect). The estimates are based on average metal prices, exchange rates and treatment charges for the third quarter of 2006 and planned production volumes for the fourth quarter of 2006. Price and exchange-rate sensitivities shown in the table below do not take into account the effects of contracted treatment charges. Price and exchange rate fluctuations have a somewhat delayed impact on Boliden's results.

Change in metal prices +10%	Effect on op. profit SEK m	Effect on op. profit incl. hedge SEK m	Change in USD +10%	Effect on op. profit SEK m	Change in TC/RC +10%	Effect on op. profit SEK m
Copper	480	120	USD/SEK	815	TC/RC Copper	80
Zinc	940	940	EUR/USD	530	TC Zinc	30
Lead	60	30	USD/NOK	145	TC Lead	0
Gold	80	25				
Silver	70	30				
Nickel	10	10				

THE GROUP**Revenues**

Boliden's revenues increased to SEK 9,299 million (SEK 4,924 m) for the third quarter and to SEK 25,485 million (SEK 14,069 m) for the first nine months of 2006. Revenues were positively affected during the first nine months of 2006 by improved production, better metal prices, and a higher US dollar exchange rate, and they were positively affected during Q3 2006 by improved metal prices, in comparison with corresponding periods last year.

Profit performance

The operating profit (EBIT) increased to SEK 2,095 million (SEK 686 m) for the third quarter and to SEK 6,297 million (SEK 1,435 m) for the first nine months of 2006. The improvement in the operating profit is mainly attributable to the same factors as those affecting revenues. Prices and terms contributed SEK 1,810 million to the total improvement in the operating profit for the third quarter and SEK 5,288 million to the total for the first nine months of the year. Volumes made a negative contribution of SEK 210 million to the third quarter, but a positive contribution of SEK 288 million for the first nine months of the year. The improvement in the operating profit during the first nine months was partly offset by an increase in costs of SEK 643 million, of which SEK 219 million were during the third quarter. The increased costs are partly due to higher production volumes, but are mainly due to increased prices for electricity, and also increased prices for other raw materials-related input goods, such as diesel and steel.

The combined stock profit was SEK 193 million (SEK 61 m) during the third quarter and SEK 722 million (SEK 209 m) during the first nine months of 2006.

The profit before tax improved to SEK 2,067 million (SEK 610 m) for the third quarter of 2006 and to SEK 6,128 million (SEK 1,231 m) for the first nine months of the year. Net financial items totalled SEK -28 million (SEK -76 m) for the third quarter and SEK -169 million (SEK -204 m) for the reporting period. Net financial items were positively affected by lower interest expenses resulting, mainly, from lower debt and better loan terms.

Cash flow

Capital tied up in stocks and receivables increased during the reporting period, mainly due to rising metal prices. 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.

The cash flow from operating activities improved substantially to SEK 5,063 million (SEK 1,593 m) during the first nine months of the year. The improvement is primarily attributable to the improvement in the result. Investments totalled SEK 1,273 million (SEK 858 m). Liabilities totalling a net amount of SEK 3,404 million (SEK 787 m) were amortised during the period.

Financial position

Boliden's financial position continued to improve substantially during the reporting period, and the net debt/equity ratio fell to 0.16. Boliden's financial goal is to maintain a net debt/equity ratio of approximately 0.40. The market valuation of currency and raw materials derivatives during the reporting period reduced shareholders' equity by SEK 800 million.

The average term of Boliden's debt portfolio was 6.43 years on 30th September 2006. The average interest rate on the debt portfolio was 3.41 per cent on 30th September. Boliden's current liquidity, in the form of liquid assets and unutilised binding credit facilities, totalled SEK 6,658 million at the end of the reporting period.

Exploration

Mine-site exploration

Just over SEK 80 million will be invested in an extensive programme of mine-site exploration in Sweden in 2006. The focus during the third quarter was on accelerating the driving of exploration drifts at Boliden's underground mines. The aim is to speed up the preparation of exploration drilling positions and to expand the drilling of new mineralisations. A total of 70,000 metres of drilling and 950 metres of drifting will be carried out in 2006.

In the Skellefte field in northern Sweden, diamond drilling continued at the Kristineberg and Renström mines and at Petiknäs Norra. The planned investigation of the Åkulla Östra mineralisation is now in its final stages and an ore reserve calculation will be carried out during the fourth quarter of 2006. Drilling is taking place at Aitik in various sections of the mineralisation.

At Garpenberg in central Sweden, drilling is continuing in the Kvarnberget, Finnhyttan, Tyskgården, Kyrkmalmen and Dammsjön mineralisations, and in an area to the north of Gransjön. The results of these drilling programmes, totalling approximately 23,000 metres, will form the basis for recalculating the mineral resources.

In Ireland, drilling is continuing on a program of approximately 15,500 metres around the existing mine in the Navan area. Boliden estimates that it will invest around SEK 20 million in exploration in Ireland in 2006.

Field exploration

Boliden estimates that investments in field exploration will total approximately SEK 60 million in 2006. These funds are primarily being allocated to base metal and gold exploration in the Skellefte field, in the Dorotea area, Norrbotten and Bergslagen (in cooperation with INMET) in Sweden. Some 20 projects are currently being investigated, using geochemical sampling, deep-penetrating electromagnetic geophysics, the Boliden method EM 34 (72 km²) and diamond drilling (20,000 metres). Boliden currently holds 136 exploratory permits in Sweden and has a further 6 permit applications awaiting approval. The total area covered comprises just over 170,000 hectares.

Drilling is also taking place in the Älgräsk area within the framework of gold exploration in the Skellefte field, and is yielding encouraging results. Drill cutting samples have been taken from the Aitik ore extension in Norrbotten and a copper mineralisation has been found. Drilling is being carried out in the Dorotea area in order to investigate a zinc and lead mineralisation close to the surface. The drilling shows that the length of the zone exceeds 1 km.

Geophysical measurements are being carried out in Ireland to the south west of the Tara mine, and diamond drilling is continuing in the Limerick area. Geological work is in progress in the Wexford district of south-eastern Ireland in order to prioritise the parts of the district that have the greatest potential.

Sustainability

Employees

The average number of employees in Boliden at the end of the reporting period was 4,536. Of these, 2,285 work in Sweden, 1,137 in Finland, 391 in Norway, 695 in Ireland, and 28 in other countries. This represents an increase of 6 in comparison with the figure for the full year 2005, when the average number of employees was 4,530.

Absence due to sickness during the third quarter totalled 4.5 per cent, and for the reporting period the figure was 5.0 per cent, which represents a reduction in comparison with 2005 as a whole, when the absence due to sickness figure was 5.3 per cent. Boliden's goal is for absence due to sickness to be under 4.8 per cent by the end of 2008.

The accident frequency during the third quarter was 10.0. This represents a decrease in comparison with 2005 as a whole when the corresponding figure was 11.9 accidents per million hours worked. The aggregate figure for the reporting period was 12.1 accidents per million hours worked. Boliden has adopted a zero vision with regard to accidents and the Group's goal is for its facilities to be the safest in the industry.

Environment

During the third quarter of 2006, Boliden's operations, both in mining and in smelting, have been run within the framework of valid environmental permits and national environmental legislation in the respective countries.

Certified energy management systems have been introduced in Aitik, the Boliden Area, Garpenberg and Rönnskär during the third quarter, which means that 6 of Boliden's 9 units now have certified energy management systems. The goal is for all units to have energy management systems in place by the end of 2008.

Proceedings were conducted in the Environmental Court of Appeal in October with regard to Boliden's application for permission to build a new tailings pond in the Boliden Area. A ruling is expected on 10th November 2006.

PRODUCT SEGMENT COPPER

Product segment Copper comprises the operations at the Aitik mine in Sweden, together with those of the copper smelters Rönnskär in Sweden and Harjavalta in Finland, as well as the Bergsöe lead smelter in Sweden. Mine production primarily comprises copper, but also includes precious metals in the form of gold and silver. Production at the smelters primarily comprises copper metal, but also includes lead, gold, silver and lead alloys (Bergsöe).

Production

Metal production Mines	Q3 2006	Q3 2005	<i>Change in %</i>	First 9 months 2006	First 9 months 2005	<i>Change in %</i>
Copper, tonnes	15 132	16 967	-11	51 286	44 303	16
Gold, kgs	568	526	8	1 802	1 171	54
Silver, kgs	8 080	9 460	-15	26 736	30 495	-12

Production of copper concentrate from Aitik was slightly lower during the third quarter than in previous quarters of 2006, due to lower head grades. Continued good volumes of milled tonnage have, however, partially counteracted the lower head grades during the quarter and had a positive effect on metal production. Both copper and gold production increased during the first nine months of the year in comparison with the corresponding period last year. Copper head grades in the fourth quarter are expected to be slightly higher than those in the third quarter of 2006, and overall, copper grades at Aitik in 2006 will be well in excess of the average for the mine.

Metal production Smelters	Q3 2006	Q3 2005	<i>Change in %</i>	First 9 months 2006	First 9 months 2005	<i>Change in %</i>
Copper, tonnes	87 843	88 143	0	265 739	258 278	3
Gold, kgs	5 315	5 459	-3	15 158	15 725	-4
Silver, kgs	95 846	125 608	-24	311 413	377 138	-17
Lead, tonnes	3 111	2 510	24	17 783	18 766	-5
Lead alloys, tonnes (Bergsöe)	7 110	8 779	-19	32 666	33 785	-3

Production of copper cathodes at the Rönnskär and Harjavalta smelters remained stable and at a high level during both the third quarter and the first nine months of 2006, compared with the corresponding periods of last year.

Production of copper cathodes at Rönnskär was marginally lower during the third quarter but slightly higher during the first nine months of 2006 than in corresponding periods in 2005. Production of gold and silver was lower, and was negatively affected by lower precious metal content in the material feed.

Production of copper cathodes increased at Harjavalta during both the third quarter and the first nine months of 2006, compared with the corresponding periods of last year. Boliden also smelts nickel at Harjavalta on behalf of customers. Successful smelting of nickel concentrate began during the third quarter under Boliden's new contract with Inco Limited and OM Group Inc. The contract has a three-year term and involves the refining of 240,000 tonnes of nickel concentrate per annum.

Bergsöe's lead production was slightly down during both the third quarter and the first nine months of the year, compared with the corresponding periods of last year. The new lead section became operational in the third quarter, and will further strengthen Bergsöe's position as one of the world's leading lead smelters in terms of efficiency and environmental performance.

Revenues, results and investments

SEK m	Q3 2006	Q3 2005	Change in %	First 9 months 2006	First 9 months 2005	Change in %
Revenues	6 106	3 548	72	16 542	10 043	65
Operating profit	807	462	75	2 565	917	180
Investments	242	132	83	678	365	86
Capital employed	10 036	8 000	25	10 036	8 000	25

The operating profit for the Product Segment Copper totalled SEK 807 million (SEK 462 m) for the third quarter of 2006 and SEK 2,565 million (SEK 917 m) for the first nine months of 2006. Prices and terms contributed SEK 375 million to the improved operating profit during the third quarter, and SEK 1,281 million during the first nine months of the year. Prices and terms include stock profits in the copper process stock of SEK 186 million (SEK 60 m) generated in the third quarter and SEK 700 million (SEK 208 m) in the first nine months of 2006. Increased volumes from both Aitik and the smelters affected the result positively by SEK 38 million during the third quarter and by SEK 640 million during the first nine months of 2006, compared to the same periods last year. The sale of the Fortuna de Cobre copper deposit to Falconbridge in July brought in SEK 108 million (USD 15 m) and resulted in a small capital gain of SEK 6 million. The improvement in the operating profit during the reporting period was partly offset by increased costs, mainly those arising from price increases for electricity, but also those arising from price increases for other raw materials-related input goods, such as diesel and steel.

In October, the Board of Directors of Boliden decided to invest SEK 5.2 billion in expansion operations at the Aitik copper mine outside Gällivare. The investment will involve, among other things, building a new modern concentrator that will double production capacity from current 18 to 36 million tonnes ore. This will improve competitiveness substantially. Production is expected to start in 2010.

PRODUCT SEGMENT ZINC

Product Segment Zinc comprises the operations at the mines in the Boliden Area and at Garpenberg in Sweden, and Tara in Ireland. The zinc smelters, Kokkola in Finland and Odda in Norway, are also included. Mine production consists primarily of zinc, but also includes copper and lead, and precious metals in the form of gold and silver. Smelter production mainly comprises zinc metal, although Odda also produces aluminium fluoride.

Production

Metal production	Q3	Q3	Change	First 9	First 9	Change
Mines	2006	2005	in %	months	months	in %
				2006	2005	
Zinc, tonnes	76 288	86 800	-12	245 603	253 985	-3
Copper, tonnes	4 726	4 517	5	16 024	15 466	4
Lead, tonnes	12 160	13 470	-10	35 172	36 550	-4
Gold, kgs	434	574	-24	1 511	1 951	-23
Silver, kgs	39 413	40 698	-3	128 927	140 990	-9

During the third quarter and the first nine months of the year, production of zinc and lead concentrate were lower than in the corresponding periods of 2005. The lower levels of zinc and lead production during Q3 2006 compared with Q2 2006 were mainly due to lower head grades at the Tara mine and in the Boliden Area and to a fall in milled tonnage in the Boliden Area.

In the Boliden Area, production of virtually all metals was lower during both the third quarter of 2006 and the first nine months of the year. The final mining of Petiknäs did not proceed according to plan and it proved impossible to compensate for the fall in volumes from this mine until the end of July, when the Mauriliden mine came into production again. Zinc head grades were also lower than planned at the Kristineberg mine. Increased production of all metals in comparison with the third quarter is expected in Q4.

Production of zinc and silver concentrate improved at Garpenberg, largely due to increased mill throughput. Production at Garpenberg is now on a par with the designed capacity of 1.2 million tonnes per annum. A pilot study into the expansion of Garpenberg was launched during the third quarter.

Milled tonnage continued at a high and stable level at Tara. The lower production levels during Q3 2006 compared with both Q1 and Q2 2006 are due to lower zinc and lead head grades. Mining in areas with higher head grades is planned for the fourth quarter and this should overall, help to ensure that average head grades at Tara in 2006 are on a par with average levels in 2005.

Metal production	Q3	Q3	Change	First 9	First 9	Change
Smelters	2006	2005	in %	months	months	in %
				2006	2005	
Zinc, tonnes	112 805	107 429	5	330 826	320 652	3
Aluminium fluoride, tonnes	5 040	6 014	-16	21 131	22 281	-5

Production of zinc metal from Boliden's zinc smelters at Kokkola in Finland and Odda in Norway, during both Q3 2006 and the first nine months of the year, was higher than during the corresponding periods in 2005.

Production of zinc metal at Kokkola during Q3 2006 and the first nine months of the year was on a par with production levels in the corresponding periods of last year. Production at Odda has continued to increase and was 13 per cent higher during both Q3 2006 and the reporting period in comparison with the corresponding periods of last year.

Revenues, results and investments

SEK m	Q3	Q3	Change in %	First 9 months	First 9 months	Change in %
	2006	2005		2006	2005	
Revenues	3 670	1 661	121	10 286	4 927	109
Operating profit	1 316	238	453	3 795	630	502
Investments	189	177	7	598	494	20
Capital employed	9 229	8 265	12	9 229	8 265	12

The operating profit increased to SEK 1,316 million (SEK 238 m) for the third quarter of 2006 and to SEK 3,795 million (SEK 630 m) for the first nine months of 2006. Prices and terms contributed SEK 1,456 million to the improved operating profit during the third quarter, and SEK 3,975 million during the first nine months of the year. Prices and terms include stock profits in the zinc process stock of SEK 6 million (SEK 0) for the third quarter and SEK 22 million (SEK 3 m) in the first nine months of 2006. Lower volumes from the mines in the Boliden Area and Tara had a negative effect on the result of SEK 248 million for Q3 2006 and SEK 352 million for the first nine months of the year, compared to the same periods last year. The improvement in the operating profit during the reporting period was partly offset by increased costs, mainly those arising from price increases for electricity, but also those arising from price increases for other raw materials-related input goods, such as diesel and steel.

The Parent Company

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

Other

Taxes

The reported tax expense for the first nine months of the year was 26 per cent (30%) of the result before tax. The tax rate was positively affected as loss carried forward in Ireland, which had not been valued previously, was taken up as revenue. Boliden's reported tax expense for the first nine months of 2006 was SEK 1,610 million (SEK 374 m), and its income taxes paid totalled SEK 228 million (SEK 61 m). Boliden has unutilised fiscal deficit deductions, and the actual income taxes paid will, therefore, remain low in 2006. By the end of 2006, the fiscal deficit deductions will have been essentially utilised.

Preparation principles for the Interim Report

The Interim Report has been prepared in accordance with IAS 34, Interim Reporting. The accounting principles remain unchanged from the annual accounts for 2005.

Interim Reports

The Preliminary Financial Statement for 2006 will be published on 8th February 2007.

The Interim Report for the period from January to March 2007 will be published on 3rd May 2007.

Stockholm, 31st October 2006

Jan Johansson
President and CEO

Review Report

We have reviewed the interim report for the period 1st January to 30th September 2006, for Boliden AB (publ). The Board of Directors and the President are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim financial information based on our review.

We conducted our review in accordance with the Standard on Review Engagements SÖG 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by FAR. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is different in orientation and substantially less in scope than an audit conducted in accordance with Standards on Auditing in Sweden, RS, and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not, in all material respects, prepared in accordance with IAS 34 and the Annual Accounts Act.

Stockholm, 31st October 2006

Hans Pihl
Authorised Public Accountant

Björn Sundkvist
Authorised Public Accountant

Conference call on 31st October and lunch presentation on 1st November

With reference to this Interim Report, the capital market is hereby invited to a conference call on Tuesday, 31st October, and a lunch presentation on Wednesday, 1st November, with Boliden's President and CEO, Jan Johansson, and members of the Group Management.

Conference call (in English) on 31st October

The conference call will start at 17.00 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 25

a couple of minutes before the conference call starts.

A presentation will be available on Boliden's website, www.boliden.com, approximately one hour before the conference call starts. The conference call can be followed "live", including presentation slides, on Boliden's website.

Lunch presentation (in Swedish) on 1st November

The lunch presentation will start at 12.00 CET at Operaterrassen, Karl XII:s torg, Stockholm. Please send confirmation of your intention to attend the lunch presentation to Helén Sand, helen.sand@boliden.com.

A recording of the conference call and the lunch presentation will be available on Boliden's website, www.boliden.com, until the end of December.

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THE GROUP IN SUMMARY

INCOME STATEMENTS

	Q3 2006	Q3 2005	First 9 months 2006	First 9 months 2005	Full year 2005
Revenues	9 299	4 924	25 485	14 069	20 441
Cost of goods sold	-7 050	-4 062	-18 592	-12 030	-16 486
Gross profit	2 249	862	6 893	2 039	3 955
Selling expenses	-96	-81	-295	-255	-386
Administrative expenses	-80	-79	-275	-283	-411
Research and development costs	-45	-43	-147	-143	-199
Other operating income and expenses	63	27	118	79	101
Results from participations in associated companies	4	-	3	-2	9
Operating profit	2 095	686	6 297	1 435	3 069
Financial income	29	11	69	22	26
Financial expenses	-57	-87	-238	-226	-283
Profit before tax	2 067	610	6 128	1 231	2 812
Income tax expense	-526	-175	-1 610	-374	-766
Profit for the period	1 541	435	4 518	857	2 046
Earnings per share, SEK	5.32	1.50	15.61	2.96	7.07
Earnings per share after dilution, SEK	5.32	1.50	15.61	2.96	7.06
Shareholders' equity per share, SEK	46.38	32.86	46.38	32.86	35.55
Number of shares	289 457 169	289 387 169	289 457 169	289 387 169	289 387 169
Average number of shares	289 457 169	289 387 169	289 419 733	289 387 169	289 387 169
Average number of shares after dilution	289 457 169	289 782 863	289 419 733	289 782 863	289 782 863
Other key ratios	Q3 2006	Q3 2005	First 9 months 2006	First 9 months 2005	Full year 2005
Return on capital employed, %	51	18	52	12	20
Return on shareholders' equity, %	49	19	53	12	22
Equity/assets ratio, %	54	45	54	45	45
Net debt/shareholders' equity, %	16	64	16	64	54
Depreciation, SEK m	326	312	983	919	1 234
Investments, SEK m	431	309	1 276	860	1 337
Capital employed, SEK m	16 705	15 317	16 705	15 317	15 822
Net debt, SEK m	2 200	6 039	2 200	6 039	5 526

During the first three quarters of 2005, changes in the time value of currency options were reported in Net Financial Items, while in the fourth quarter of 2005, the time value was reported as part of Sales. Quarterly data for 2005 has been adjusted to reflect the reclassification.

BALANCE SHEETS

	30 th Sept 2006	30 th Sept 2005	31 st Dec 2005
Intangible fixed assets	3 130	3 190	3 189
Tangible fixed assets	11 975	11 785	11 915
Deferred tax	-	620	404
Interest-bearing assets	21	79	21
Other financial fixed assets	34	45	55
Inventories	5 119	3 097	3 984
Other receivables	3 363	1 396	1 830
Liquid assets	1 433	1 075	1 520
Total assets	25 075	21 287	22 918
Shareholders' equity	13 424	9 509	10 289
Pension provisions	497	502	503
Deferred tax provisions	695	187	241
Other provisions	957	858	957
Interest-bearing long-term liabilities	2 419	5 065	5 118
Interest-bearing current liabilities	737	1 627	1 446
Other current liabilities	6 346	3 539	4 364
Total liabilities and shareholders' equity	25 075	21 287	22 918

Specification of change in shareholders' equity	30 th Sept 2006	30 th Sept 2005	31 st Dec 2005
SEK m			
Opening balance	10 289	9 118	9 118
Effect of change in accounting principle, net after tax			
IAS 39, Financial instruments	-	6	6
New share issue	2	-	-
Dividend	-579	-	-
Profit for the period	4 518	857	2 046
Closed out futures contracts, after fiscal effect	-	-113	-113
Market valuation of financial instruments, after fiscal effect ¹	-800	-360	-777
Translation differences	-6	1	9
Closing balance	13 424	9 509	10 289

¹ As of September 30th 2006, the after-tax market valuation of financial instruments amounted to SEK -1,582 million.

STATEMENTS OF CASH FLOW

SEK m	Q3 2006	Q3 2005	First 9 months 2006	First 9 months 2005	Full year 2005
Cash flow from operating activities before					
changes in operating capital	2 389	949	7 044	1 680	3 574
Cash flow from changes in operating capital	-708	-317	-1 981	-87	-1 034
Cash flow from operating activities	1 681	632	5 063	1 593	2 540
Investment activities					
- Acquisition of tangible fixed assets	-428	-309	-1 273	-858	-1 335
- Other	105	41	105	253	353
Cash flow from investment activities	-323	-268	-1 168	-605	-982
Cash flow before financing activities	1 358	364	3 895	988	1 558
Dividend	-	-	-579	-	-
Other financing activities	-1 101	-321	-3 402	-787	-912
Cash flow from financing activities	-1 101	-321	-3 981	-787	-912
Cash flow for the period	257	43	-86	201	646
Exchange rate difference on liquid assets	-	-	-1	-	0
Change in liquid assets	257	43	-87	201	646

INFORMATION PER SEGMENT

SEK m

Q3 2006

	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Revenues	6 106	3 670	-477	9 299
Operating profit	807	1 316	-28	2 095
Depreciation	153	173	-	326
Investments	242	189	-	431
Capital employed	10 036	9 229	-2 560 ¹⁾	16 705

Q3 2005

	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Revenues	3 548	1 661	-285	4 924
Operating profit	462	238	-14	686
Depreciation	148	170	-6	312
Investments	132	177	-	309
Capital employed	8 000	8 265	-948 ¹⁾	15 317

First nine months 2006

	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Revenues	16 542	10 286	-1 343	25 485
Operating profit	2 565	3 795	-63	6 297
Depreciation	457	525	1	983
Investments	678	598	-	1 276
Capital employed	10 036	9 229	-2 560 ¹⁾	16 705

First nine months 2005

	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Revenues	10 043	4 927	-901	14 069
Operating profit	917	630	-112	1 435
Depreciation	446	493	-20	919
Investments	365	494	1	860
Capital employed	8 000	8 265	-948 ¹⁾	15 317

Full year 2005

	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Revenues	14 334	7 531	-1 424	20 441
Operating profit	1 921	1 408	-260	3 069
Depreciation	602	657	-25	1 234
Investments	594	742	1	1 337
Capital employed	8 775	8 674	-1 627 ¹⁾	15 822

¹⁾ Refers mainly to market valuation of hedge.

PRODUCTION

PRODUCT SEGMENT COPPER

Mines, COPPER	Share- holding, %	Q3 2006	Q3 2005	Change in %	First 9 months 2006	First 9 months 2005	Change in %
AITIK	100						
Refined ore, ktonnes		4 611	4 240	9	13 776	12 498	10
Head grades							
Copper (%)		0.36	0.45	-20	0.42	0.40	5
Gold (g/tonne)		0.23	0.24	-4	0.26	0.19	37
Silver (g/tonne)		2.37	3.12	-24	2.69	3.60	-25
Metal production							
Copper, tonnes		15 132	16 967	-11	51 286	44 303	16
Gold, kgs		568	526	8	1 802	1 171	54
Silver, kgs		8 080	9 460	-15	26 736	30 495	-12
Smelters, COPPER		Q3 2006	Q3 2005	Change in %	First 9 months 2006	First 9 months 2005	Change in %
RÖNNSKÅR							
Smelted material, tonnes							
Copper							
Primary		148 477	155 395	-4	431 610	454 364	-5
Secondary		42 830	37 608	14	115 141	96 482	19
Total		191 307	193 003	-1	546 751	550 846	-1
Production							
Primary copper, tonnes		48 104	48 736	-1	143 069	148 917	-4
Cathode copper, tonnes		56 226	56 721	-1	170 162	164 584	3
Lead, tonnes		3 111	2 510	24	17 783	18 766	-5
Zinc clinker, tonnes		9 406	8 710	8	24 043	24 406	-1
Gold, kgs		4 244	4 461	-5	12 024	13 078	-8
Silver, kgs		86 950	117 001	-26	282 284	350 345	-19
HARJAVALTA							
Smelted material, tonnes							
Copper concentrate		146 325	147 596	-1	407 131	372 053	9
Production							
Primary copper, tonnes		45 862	44 688	3	126 277	114 094	11
Cathode copper, tonnes		31 617	31 422	1	95 577	93 694	2
Gold, kgs		1 071	998	7	3 134	2 647	18
Silver, kgs		8 896	8 607	3	29 129	26 793	9
BERGSÖE							
Smelted material, tonnes							
Secondary		11 304	17 602	-36	44 694	53 311	-16
Production, tonnes							
Lead alloys		7 110	8 779	-19	32 666	33 785	-3
Tin alloys		161	170	-5	647	674	-4

PRODUCT SEGMENT ZINC

Mines, ZINC	Share- holding, %	Q3 2006	Q3 2005	<i>Change in %</i>	First 9 months 2006	First 9 months 2005	<i>Change in %</i>
BOLIDEN AREA	100						
Milled ore, ktonnes		380	477	-20	1 228	1 348	-9
Head grades							
Zinc (%)		5.6	5.0	12	5.9	6.2	-5
Copper (%)		1.7	1.2	42	1.7	1.4	21
Lead (%)		0.4	0.5	-20	0.5	0.6	-17
Gold (g/tonne)		1.7	2.0	-15	1.7	2.1	-19
Silver (g/tonne)		56	62	-10	67	77	-13
Metal production							
Zinc, tonnes		14 979	18 600	-19	54 801	68 281	-20
Copper, tonnes		4 565	4 390	4	15 545	15 064	3
Lead, tonnes		374	666	-44	1 486	2 412	-38
Gold, kgs		377	518	-27	1 312	1 809	-27
Silver, kgs		11 217	17 208	-35	50 027	66 217	-24
GARPENBERG	100						
Milled ore, ktonnes		322	290	11	877	810	8
Head grades							
Zinc (%)		6.0	6.6	-9	5.6	5.8	-3
Copper (%)		0.1	0.1	0	0.1	0.1	0
Lead (%)		2.2	2.5	-12	2.2	2.3	-4
Gold (g/tonne)		0.3	0.3	0	0.4	0.3	33
Silver (g/tonne)		119	108	10	121	120	1
Metal production							
Zinc, tonnes		17 793	17 931	-1	44 820	43 641	3
Copper, tonnes		161	127	27	478	402	19
Lead, tonnes		5 686	5 946	-4	15 346	15 488	-1
Gold, kgs		57	57	0	199	142	40
Silver, kgs		28 196	23 490	20	78 900	74 773	6
TARA	100						
Milled ore, ktonnes		710	648	10	2 097	1 873	12
Head grades							
Zinc (%)		6.7	8.2	-18	7.6	8.2	-7
Lead (%)		1.3	1.7	-24	1.4	1.6	-13
Metal production							
Zinc, tonnes		43 516	50 269	-13	145 982	142 063	3
Lead, tonnes		6 100	6 858	-11	18 340	18 650	-2

Smelters, ZINC	Q3 2006	Q3 2005	<i>Change in %</i>	First 9 months 2006	First 9 months 2005	<i>Change in %</i>
KOKKOLA						
Smelted material, tonnes						
Zinc concentrate	142 976	141 029	1	404 218	409 742	-1
Production, tonnes						
Zinc,	72 420	71 026	2	210 805	208 302	1
ODDA						
Smelted material, tonnes						
Zinc concentrate	67 564	59 994	13	205 980	183 064	13
Production, tonnes						
Zinc,	40 385	36 403	11	120 021	112 350	7
Aluminium fluoride,	5 040	6 014	-16	21 131	22 281	-5

Mine production, total

Metal production	Q3 2006	Q3 2005	<i>Change in %</i>	First 9 months 2006	First 9 months 2005	<i>Change in %</i>
Mines, TOTAL						
Zinc, tonnes	76 288	86 800	-12	245 603	253 985	-3
Copper, tonnes	19 858	21 484	-8	67 309	59 769	13
Lead, tonnes	12 160	13 470	-10	35 172	36 550	-4
Gold, kgs	1 001	1 101	-9	3 313	3 122	6
Silver, kgs	47 493	50 158	-5	155 663	171 485	-9

CONSOLIDATED QUARTERLY DATA

CONSOLIDATED QUARTERLY DATA								
	Q4 2004	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006
Metal prices								
Copper (USD/tonne)	3 094	3 270	3 394	3 759	4 299	4 944	7 251	7 670
Zinc (USD/tonne)	1 113	1 318	1 274	1 298	1 631	2 248	3 301	3 363
Lead (USD/tonne)	959	979	987	892	1 058	1 240	1 095	1 189
Gold (USD/oz)	434	427	428	440	485	554	629	622
Silver (USD/oz)	7.23	6.97	7.15	7.07	8.05	9.71	12.25	11.70
Exchange rates								
USD/SEK	6.93	6.89	7.28	7.65	7.93	7.78	7.40	7.24
EUR/USD	1.30	1.31	1.26	1.22	1.19	1.20	1.26	1.27
EUR/SEK	9.01	9.07	9.19	9.35	9.46	9.35	9.30	9.23
USD/NOK	6.33	6.28	6.38	6.37	6.61	6.67	6.23	6.32
Metal production, Mines								
Zinc, tonnes	98 422	87 021	80 164	86 800	87 548	89 225	80 090	76 288
Copper, tonnes	20 560	19 027	19 258	21 484	27 161	25 617	21 835	19 858
Lead, tonnes	14 995	11 995	11 085	13 470	12 864	12 233	10 779	12 160
Gold, kgs	1 371	1 053	969	1 101	1 349	1 139	1 172	1 001
Silver, kgs	50 606	58 529	62 799	50 158	54 629	55 470	52 700	47 493
Metal production, Copper smelters								
Copper, tonnes	91 363	89 196	80 939	88 143	89 429	90 029	87 866	87 843
Gold, kgs	4 661	5 184	5 082	5 459	4 715	5 606	4 238	5 315
Silver, kgs	131 102	123 099	128 432	125 608	91 492	113 591	101 976	95 846
Lead, tonnes	7 253	8 796	7 460	2 510	8 156	7 763	6 909	3 111
Lead alloys, tonnes (Bergsöe)	12 331	13 000	12 006	8 779	12 053	12 633	12 923	7 110
Metal production, Zinc smelters								
Zinc, tonnes	109 157	108 845	104 378	107 429	112 537	108 455	109 566	112 805
Aluminium fluoride, tonnes	8 296	7 975	8 292	6 014	8 203	8 200	7 891	5 040
Net sales								
Net sales	4 618	4 458	4 687	4 924	6 372	7 337	8 850	9 299
Operating profit before depreciation (EBITDA)								
Operating profit before depreciation (EBITDA)	780	701	655	998	1 949	2 079	2 779	2 421
Operating profit (EBIT)								
Operating profit (EBIT)	511	398	351	686	1 634	1 750	2 451	2 095
Result after financial items								
Result after financial items	352	353	269	610	1 581	1 697	2 364	2 067
Result for the period								
Result for the period	292	256	166	435	1 189	1 239	1 738	1 541
Cash flow from operating activities								
Cash flow from operating activities	295	249	712	632	947	999	2 383	1 681
Earnings per share, SEK								
Earnings per share, SEK	1.13	0.88	0.57	1.50	4.11	4.28	6.01	5.32
Return on capital employed, %								
Return on capital employed, %	13	10	9	18	42	44	62	51
Net debt/shareholders' equity, %								
Net debt/shareholders' equity, %	71	71	69	64	54	45	30	16

During the first three quarters of 2005, changes in the time value of currency options were reported in Net Financial Items, while in the fourth quarter of 2005, the time value was reported as part of Sales. Quarterly data for 2005 has been adjusted to reflect the reclassification of the time value.