

Interim Report

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Full-year Report 2006

Strong global metals market provided record profit for Boliden

Q4 2006

- Revenues rose to SEK 9,728 million (SEK 6,372 m).
- The operating profit improved to SEK 2,225 million (SEK 1,634 m).
- The profit for the period increased to SEK 1,750 million (SEK 1,189 m).
- Earnings per share strengthened to SEK 6.04 (SEK 4.11).

Full year 2006

- Revenues rose to SEK 35,213 million (SEK 20,441 m).
- The operating profit improved to SEK 8,522 million (SEK 3,069 m).
- The profit for the period increased to SEK 6,268 million (SEK 2,046 m).
- Earnings per share strengthened to SEK 21.66 (SEK 7.07).

Important events

- The Board of Directors proposes to the Annual General Meeting an ordinary dividend of SEK 4 (2) per share and a share redemption corresponding to SEK 12 per share. It is proposed that, in all, SEK 4,6 billion be returned to shareholders.
- The Board of Directors is requesting a mandate for a buy-back program of the Company's own shares, up to a maximum of 10 per cent of the outstanding shares.
- Decision to invest SEK 5.2 billion to double ore production from 18 to 36 million tonnes at the Aitik copper mine.
- Decision to double the investments in exploration for 2007 to SEK 300 million.
- Extension of metal price hedging for copper, lead, silver and gold until 2009.

Key Ratios

	Q4 2006 SEK m	Q4 2005 SEK m	Change <i>in</i> %	Full year 2006 SEK m	Full year 2005 SEK m	Change <i>in</i> %
Revenues	9 728	6 372	53	35 213	20 441	72
Operating profit before depreciation (EBITDA)	2 551	1 949	31	9 831	4 303	128
Operating profit (EBIT)	2 225	1 634	36	8 522	3 069	178
Profit before tax	2 185	1 581	38	8 313	2 812	196
Profit for the period	1 750	1 189	47	6 268	2 046	206
Cash flow from operating activities	2 947	947	211	8 010	2 540	215
Earnings per share, SEK						
before dilution	6.04	4.11	47	21.66	7.07	206
after dilution	6.04	4.10	47	21.66	7.06	207
Return on capital employed, %	51	42		52	20	
Net debt/shareholders' equity, %	-1	54		-1	54	

MARKET**Economic trends**

The global economy continued to perform strongly during the fourth quarter. Industrial production grew at a rate of 5.1 per cent (3.5%) for 2006 as a whole. Growth did flatten out slightly in the USA during the second half-year of 2006, but this was counterbalanced by stronger growth in Europe and Japan.

The Asian economies continued to report high growth rates, mainly fuelled by China.

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

In 2006, metal prices were at historically high levels. The copper price reached its peak in May with an average price over USD 8,000 per tonne. Despite the high copper price, the increase in the global production of copper concentrate was only marginal, mainly due to technical problems and strikes. Strong demand in China contributed to copper consumption in 2006 totalling approximately 17.8 million tonnes, an increase of 5.4 per cent, while production totalled 17.6 million tonnes, an increase of 6.4 per cent. China contributed with just under half of the increase in global copper production in 2006. Despite consumption being higher than production, official stocks increased by 96,000 tonnes, which can be explained by China's sale of approximately 200,000 tonnes of copper from its strategic stocks. A balanced copper market is expected in the beginning of 2007, and during the year a reduced copper surplus is expected.

Copper stocks at the LME (London Metal Exchange) at the end of the year were 190,000 tonnes, corresponding to four days' global consumption. This is an increase of 74,000 tonnes during the fourth quarter.

The zinc price rose strongly during 2006, driven primarily by a healthy demand and low stocks. Global mining production increased during the year by 3.6 per cent to 10.45 million tonnes, and China is estimated to have contributed just over 75 per cent of that increase. Global zinc production increased by 4.7 per cent during 2006 to 10.66 million tonnes, and China has contributed nearly 70 per cent of the increase. Zinc consumption totalled 11.03 million tonnes, an increase of 3.9 per cent. China has contributed one-third of the consumption increase.

Zinc stocks at the LME at the end of the year were 90,000 tonnes, corresponding to three days' global consumption. During the year, the LME stocks fell by just over 300,000 tonnes, of which 48,000 tonnes were in the last quarter. It is estimated that 100,000 tonnes have also come from stock reductions in the consumer segment, which means a total shortfall in 2006 of just over 400,000 tonnes. The supply-demand shortfall is expected to continue in the zinc metal market in 2007.

Metal prices

All metal prices were significantly higher in both the fourth quarter and the full year 2006 in comparison with the corresponding periods the previous year. During the fourth quarter, high volatility of metal prices was noted. The copper price dropped by 8 per cent in comparison with the third quarter of 2006, while the prices for zinc and lead rose by 25 per cent and 36 per cent respectively. During the same period, the price of gold declined by 1 per cent, whereas the price of silver has developed strongly and risen by 7 per cent.

Metal prices (average LME/LBMA)	Q4 2006	Q4 2005	Change in %	Full year 2006	Full year 2005	Change in %
Copper (USD/tonne)	7 087	4 299	65	6 731	3 684	83
Zinc (USD/tonne)	4 194	1 631	157	3 273	1 382	137
Lead (USD/tonne)	1 622	1 058	53	1 287	976	32
Gold (USD/troy oz)	614	485	27	604	445	36
Silver (USD/troy oz)	12.58	8.05	56	11.55	7.31	58

Metal price hedging

The following table contains a summary of Boliden's metal price hedging for copper, lead, gold and silver on 31st December 2006, with regard to commercial metal exposure in relation to the forecast flows.

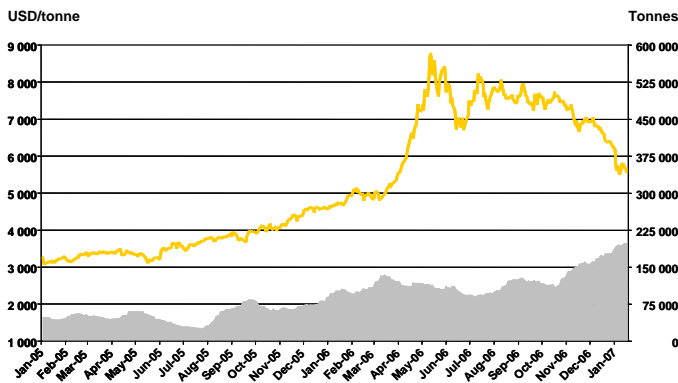
		Copper	Lead	Gold	Silver
Maturity year 2007	Percentage of price exposure hedged	89%	48%	96%	58%
	price ¹	3 966	1 191	578	9.26
Maturity year 2008	Percentage of price exposure hedged	70%	50%	70%	70%
	price ¹	6 394	1 315	665	13.15
Maturity year 2009	Percentage of price exposure hedged	70%	50%	70%	70%
	price ¹	5 920	1 252	702	14.59
Market value of outstanding contracts, SEK m		-815	-78	-91	-126

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

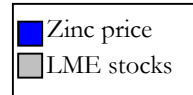
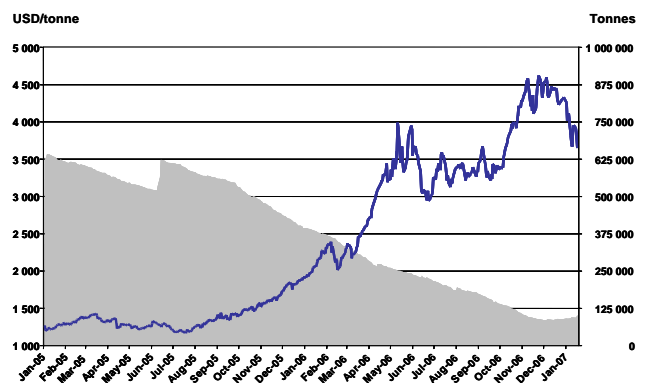
Price exposure for 2007 involves purchase contracts with price escalation clauses (estimated) that have not been finally negotiated. The outcome of the final negotiations may affect the hedged percentage in 2007.

For 2008–2009, price escalation clauses are completely excluded from exposure and thereby also the hedged percentage. The level of escalators in purchase contracts during 2008 and 2009 may affect the hedged percentage for these years.

Copper price and stocks – Jan 2005–Jan 2007



Zinc price and stocks – Jan 2005–Jan 2007



Treatment charges/Refining charges (TC/RC)

Spot treatment charges (TC) for copper rose towards the end of the year to approximately USD 60 per tonne. A few annual contracts have been concluded between the large mines and smelters in Asia at levels around USD 60 per tonne with limited price escalators. The lower treatment charges, compared to benchmark prices for 2006, are mainly explained by interruptions in production and mine strikes during 2006, which had a negative effect on the concentrate supply. The lower treatment charges in Asia are expected to act as guidelines, to some extent, for the 2007 benchmark negotiations in Europe.

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 (TC) and US cents 8.5 per lb for refining charges (RC).

During 2006, the zinc concentrate market became more balanced following several years of concentrate shortage. Spot treatment charges strengthened during the latter part of the year, but activity continued to be low during the fourth quarter. The very high price of zinc has meant very favourable results from the 2006 benchmark contracts for the Boliden zinc smelters, particularly during the fourth quarter.

Boliden has started contract negotiations for 2007, and there is a risk of restricted price escalator clauses, which can lower the results for the smelters. 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.

Due to production disruptions in the mining industry, the lead concentrate spot market has turned into a clear shortfall market and the volumes available on the spot market have been limited. As with the zinc smelters, the very high price of lead, primarily during Q4, resulted in very favourable results from the 2006 benchmark contracts for the lead smelters. The outcome of the contract negotiations for 2007 is currently highly uncertain, but some form of adverse change for the smelters is probable. For Boliden, this is advantageous because Boliden is a net seller of lead concentrate.

The table shows European benchmark prices for 2006 and 2005.

Treatment and refining charges	2006	2005	Change in %
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

Only small fluctuations between Boliden's main currencies (SEK, USD, EUR, NOK) occurred during 2006. The Swedish krona weakened marginally against the American dollar, while it strengthened slightly against the Euro during the fourth quarter, in comparison with the third quarter of 2006.

Exchange rate (average)	Q4 2006	Q4 2005	Change in %	Full year 2006	Full year 2005	Change in %
USD/SEK	7.08	7.93	-11	7.38	7.48	-1
EUR/USD	1.29	1.19	8	1.25	1.24	1
EUR/SEK	9.13	9.46	-3	9.25	9.28	0
USD/NOK	6.41	6.61	-3	6.41	6.45	-1

Currency hedging

Currency contracts on 31st December 2006 in respect of exchange rate hedging of commercial currency exposure in USD/SEK are summarised 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 2007	amount, sold, USD m	31	352
	rate ¹	7.59	7.16
Maturity year 2008	amount, sold, USD m		395
	rate ¹		6.72
Maturity year 2009	amount, sold, USD m		452
	rate ¹		6.00
Total unrealised contracts		31	1 199
Market value of outstanding contracts, SEK m		24	354

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 6.00 and 7.40.

The hedge coverage rates for exposure to USD/SEK are 31 per cent for 2007, 36 per cent for 2008 and 42 per cent for 2009, calculated on the basis of the price assumptions in the sensitivity analysis table.

Sensitivity analysis 2007

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 2007 as a whole (the whole year effect). The estimates are based on average metal prices, exchange rates and treatment charges for the fourth quarter of 2006 and planned production volumes for 2007. Price and exchange-rate sensitivities shown in the table below do not take into account the effects of contracted treatment charges or hedging contracts.

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	320	35	USD/SEK	870	TC/RC Copper	90
Zinc	1 130	1 130	EUR/USD	700	TC Zinc	105
Lead	80	42	USD/NOK	200	TC Lead	-5
Gold	60	2				
Silver	70	29				
Nickel	0	0				

THE GROUP**Revenues**

Boliden's revenues increased to SEK 9,728 million (SEK 6,372 m) for the fourth quarter and to SEK 35,213 million (SEK 20,441 m) for the full year 2006. Revenues were positively affected during the fourth quarter and the year as a whole, mainly due to improved metal prices, compared with corresponding periods the previous year.

Profit performance

The operating profit (EBIT) increased to SEK 2,225 million (SEK 1,634 m) for the fourth quarter and to SEK 8,522 million (SEK 3,069 m) for 2006 as a whole. The improvement in the operating profit is mainly attributable to the same factors as those affecting revenues. Prices and terms contributed SEK 1,230 million to the total improvement in the operating profit for the fourth quarter and SEK 6,518 million for the full year. Volumes made a negative contribution of SEK 626 million for the fourth quarter and SEK 339 million for 2006 as a whole. The improvement in the operating profit during the full year was also partly offset by an increase in costs of SEK 785 million, of which SEK 65 million were during the fourth quarter. The cost increase was of 7 per cent, mainly due to increased energy costs. Excluding increased energy costs, the cost increase was 4 per cent.

The combined stock result was SEK -186 million (SEK 364 m) during the fourth quarter and SEK 536 million (SEK 573 m) during 2006 as a whole.

The operating profit (EBIT) of SEK 8,522 million can be broken down approximately into SEK 3.1 billion from mines and SEK 5.5 billion from smelters. Excluding the impact on the result of Boliden's metal-price and currency hedging of SEK -2,301 million, the operating profit for 2006 was distributed evenly between Boliden's mines and smelters.

The profit before tax improved to SEK 2,185 million (SEK 1,581 m) for the fourth quarter and to SEK 8,313 million (SEK 2,812 m) for 2006 as a whole. Net financial items totalled SEK -40 million (SEK -53 m) for the fourth quarter and to SEK -209 million (SEK -257 m) for the full year. Net financial items were positively affected by lower debt and better loan terms.

Cash flow

Capital tied up in stocks and receivables increased during 2006, mainly due to rising metal prices. The operations conducted by Boliden are characterised by major changes in operating capital from one quarter to another, because 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 to SEK 8,010 million (SEK 2,540 m) during the full year 2006. The improvement is primarily attributable to the improvement in the result. Investments totalled SEK 1,847 million (SEK 1,337 m). Sustaining capital expenditures totalled SEK 1,379 million and expansion investments were SEK 468 million. In 2007 investments are expected to total SEK 2,600 million. SEK 1,400 million is for sustaining capital expenditures, and SEK 1,200 million is for expansion investments.

Net liabilities totalling SEK 4,016 million (SEK 912 m) were amortised during the year.

Financial position

Boliden's financial position continued to improve substantially during the fourth quarter 2006, and at the turn of the year the company was free of debt. Boliden's financial goal is to maintain a net debt/equity ratio of approximately 0.40. The market valuation of currency and metal-price hedging increased shareholders' equity by SEK 124 million during 2006, in comparison with the situation at the end of the previous financial year.

The average term of Boliden's debt portfolio was 6.64 years on 31st December 2006. The average interest rate on the debt portfolio was 4.09 per cent on 31st December. Boliden's current liquidity, in the form of liquid assets and unutilised binding credit facilities, totalled SEK 8,826 million at the end of the reporting period.

Exploration

In 2006, a total of SEK 162 million (SEK 149 m) was invested in exploration, and during the year approximately 100,000 metres of diamond drilling and 950 metres of drifting were completed. This makes Boliden one of the largest players in base metal exploration in Europe. In recent years, Boliden has continuously increased investment in this area. For 2007, Boliden will double investments in exploration to SEK 300 million, and an extensive recruitment programme to employ geologists and technicians has commenced.

Mine-site exploration

Much focus is put on mine-site exploration where infrastructure already exists and the time from discovery to production can be reduced.

Mine-site exploration in Sweden during 2006 was partly concentrated on the Kristineberg mine, in the Boliden Area – parallel to the 'J-zone'. Calculation of mineral resources in the new zone has started in order to establish a basis for an application for an exploitation concession. In the Garpenberg area, investigative work at Lappberget, Dammsjön, Finnhyttan, Tyskgården and Kaspersbo continued. In the Navan area in Ireland, the potential for additional discoveries, both north and southwest of currently known ore areas, is being investigated.

Field exploration

In Sweden, the 2006 exploration efforts were concentrated on base metal and gold in the Skellefte field and on base metals in the Dorotea area as well as in Norrbotten and Bergslagen. Some 20 projects are currently being investigated. Work on obtaining a basis for an exploitation concession is underway in two areas: for gold in the Älgträsk area in the Skellefte field, and for zinc and lead in the Dorotea area. In Ireland, exploration efforts are underway mainly in the Meath and Limerick areas. In addition, new exploration permits have been applied for and so far 63 new permits have been obtained for continued and expanding exploration activities.

As of 2007, Boliden will also be involved in field exploration outside of Sweden and Ireland.

Sustainability**Employees**

The average number of employees in Boliden at the end of 2006 was 4,519. Of these, 2,291 work in Sweden, 1,138 in Finland, 385 in Norway, 678 in Ireland, and 27 in other countries. This represents a decrease of 11 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 fourth quarter and for the full year 2006 totalled 5.0 per cent, which represents a reduction in comparison with 2005 as a whole, when the absence due to sickness 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 fourth quarter was 14.7 accidents per million hours worked. The aggregate figure for 2006 is 11.2. This represents a decrease in comparison with 2005 as a whole when the corresponding figure was 11.9. Boliden has adopted a zero vision with regard to accidents.

Environment

During the fourth 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.

Work started during the year on introducing environmental management systems in accordance with ISO 14001 for Business Area Mines. In the Business Area Smelters, all smelters, with the exception of the copper smelter at Rönnskär, are certified. During the first six months of 2007, Rönnskär will become certified. The permit for Boliden to build the Hötjärn tailings pond adjacent to the company's mines in the Boliden Area gained legal force in November 2006. The Environmental Court is now determining the terms and conditions.

In December 2006, Boliden submitted an application to the Environmental Court in Sweden to obtain an environmental permit for the expansion project at Boliden's Aitik copper mine.

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	Q4	Q4	<i>Change</i>	Full year	Full year	<i>Change</i>
Mines	2006	2005	<i>in %</i>	2006	2005	<i>in %</i>
Copper, tonnes	14 847	21 316	-30	66 133	65 619	1
Gold, kgs	540	669	-19	2 342	1 840	27
Silver, kgs	8 994	10 802	-17	35 730	41 297	-13

Production of copper concentrate from Aitik was lower during the fourth quarter than in previous quarters of 2006 due to lower head grades. In comparison with 2005, copper production in 2006 increased, despite low head grades, mainly due to high mill throughput. Gold production also increased as a result of both high mill throughput and higher head grades. In 2007, the grades for the mined ore are expected to be on a par with the average grade for Aitik's ore reserve of 0.30 per cent copper. This is lower than for 2006.

Metal production	Q4	Q4	<i>Change</i>	Full year	Full year	<i>Change</i>
Smelters	2006	2005	<i>in %</i>	2006	2005	<i>in %</i>
Copper, tonnes	90 653	89 429	1	356 392	347 707	2
Gold, kgs	4 535	4 715	-4	19 693	20 439	-4
Silver, kgs	102 989	91 492	13	414 402	468 630	-12
Lead, tonnes	7 765	8 156	-5	25 548	26 922	-5
Lead alloys, tonnes (Bergsöe)	12 025	12 053	0	44 691	45 838	-3

Production of copper cathodes at the Rönnskär and Harjavalta smelters remained stable and at a high level during both the fourth quarter and the full year 2006, compared with the corresponding periods of the previous year.

Production of copper cathodes at Rönnskär was higher for the fourth quarter and for 2006 as a whole, in comparison with the corresponding periods in 2005. Production of gold and silver was lower and was negatively affected by lower precious metal content in the material feed.

Harjavalta also increased its production of copper cathodes during both the fourth quarter and the full year 2006, compared with the corresponding periods of the previous year. Boliden also smelts nickel at Harjavalta on behalf of customers. Successful smelting of nickel concentrate began during the latter part of the year 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 during the fourth quarter 2006 was on a par with the production during the fourth quarter of 2005. The production for the full year 2006 was marginally lower compared with 2005. The new lead section, which became operational in the latter part of the year, further strengthens 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	Q4 2006	Q4 2005	Change in %	Full year 2006	Full year 2005	Change in %
Revenues	5 617	4 292	31	22 159	14 334	55
Operating profit	248	1 004	-75	2 813	1 921	46
Investments	326	229	42	1 004	594	69
Capital employed	9 240	8 775	5	9 240	8 775	5

The operating profit for the Product Segment Copper totalled SEK 248 million (SEK 1,004 m) for the fourth quarter of 2006 and SEK 2,813 million (SEK 1,921 m) for 2006 as a whole. Prices and terms reduced the operating profit by SEK -452 million for the fourth quarter but made a positive contribution of SEK 830 million for the year as a whole. Prices and terms include losses in copper process stocks of SEK -323 million (SEK 295 m) for the fourth quarter, but stock profits of SEK 377 million (SEK 503 m) for 2006 as a whole. Volume deviations in the Product Segment Copper negatively affected the operating profit by SEK -481 million during the fourth quarter, in comparison with the same period of the previous year. The main explanation is that Aitik had very high head grades during the fourth quarter of 2005, which had a positive effect on copper production. Improved volumes contributed SEK 159 million to the operating profit for the full year, compared with the same period in 2005. Somewhat lower costs contributed to the improvement in the operating profit during the fourth quarter of 2006, in comparison with the corresponding period of 2005. The operating profit for the full year 2006 was, however, negatively affected by increased costs, mainly due to electricity price increases, but also due to price increases for other raw material-related input goods, such as diesel and steel, in comparison with the corresponding periods in 2005.

In October, the Board of Directors of Boliden decided to invest SEK 5.2 billion from 2007 up to and including 2010 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.

To hedge a percentage of the payments in connection with the investment in Aitik, Boliden extended its metal price hedging for copper, lead, gold and silver by approximately two years. This means, among other things, that 70 per cent of the planned price exposure in copper is hedged at an average price of USD 6,394 per tonne for 2008 and USD 5,920 per tonne for 2009. For 2007, Boliden will realise a copper price of USD 3,966 per tonne on the hedged volumes, compared with USD 2,887 per tonne for the hedged volumes in 2006.

PRODUCT SEGMENT ZINC

Product Segment Zinc comprises the operations at the mines in the Boliden Area and at Garpenberg in Sweden, and at 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	Q4	Q4	<i>Change</i>	Full year	Full year	<i>Change</i>
Mines	2006	2005	<i>in %</i>	2006	2005	<i>in %</i>
Zinc, tonnes	82 040	87 548	-6	327 643	341 532	-4
Copper, tonnes	4 668	5 845	-20	20 691	21 310	-3
Lead, tonnes	13 606	12 864	6	48 778	49 413	-1
Gold, kgs	658	680	-3	2 169	2 631	-18
Silver, kgs	46 982	43 827	7	175 910	184 817	-5

During the fourth quarter and full year 2006, production of zinc concentrate was lower than in the corresponding periods of 2005. In Tara, head grades increased as planned during the fourth quarter, but on the whole, zinc production in the product segment was lower than expected. The lower levels of copper and gold production are mainly due to lower head grades and changed ore mix in the Boliden Area.

In the Boliden Area, production of almost all metals was lower during both the fourth quarter and 2006 as a whole. The final mining of Petiknäs was delayed, and it proved impossible to compensate for the fall in volumes from this mine until later, when the Mauriliden mine came into production again. Zinc head grades were also lower than planned at the Kristineberg mine.

Production of all metals improved at Garpenberg, for both the fourth quarter and 2006 as a whole, in comparison with the corresponding periods of 2005, which is mainly due to increased mill throughput. Production at Garpenberg is now on a par with the capacity of 1.2 million tonnes per annum. A pilot study into the possible expansion of Garpenberg was launched during the third quarter.

Milled tonnage did not quite reach planned levels at Tara, mainly due to a number of minor disruptions during the latter part of the year. Mining in areas with higher head grades, however, could proceed as planned during the fourth quarter, which helped improve the average grades in comparison with the third quarter.

Metal production	Q4	Q4	<i>Change</i>	Full year	Full year	<i>Change</i>
Smelters	2006	2005	<i>in %</i>	2006	2005	<i>in %</i>
Zinc, tonnes	112 073	112 537	0	442 908	433 189	2
Aluminium fluoride, tonnes	7 631	8 203	-7	28 762	30 484	-6

Production of zinc metal from Boliden's zinc smelters at Kokkola in Finland and Odda in Norway was at the same level during the fourth quarter and slightly higher for the full year 2006 than during the corresponding periods of 2005.

Production of zinc metal at Kokkola was slightly lower during the fourth quarter but was at the same level for the full year in comparison with the corresponding periods of the previous year.

Production levels at Odda increased by 6 per cent during 2006 and by 4 per cent during the fourth quarter in comparison with corresponding periods of last year. The increase in production is attributable to the increased capacity subsequent to the investment in new direct leaching.

Revenues, results and investments

SEK m	Q4 2006	Q4 2005	<i>Change in %</i>	Full year 2006	Full year 2005	<i>Change in %</i>
Revenues	4 653	2 605	79	14 939	7 531	98
Operating profit	2 054	778	164	5 849	1 408	315
Investments	245	248	-1	843	742	14
Capital employed	9 626	8 674	11	9 626	8 674	11

The operating profit in the Product Segment Zinc increased to SEK 2,054 million (SEK 778 m) for the fourth quarter and SEK 5,849 million (SEK 1,408 m) for the full year 2006. Prices and terms contributed SEK 1,672 million to the improved operating profit during the fourth quarter, and SEK 5,647 million for 2006 as a whole. Prices and terms include stock profits in the zinc process stock of SEK 137 million (SEK 69 m) for the fourth quarter and SEK 159 million (SEK 70 m) for the full year 2006. Lower volumes, mainly from the mines in the Boliden Area and Tara, negatively affected the operating profit by SEK -145 million for the fourth quarter and SEK -497 million for 2006 as a whole, compared to the same periods in 2005. The profit during the fourth quarter was affected by increased costs, mainly due to electricity price increases, but also due to price increases for other raw material-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 full year was 25 per cent (27%) of the result before tax. The tax rate was positively affected mainly by loss carried forward in Ireland, which had not been valued previously, being taken up as revenue. Boliden's reported tax expense for the full year was SEK 2,045 million (SEK 766 m) and its income taxes paid totalled SEK 328 million (SEK 61 m). In Sweden, there is scope at the end of 2006 to utilise excess depreciation on machinery, which will reduce paid tax in 2007.

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.

Annual General Meeting

Boliden's Annual General Meeting will be held at Boliden's Aitik copper mine in Gällivare, Sweden, on 3rd May 2007.

Dividend

Boliden's Board of Directors will propose to the Annual General Meeting that a dividend of SEK 4 (2) per share be payable. Boliden's dividend policy means that approximately one-third of the profit after tax will be distributed over a business cycle. In its annual dividend proposal, the Board will consider the company's development and investment needs.

Redemption of shares

In light of the fact that Boliden's Balance Sheet is now considerably stronger than what is required for the continued future development of the Group, Boliden's Board of Directors will, as has previously been announced, propose to the Annual General Meeting that a share redemption programme be approved.

Provided that the Board of Directors' proposal at the Annual General Meeting on 3rd May 2007 is approved, every Boliden share will be split into two shares. One of these two shares, the redemption share, will thereafter be redeemed automatically for cash in the amount of SEK 12. The redemption will proceed automatically, with no action required on the part of the shareholders to obtain the redemption amount. Payment of the redemption amount is expected to take place during the second half of June 2007. Detailed information will be provided in connection with the invitation to attend the Annual General Meeting.

Buy-back program

In view of the strong market outlook for 2007, the Board of Directors will also request a mandate for a buy-back program of the Company's own shares, up to a maximum of 10 per cent of the outstanding shares. This would provide the company with the flexibility to be able to continuously adjust the capital structure at the time and to the extent considered appropriate taking into consideration the current cash flow, investment requirements and share value.

Annual Report

The Annual Report for 2006 will be presented in April 2007 and will be available at Boliden's head office in Stockholm and on Boliden's website www.boliden.com.

Interim Reports

The Interim Report for January–March 2007 will be published on 3rd May 2007.

The Interim Report for January–June 2007 will be published on 19th July 2007.

The Interim Report for January–October 2007 will be published on 30th October 2007.

Stockholm, 8th February 2007

Jan Johansson
President and CEO

The Full-Year Report for 2006 has not been subject to special examination by the company's auditors.

Conference call on 8th February and lunch presentation on 9th February

With reference to this Interim Report, the capital market is hereby invited to a conference call on Thursday, 8th February, and a lunch presentation on Friday, 9th February, with Boliden's President and CEO, Jan Johansson, and members of the Group Management.

Conference call (in English) on 8th February

The conference call will start at 16.00 CET.

To participate 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 9th February

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.

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Full-year Report 2006
THE GROUP IN SUMMARY

INCOME STATEMENTS

	Q4	Q4	Full year	Full year
	2006	2005	2006	2005
Revenues	9 728	6 372	35 213	20 441
Cost of goods sold	-7 239	-4 456	-25 831	-16 486
Gross profit	2 489	1 916	9 382	3 955
Selling expenses	-109	-130	-404	-386
Administrative expenses	-134	-129	-409	-411
Research and development costs	-69	-56	-215	-199
Other operating income and expenses	34	22	151	101
Results from participations in associated companies	14	11	17	9
Operating profit	2 225	1 634	8 522	3 069
Financial income	18	5	85	26
Financial expenses	-58	-58	-294	-283
Profit before tax	2 185	1 581	8 313	2 812
Income tax expenses	-435	-392	-2 045	-766
Profit for the period	1 750	1 189	6 268	2 046
Earnings per share, SEK	6.04	4.11	21.66	7.07
Earnings per share after dilution, SEK	6.04	4.10	21.66	7.06
Shareholders' equity per share, SEK	55.58	35.55	55.58	35.55
Number of shares	289 457 169	289 387 169	289 457 169	289 387 169
Average number of shares	289 457 169	289 387 169	289 429 169	289 387 169
Average number of shares after dilution	289 457 169	289 782 863	289 429 169	289 782 863

Other key ratios	Q4	Q4	Full year	Full year
	2006	2005	2006	2005
Return on capital employed, %	51	42	52	20
Return on shareholders' equity, %	48	48	51	22
Equity/assets ratio, %	60	45	60	45
Net debt/shareholders' equity, %	-1	54	-1	54
Depreciation, SEK m	326	315	1 309	1 234
Investments, SEK m	571	477	1 847	1 337
Capital employed, SEK m	17 667	15 822	17 667	15 822
Net debt, SEK m	-195	5 526	-195	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. The comparison periods for 2005 have been adjusted to reflect the reclassification.

BALANCE SHEETS

	31 Dec.	31 Dec.
	2006	2005
Intangible fixed assets	3 077	3 189
Tangible fixed assets	12 062	11 915
Deferred tax	–	404
Interest-bearing assets	21	21
Other financial fixed assets	46	55
Inventories	5 351	3 984
Interest-bearing current receivables		
Other receivables	3 176	1 830
Liquid assets	3 196	1 520
Total assets	26 929	22 918
Shareholders' equity	16 089	10 289
Pension provisions	493	503
Deferred tax provisions	1 277	241
Other provisions	1 016	957
Interest-bearing long-term liabilities	2 302	5 118
Interest-bearing current liabilities	228	1 446
Other current liabilities	5 524	4 364
Total liabilities and shareholders' equity	26 929	22 918
Specification of change in shareholders' equity	31 Dec.	31 Dec.
SEK m	2006	2005
Opening balance	10 289	9 118
Effect of change in accounting principle, net after tax		
IAS 39, Financial instruments	–	6
New share issue	2	–
Dividend	-579	–
Profit for the period	6 268	2 046
Closed out futures contracts, after fiscal effect	–	-113
Market valuation of financial instruments, after fiscal effect ¹⁾	124	-777
Translation differences	-15	9
Closing balance	16 089	10 289

¹⁾ As of 31st December 2006, the after-tax market valuation of financial instruments amounted to SEK -658 million.

STATEMENTS OF CASH FLOW

SEK m	Q4 2006	Q4 2005	Full year 2006	Full year 2005
Cash flow from operating activities before				
changes in operating capital	2 602	1 894	9 646	3 574
Cash flow from changes in operating capital	345	-947	-1 636	-1 034
Cash flow from operating activities	2 947	947	8 010	2 540
Investment activities				
- Acquisition of tangible fixed assets	-570	-477	-1 843	-1 335
- Other	-1	100	104	353
Cash flow from investment activities	-571	-377	-1 739	-982
Cash flow before financing activities	2 376	570	6 271	1 558
Dividend	-	-	-579	-
Other financing activities	-612	-125	-4 014	-912
Cash flow from financing activities	-612	-125	-4 593	-912
Cash flow for the period	1 764	445	1 678	646
Exchange rate difference on liquid assets	-1	0	-2	0
Change in liquid assets	1 763	445	1 676	646

INFORMATION PER SEGMENT

SEK m

Q4 2006

	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Revenues	5 617	4 653	-542	9 728
Operating profit	248	2 054	-77	2 225
Depreciation	171	155	–	326
Investments	326	245	–	571
Capital employed	9 240	9 626	-1 199	17 667

Q4 2005

	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Revenues	4 292	2 605	-525	6 372
Operating profit	1 004	778	-148	1 634
Depreciation	156	164	-5	315
Investments	229	248	–	477
Capital employed	8 775	8 674	-1 627	15 822

Full year 2006

	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Revenues	22 159	14 939	-1 885	35 213
Operating profit	2 813	5 849	-140	8 522
Depreciation	629	680	–	1 309
Investments	1 004	843	–	1 847
Capital employed	9 240	9 626	-1 199	17 667

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	15 822

Capital employed reported under Other refers mainly to market valuation of hedge.

PRODUCTION

PRODUCT SEGMENT COPPER

Mines, COPPER	Share- holding, %	Q4 2006	Q4 2005	Change in %	Full year 2006	Full year 2005	Change in %
AITIK	100						
Refined ore, ktonnes		4 705	4 175	13	18 481	16 674	11
Head grades							
Copper (%)		0.35	0.56	-38	0.40	0.44	-9
Gold (g/tonne)		0.22	0.31	-29	0.25	0.22	14
Silver (g/tonne)		2.82	3.65	-23	2.72	3.61	-25
Metal production							
Copper, tonnes		14 847	21 316	-30	66 133	65 619	1
Gold, kgs		540	669	-19	2 342	1 840	27
Silver, kgs		8 994	10 802	-17	35 730	41 297	-13
Smelters, COPPER		Q4 2006	Q4 2005	Change in %	Full year 2006	Full year 2005	Change in %
RÖNNSKÅR							
Smelted material, tonnes							
Copper							
Primary		155 558	152 046	2	587 168	606 410	-3
Secondary		44 116	40 912	8	159 257	137 394	16
Total		199 674	192 958	3	746 425	743 804	0
Production							
Primary copper, tonnes		51 125	46 261	11	194 194	195 178	-1
Cathode copper, tonnes		59 079	58 898	0	229 241	223 482	3
Lead, tonnes		7 765	8 156	-5	25 548	26 922	-5
Zinc clinker, tonnes		9 242	10 611	-13	33 285	35 017	-5
Gold, kgs		3 702	3 916	-5	15 726	16 994	-7
Silver, kgs		91 697	83 478	10	373 981	433 823	-14
HARJAVALTA							
Smelted material, tonnes							
Copper concentrate		130 632	149 156	-12	537 763	521 209	3
Production							
Primary copper, tonnes		38 029	43 839	-13	164 306	157 933	4
Cathode copper, tonnes		31 574	30 531	3	127 151	124 225	2
Gold, kgs		833	799	4	3 967	3 445	15
Silver, kgs		11 292	8 014	41	40 421	34 807	16
BERGSÖE							
Smelted material, tonnes							
Secondary		17 240	15 101	14	61 934	68 412	-9
Production, tonnes							
Lead alloys		12 025	12 053	0	44 691	45 838	-3
Tin alloys		194	204	-5	841	878	-4

PRODUCT SEGMENT ZINC

Mines, ZINC	Share- holding, %	Q4 2006	Q4 2005	Change in %	Full year 2006	Full year 2005	Change in %
BOLIDEN AREA	100						
Milled ore, ktonnes		450	434	4	1 679	1 782	-6
Head grades							
Zinc (%)		4.7	5.7	-18	5.6	6.1	-8
Copper (%)		1.3	1.7	-24	1.6	1.5	7
Lead (%)		0.4	0.5	-20	0.5	0.6	-17
Gold (g/tonne)		1.9	2.2	-14	1.8	2.1	-14
Silver (g/tonne)		62	79	-22	66	78	-15
Metal production							
Zinc, tonnes		16 849	18 996	-11	71 650	87 276	-18
Copper, tonnes		4 553	5 682	-20	20 098	20 746	-3
Lead, tonnes		613	629	-3	2 099	3 040	-31
Gold, kgs		587	619	-5	1 900	2 428	-22
Silver, kgs		17 800	20 995	-15	67 828	87 212	-22
GARPENBERG	100						
Milled ore, ktonnes		305	292	4	1 182	1 102	7
Head grades							
Zinc (%)		5.8	5.5	5	5.7	5.8	-2
Copper (%)		0.1	0.1	0	0.1	0.1	0
Lead (%)		2.4	2.2	9	2.2	2.3	-4
Gold (g/tonne)		0.4	0.4	0	0.4	0.3	33
Silver (g/tonne)		131	107	22	123	117	5
Metal production							
Zinc, tonnes		16 172	14 772	9	60 992	58 413	4
Copper, tonnes		115	163	-29	593	565	5
Lead, tonnes		5 753	5 232	10	21 099	20 720	2
Gold, kgs		70	61	15	269	203	33
Silver, kgs		29 182	22 832	28	108 082	97 605	11
TARA	100						
Milled ore, ktonnes		654	677	-3	2 751	2 551	8
Head grades							
Zinc (%)		8.2	8.8	-7	7.7	8.4	-8
Lead (%)		1.5	1.6	-6	1.4	1.6	-13
Metal production							
Zinc, tonnes		49 019	53 780	-9	195 001	195 843	0
Lead, tonnes		7 240	7 003	3	25 580	25 653	0

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Smelters, ZINC	Q4 2006	Q4 2005	<i>Change in%</i>	Full year 2006	Full year 2005	<i>Change in %</i>
KOKKOLA						
Smelted material, tonnes						
Zinc concentrate	144 027	137 638	5	548 245	547 380	0
Production, tonnes						
Zinc	71 433	73 602	-3	282 238	281 904	0
ODDA						
Smelted material, tonnes						
Zinc concentrate	65 000	68 392	-5	270 980	251 456	8
Production, tonnes						
Zinc	40 640	38 935	4	160 670	151 285	6
of which, reprocessed zinc	458	-		2 231	-	
Aluminium fluoride	7 631	8 203	-7	28 762	30 484	-6

Mine production, total

Metal production	Q4 2006	Q4 2005	<i>Change in %</i>	Full year 2006	Full year 2005	<i>Change in %</i>
Mines, TOTAL						
Zinc, tonnes	82 040	87 548	-6	327 643	341 532	-4
Copper, tonnes	19 515	27 161	-28	86 824	86 929	0
Lead, tonnes	13 606	12 864	6	48 778	49 413	-1
Gold, kgs	1 198	1 349	-11	4 510	4 471	1
Silver, kgs	55 977	54 629	2	211 640	226 114	-6

CONSOLIDATED QUARTERLY DATA

	Q1 2005	Q2 2005	Q3 2005	Q4 2005	Q1 2006	Q2 2006	Q3 2006	Q4 2006
Metal prices								
Copper (USD/tonne)	3 270	3 394	3 759	4 299	4 944	7 251	7 670	7 087
Zinc (USD/tonne)	1 318	1 274	1 298	1 631	2 248	3 301	3 363	4 194
Lead (USD/tonne)	979	987	892	1 058	1 240	1 095	1 189	1 622
Gold (USD/oz)	427	428	440	485	554	629	622	614
Silver (USD/oz)	6.97	7.15	7.07	8.05	9.71	12.25	11.70	12.58
Exchange rates								
USD/SEK	6.89	7.28	7.65	7.93	7.78	7.40	7.24	7.08
EUR/USD	1.31	1.26	1.22	1.19	1.20	1.26	1.27	1.29
EUR/SEK	9.07	9.19	9.35	9.46	9.35	9.30	9.23	9.13
USD/NOK	6.28	6.38	6.37	6.61	6.67	6.23	6.32	6.41
Metal production, Mines								
Zinc, tonnes	87 021	80 164	86 800	87 548	89 225	80 090	76 288	82 040
Copper, tonnes	19 027	19 258	21 484	27 161	25 617	21 835	19 858	19 515
Lead, tonnes	11 995	11 085	13 470	12 864	12 233	10 779	12 160	13 606
Gold, kgs	1 053	969	1 101	1 349	1 139	1 172	1 001	1 198
Silver, kgs	58 529	62 799	50 158	54 629	55 470	52 700	47 493	55 977
Metal production, Copper smelters								
Copper, tonnes	89 196	80 939	88 143	89 429	90 029	87 866	87 843	90 653
Gold, kgs	5 184	5 082	5 459	4 715	5 606	4 238	5 315	4 535
Silver, kgs	123 099	128 432	125 608	91 492	113 591	101 976	95 846	102 989
Lead, tonnes	8 796	7 460	2 510	8 156	7 763	6 909	3 111	7 765
Lead alloys, tonnes (Bergsöe)	13 000	12 006	8 779	12 053	12 633	12 923	7 110	12 025
Metal production, Zinc smelters								
Zinc, tonnes	108 845	104 378	107 429	112 537	108 455	109 566	112 805	112 073
Aluminium fluoride, tonnes	7 975	8 292	6 014	8 203	8 200	7 891	5 040	7 631
Revenues								
	4 458	4 687	4 924	6 372	7 337	8 850	9 299	9 728
Operating profit before depreciation (EBITDA)								
	701	655	998	1 949	2 079	2 779	2 421	2 551
Operating profit (EBIT)								
	398	351	686	1 634	1 750	2 451	2 095	2 225
Result after financial items								
	353	269	610	1 581	1 697	2 364	2 067	2 185
Result for the period								
	256	166	435	1 189	1 239	1 738	1 541	1 750
Cash flow from operating activities								
	249	712	632	947	999	2 383	1 681	2 947
Earnings per share, SEK								
	0.88	0.57	1.50	4.11	4.28	6.01	5.32	6.04
Return on capital employed, %								
	10	9	18	42	44	62	51	51
Net debt/shareholder's equity, %								
	71	69	64	54	45	30	16	-1

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.