boliden

BOLIDEN LIMITED REPORTS SECOND QUARTER 2001 RESULTS AND RECENT CORPORATE DEVELOPMENTS
(All dollar amounts are in United States dollars)

Overview

- Improved year over year operating results
- Prospectus filed for $243 million fully secured equity offerings
- Definitive loan documentation signed to refinance existing debt and losses incurred on the closing out of existing foreign currency hedge contracts
- Norzink and Chilean Assets sold
- New credit lines to carry out foreign currency hedging at current exchange rates
- New President and Chief Executive Officer appointed
- New board of directors to be appointed and Swedish redomiciliation process to commence after completion of equity offerings.

TORONTO, CANADA (July 26, 2001) – Boliden Limited today reported its operating results for the second quarter and the first half of 2001.

The Company reported an operating loss of $11.0 million for the quarter and $19.9 million for the half, compared with an operating loss of $34.7 million for the second quarter and $41.1 million for the first half of 2000. The principal reasons for the change are higher mining and smelting production offset by lower metal and sulphuric acid prices and lower treatment and refining charges (TC/RCs). The operating loss for the quarter compares with an operating loss of $8.9 million for the first quarter of 2001.

The Company's foreign currency hedge contracts negatively affected the Company's operating results by $22.4 million for the quarter and $40.4 million for the half, $15.8 million for the second quarter and $26.0 million for the first half of 2000 and $18.0 million for the first quarter of 2001.

After accounting for interest expense and income taxes and the gain realized by the Company on the sale of its 50% interest in Norzink ($34.4 million), the Company reported net income of $8.6 million or $0.03 per common share for the quarter and a net loss of $12.9 million or $0.07 per common share for the half, compared with a net loss of $34.4 million or $0.17 per common share for the second quarter and $52.7 million or $0.34 per common share for the first half of 2000.

Cash provided by operations before non-cash working capital changes was $2.9 million or $0.01 per common share for the quarter and cash used in operations was $2.7 million or $0.01 per common share for the half, compared with cash used in operations of $15.6 million or $0.07 per common share for the second quarter and $4.5 million or $0.03 per common share for the first half of 2000. The cash provided by operations before non-cash working capital changes for the quarter compares with cash used in operations of $5.6 million or $0.03 per common share for the first quarter of 2001.

CORPORATE DEVELOPMENTS

Equity Offerings

On June 29, 2001, the Company filed a short form prospectus in respect of its previously announced equity offerings consisting of a $105 million common share rights offering to the Company's existing shareholders fully secured by subscription and standby commitments and a $138 million common share offering directed to existing shareholders, certain Swedish investors and the Company's lenders fully secured by purchase commitments.

The proceeds of the rights offering will be used to pay accrued and unpaid interest on the Company's debt ($24.0 million as at June 30, 2001) and for general corporate purposes, including the payment of the costs of the equity offerings and the establishment of the reserve accounts described below under New Credit Facility. The proceeds of the directed offering will be used to reduce the Company's debt.

The equity offerings are being completed concurrently and are being carried out in conjunction with the refinancing of the Company's debt and the restructuring of the Company's foreign currency hedge contracts.

The terms of the equity offerings are described in the Company's short form prospectus which was mailed to shareholders of record on July 12, 2001. A copy of the short form prospectus is available at the SEDAR website maintained by CDS Inc. at *www.sedar.com*.

The equity offerings will be completed during August 2001.

New Credit Facility

On June 21, 2001, the Company settled a term sheet with the lenders (Lenders) under its $300 million revolving credit facility, $230 million term loan facility, $109.4 million bridge facility and SEK 90 ($8.4) million operating facility (Credit Facilities) and the counterparties (Hedge Counterparties) under those external foreign currency hedge contracts that were outstanding on March 31, 2001 (Hedge Contracts) outlining the material business terms of the refinancing of the principal amount of the debt outstanding under the Credit Facilities and the losses incurred on the maturity or closing out of the Hedge Contracts.

On July 25, 2001, the Lenders and the Hedge Counterparties as lenders, the Company's wholly-owned subsidiary, Boliden Mineral AB (Mineral), as borrower and the Company and Boliden Treasury AB (Treasury) as guarantors entered into definitive loan documentation with respect to a new credit facility (New Credit Facility) to be used by Mineral to carry out the refinancing.

The New Credit Facility will be effective upon the completion of the equity offerings.

Tranches

Under the New Credit Facility, Mineral will be entitled to borrow up to the principal amount outstanding under the Credit Facilities and the losses incurred on the maturity or closing out of the Hedge Contracts in four tranches:

(a) a $380 million term tranche (Tranche A) repayable on June 30, 2006;

(b) a $150 million revolving tranche (Tranche B), including up to $20 million by way of letters of credit, repayable on June 30, 2006;

(c) a $117.8 million term tranche (Tranche C), repayable on June 30, 2003; and

(d) a term tranche (Tranche D) equal to the losses incurred on the maturity or closing out of the Hedge Contracts repayable as to 50% on June 30, 2003 and as to the balance in six semi-annual instalments commencing on December 31, 2003.

Tranches A and B are equal to the principal amounts outstanding under the $300 million revolving credit facility and the $230 million term loan facility. Tranche C is equal to the principal amounts outstanding under the $109.4 million bridge facility and SEK 90 ($8.4) million operating facility.

Tranche D will be equal to the losses incurred on the maturity or closing out of the Hedge Contracts. The losses incurred under the Hedge Contracts that matured after March 31, 2001 was $27.8 million and the mark-to-market position under the Hedge Contracts that were outstanding on June 30, 2001 was a loss of $114.3 million. The actual losses incurred on the closing out of the Hedge Contracts that were outstanding on June 30, 2001 will depend on the exchange rates of the Swedish krona, Canadian dollar, Norwegian kroner and Spanish peseta relative to the U.S. dollar on the date that those Hedge Contracts are closed out. The losses incurred on the closing out of the Hedge Contracts that were outstanding on June 30, 2001 will be amortized over the periods that those Hedge Contracts were intended to hedge as a non-cash charge to operating income.

Use of Borrowings

Mineral is required to use the amounts borrowed by it under the New Credit Facility to repay the principal amounts outstanding under the Credit Facilities and the losses incurred on the maturity or closing out of the Hedge Contracts.

Debt Reduction

The proceeds of the directed offering will be used to reduce the debt outstanding under the New Credit Facility.

The $85 million net proceeds of sale of the Company's interest in Norzink and $23.4 million of the net proceeds of sale of the Chilean Assets will be used to repay the balance of Tranche C in full.

Commencing June 30, 2002, Mineral is required to complete a semi-annual calculation of cash flow available for debt reduction and to use such cash flow for debt reduction.

Mineral may reborrow any amounts repaid under Tranche B up to the amount remaining outstanding after application of the proceeds of the directed offering (approximately $135 million). Mineral may not reborrow any amounts repaid under Tranches A, C and D.

Interest Rate

The rate of interest payable by Mineral on amounts outstanding under the New Credit Facility will be LIBOR plus a margin of 100 basis points per annum.

SEK250 Million Medium Term Notes

Treasury's outstanding SEK250 million medium term notes (MTNs) which mature after the New Credit Facility will remain outstanding and will be assumed by Mineral. Part of the proceeds of the directed offering will be used to prepay principal outstanding under the MTNs.

The MTNs will be secured *pari passu* with the debt outstanding under the New Credit Facility by the security provided under the New Credit Facility.

New Hedging Lines of Credit

The Company has commitments from certain of its lenders to provide additional lines of credit to permit the Company to implement a foreign currency hedging program covering up to 60% of three years of Swedish krona denominated exposure (approximately $600 million) at current rates.

The new hedging lines of credit will be secured in priority to the MTNs and the debt outstanding under the New Credit Facility by the security provided under the New Credit Facility.

Sale of Norzink

On April 17, 2001, the Company's subsidiary, Boliden Mineral AB, and Rio Tinto completed the sale to Outokumpu Oyj of their respective 50% interests in Norzink A/S, the owner and operator of the Norzink zinc smelter and refinery and aluminum floride plant located near Odda on the west coast of southern Norway, for a total cash purchase price of $180 million. The Company realized net proceeds of $85 million and a net gain before tax of $34.4 million on the sale.

Sale of Chilean Assets

On June 8, 2001, the Company executed and delivered the definitive agreement relating to the sale of its interests in Compañía Minera Lomas Bayas and Compañía Boliden Westmin Chile Limitada, the owners of the Lomas Bayas copper project and the adjacent Fortuna de Cobre deposit (Chilean Assets), to certain subsidiaries of Falconbridge Limited. The transaction closed in escrow on July 20, 2001 and is scheduled to be completed on July 26, 2001. The Company will realize net proceeds of $62.3 million on the sale. $25 million of the net proceeds will be used to repay Tranche C and other debt under the New Credit Facility and the balance will be used for general corporate purposes, including establishing the Reserve Accounts required to be established and maintained by Mineral under the New Credit Facility.

Resignation and Appointment of President

On June 11, 2001, the Company's President and Chief Executive Officer, Thomas Cederborg, announced his decision to resign as an officer and director of the Company following completion of the equity offerings. On June 27, 2001, the Company announced that Jan Johansson has been appointed President and Chief Executive Officer of the Company effective August 1, 2001.

Mr. Johansson, a native of Sweden, has many years experience in the Swedish and international business communities, most recently as Senior Vice-President, Telia AB (the Swedish telecommunications company) and Senior Executive Vice-President of Vattenfall AB (a major Scandinavia power company).

METAL PRICES, CURRENCIES AND INTEREST RATES

Prices for the metals produced by the Company as reported by the London Metal Exchange (LME) and the London Bullion Market Association (LBM) for the quarter and the half compared with the second quarter and first half of 2000 were as follows:

Average LME/LBM Prices	**Three months ended June 30, 2001**	**2000**	**Six months ended June 30, 2001**	**2000**
Zinc $/lb	0.42	0.51	0.44	0.51
Copper $/lb	0.75	0.79	0.77	0.80
Lead $/lb	0.21	0.19	0.22	0.20
Gold $/oz	267	280	265	285
Silver $/oz	4.39	5.02	4.46	5.09

The Company periodically manages its exposure to changes in prices for the metals that it produces through hedge transactions, including forward sales contracts and put and call options. The Company's exposure to changes in metal prices was largely unhedged at the end of the quarter.

Most of the Company's costs are in Swedish and Canadian currencies. The average rates of exchange for Swedish kronor (SEK) and Canadian dollars (C$) per United States dollar for the quarter and the half compared with the second quarter and first half of 2000 were as follows:

Average Exchange Rates per US$	**Three months ended June 30, 2001**	**2000**	**Six months ended June 30, 2001**	**2000**
SEK	10.46	8.85	10.10	8.73
C$	1.54	1.48	1.53	1.47

The Company has had a program to manage its ongoing exposure to changes in exchange rates through the use of forward contracts and put and call options to hedge future transactions and investments denominated in foreign currencies. The program was designed to fix foreign currency, principally Swedish krona, exchange rates against the United States dollar at levels which were considered advantageous in relation to historical levels and which were above the Company's long-term planning levels. Since 1999, the United States dollar has strengthened considerably against the currencies being hedged by the Company. The combined effect of the Company's hedge program and the strengthening United States dollar has been to significantly reduce the Company's operating income and cash flow relative to that which it would have received under prevailing exchange rates. Since mid-2000, the Company has not had credit facilities available to it to continue the program beyond the then existing positions.

At June 30, 2001, the Company had in place forward contracts covering approximately one and one-quarter years exposure to changes in foreign currency, principally Swedish krona, exchange rates against the United States dollar. The mark-to-market position of the contracts at the end of the quarter was a loss of $114.3 million, of which $18.6 million is accrued in the accompanying unaudited consolidated financial statements.

The Company periodically manages its exposure to changes in interest rates through interest rate swaps. The interest rates on the Company's long-term debt are floating rates and are largely unhedged.

OPERATIONS

The operating income (loss) at the Company's operating segments for the quarter and the half compared with the second quarter and first half of 2000 was as follows:

Operating Segment ($ thousands)	Three months ended June 30,		Six months ended June 30,	
	2001	**2000**	**2001**	**2000**
Mining	$(5,973	$(27,222	$(14,40	$(43,336)
Smelting	(403)	(2,218	1,92	11,848
Fabrication	237	49	1,01	939
Corporate and other	(4,850	(5,304	(8,39	(10,553)
Total	$(10,989	$(34,695	$(19,86	$(41,102)

Mining

The Company's mining operations reported an operating loss of $6.0 million for the quarter and $14.4 million for the half, compared with an operating loss of $27.2 million for the second quarter and $43.3 million for the first half of 2000. The principal reasons for the changes are improved operating efficiencies, higher contained gold production at Aitik and BAO and higher contained zinc production at Myra Falls offset by lower metal prices. The operating loss for the quarter compares with an operating loss of $8.4 million for the first quarter of 2001.

The Company's foreign currency hedge contracts negatively affected the Company's results from mining operations by $13.5 million for the quarter and $23.7 million for the half, $14.1 million for the second quarter and $23.2 million for the first half of 2000 and $10.2 million for the first quarter of 2001.

The Company's mines produce primarily copper and zinc, with by-product lead, gold and silver. Contained metal production at each of the Company's mines for the quarter and the half compared with the second quarter and first half of 2000 was as follows:

Mine	Three months ended June 30, 2001	Three months ended June 30, 2000	Six months ended June 30, 2001	Six months ended June 30, 2000
Boliden Area Operations (BAO)[1]				
Zinc (tonnes)	11,054	12,939	25,636	27,102
Copper (tonnes)	2,438	2,013	4,694	4,332
Lead (tonnes)	758	666	1,830	1,408
Gold (ounces)	19,814	12,973	36,992	24,827
Silver (000s ounces)	451	429	1,113	903
Garpenberg				
Zinc (tonnes)	9,067	8,556	17,426	16,377
Copper (tonnes)	169	223	419	392
Lead (tonnes)	3,535	3,451	7,422	7,051
Gold (ounces)	2,392	2,559	4,925	4,967
Silver (000s ounces)	933	802	1,723	1,606
Aitik				
Copper (tonnes)	17,768	18,001	32,493	34,054
Gold (ounces)	16,565	12,027	27,675	23,653
Silver (000s ounces)	432	530	825	1,057
Laisvall				
Lead (tonnes)	13,723	18,001	28,422	34,865
Zinc (tonnes)	4,405	3,231	7,217	6,986
Silver (000s ounces)	106	129	217	254
Los Frailes[2]				
Zinc (tonnes)	22,617	23,422	40,978	44,826
Copper (tonnes)	552	570	1,145	1,269
Lead (tonnes)	9,702	10,245	17,770	20,708
Silver (000s ounces)	521	334	864	737
Myra Falls				
Zinc (tonnes)	17,675	11,722	30,907	25,877
Copper (tonnes)	4,027	4,523	7,596	9,445
Gold (ounces)	5,611	5,638	11,144	10,999
Silver (000s ounces)	109	125	219	241
Lomas Bayas				
Copper (tonnes)	14,211	12,314	26,980	24,816

Notes:

(1) BAO comprises four underground mines, one open pit mine and one mill.

(2) In October 2000, the Company's Spanish subsidiary, Boliden Apirsa SL (Apirsa), decided to complete the current phase of the mine plan for Los Frailes – the mining out of pit 2, but not to proceed with the next phase – the pushback for pit 3. In order to preserve its assets, to pay creditors in an orderly manner and to ensure that operations at Los Frailes continue until the planned completion of pit 2 in October 2001, Apirsa filed a court application for "suspension de pagos" proceedings (similar to Canadian CCAA and United States Chapter 11 proceedings).

Total contained metal production at the Company's mining operations for the quarter and the half compared with the second quarter and first half of 2000 was as follows:

	Three months ended June 30,		**Six months ended June 30,**	
	2001	**2000**	**2001**	**2000**
Zinc (tonnes)	64,818	59,870	122,164	121,168
Copper (tonnes)	39,165	37,644	73,328	74,308
Lead (tonnes)	27,715	32,363	55,444	64,032
Gold (ounces)	44,382	33,197	80,736	64,446
Silver (000s ounces)	2,552	2,349	4,961	4,798

Zinc

Contained zinc production for the quarter and the half was higher than the second quarter and the first half of 2000 due to higher production at Garpenberg and Myra Falls.

Copper

Contained copper production for the quarter and the half was higher than the second quarter and first half of 2000 due to higher production at Lomas Bayas. Production at Aitik fluctuates with the grades encountered in mining operations.

Smelting

The Company's smelting operations reported an operating loss of $0.4 million for the quarter and operating income of $1.9 million for the half, compared with an operating loss of $2.2 million for the second quarter and operating income of $11.8 million for the first half of 2000. The principal reason for the change is higher production at Rönnskär due to the completion of the Rönnskär +200 expansion project and the maintenance shutdown in the second quarter of 2000 offset by lower metal and sulphuric acid prices and lower treatment and refining charges (TC/RCs) and by the sale of Norzink. The operating income for the quarter compares with operating income of $2.3 million for the first quarter of 2001.

The Company's foreign currency hedge contracts negatively affected the Company's results from smelting operations by $8.9 million for the quarter and $16.7 million for the half, $1.7 million for the second quarter and $2.8 million for the first half of 2000 and $7.8 million for the first quarter of 2001.

The Company's smelters produce primarily copper, zinc clinker and lead, with significant quantities of gold and silver. Metal production at each of the Company's smelters for the quarter and the half compared with the second quarter and first half of 2000 was as follows:

Smelter	Three months ended June 30, 2001	Three months ended June 30, 2000	Six months ended June 30, 2001	Six months ended June 30, 1999
Rönnskär				
Copper (tonnes)	55,145	25,012	105,452	53,400
Lead (tonnes)	9,239	8,431	18,649	18,962
Zinc clinker (tonnes)	8,912	5,945	17,570	14,772
Gold (kilos)	3,548	1,726	6,267	3,821
Silver (kilos)	74,431	76,811	171,562	174,532
Bergsöe				
Lead alloys (tonnes)	11,674	12,541	24,391	24,736

Rönnskär

Production at Rönnskär for the quarter and the half was higher than the second quarter and the first half of 2000 due to the completion of the Rönnskär +200 expansion project and the maintenance shutdown in the second quarter of 2000.

Fabrication

The Company's copper tubing and brass fabrication operations reported operating income of $0.2 million for the quarter and $1.0 million for the half compared with breakeven results for the second quarter of 2000 and operating income of $0.9 million for the first half of 2000. The operating income for the quarter compares with operating income of $0.8 million for the first quarter of 2001.

OTHER MATTERS

Advisory Board

On May 31, 2001, the board of directors of the Company appointed an advisory board (Advisory Board) composed of Carl Bennet (Chairman of the Board of Elanders AB (publ), Getinge Industrier AB (publ) and Sorb Industri AB), Göran Collert (Chairman of the Board of FöreningsSparbanken AB (publ)), Kjell Nilsson (member of the board of directors of Munksjö AB (publ) and former Managing Director and CEO of Trelleborg AB (publ) and Boliden AB), Anders Sundström (Chairman of the Board of Sparbanken Nord and former Swedish Minister of Industry) and Bengt Löfkvist (former Managing Director and CEO of Boliden Mineral AB) to assist it in assessing and carrying out the matters described below.

New Board of Directors

After completion of the equity offerings, the board of directors of the Company will be reconstituted. Members of the Advisory Board will become directors of the Company and Carl Bennet will become Chairman and Anders Sundström will become Deputy Chairman of the board of directors.

Dividend On Convertible Preferred Shares

On December 17, 1999, the Company's board of directors decided to postpone payment of dividends on the Company's convertible preferred shares.

After completion of the equity offerings, the board of directors intends to consider and, if warranted, declare a dividend on the convertible preferred shares equal to the unpaid dividends that have accrued on the convertible preferred shares since December 1999 ($8.5 million including related taxes as at June 30, 2001), such dividend to be payable in common shares in accordance with the provisions of the convertible preferred shares. The declaration of a dividend on the convertible preferred shares payable in common shares is subject to a review by the Company of the tax consequences to shareholders and receipt of stock exchange approval.

Redomiciliation

After completion of the equity offerings, the board of directors of the Company will begin the process of redomiciling the Company to Sweden on or before January 1, 2002.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS TO FOLLOW

BOLIDEN LIMITED

Consolidated Balance Sheets
(In thousands of United States dollars)

		June 30, 2001		December 31, 2000
		(Unaudited)		**(Audited)**
Assets				
Current assets:				
Cash and short-term investments	$	121,826	$	45,211
Accounts and metal settlements receivable		125,590		153,922
Inventories		176,470		231,098
		423,886		430,231
Capital assets		700,827		803,341
Future income tax assets		65,982		63,341
Deferred expenses and other assets		63,390		30,905
	$	1,254,085	$	1,327,818
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued charges	$	279,991	$	327,601
Debt		806,370		772,716
		1,086,361		1,100,317
Long-term debt		32,382		36,299
Future income tax liabilities		1,904		1,904
Provision for reclamation costs		59,206		63,987
Other long-term liabilities		24,913		27,158
		1,204,766		1,229,665
Shareholders' equity:				
Common shares		791,168		790,878
Preferred shares		79,238		78,872
Retained deficit		(775,897)		(762,317)
Foreign currency translation account		(45,190)		(9,280)
		49,319		98,153
	$	1,254,085	$	1,327,818

See accompanying notes to unaudited consolidated financial statements.

BOLIDEN LIMITED

Consolidated Statements of Operations

(In thousands of United States dollars, except per share data)

	Three months ended June 30, 2001	Three months ended June 30, 2000	Six months ended June 30, 2001	Six months ended June 30, 2000
	(Unaudited)		(Unaudited)	
Revenues	$ 259,700	$ 258,624	$ 571,464	$ 551,395
Operating expenses:				
Costs of metal and other product sales	231,924	242,190	514,087	489,062
Depreciation, depletion and amortization	21,464	30,164	43,836	60,868
Selling, general and administrative	14,759	16,413	28,262	34,178
Exploration, research and development	2,542	4,552	5,139	8,389
	270,689	293,319	591,324	592,497
Operating loss	(10,989)	(34,695)	(19,860)	(41,102)
Interest and other expense (Note 3)	(12,667)	(9,532)	(30,867)	(21,252)
Net gain on asset dispositions	28,473	-	30,167	-
	15,806	(9,532)	(700)	(21,252)
Income (loss) before income taxes	4,817	(44,227)	(20,560)	(62,354)
Income taxes recovery	(3,747)	(9,788)	(7,636)	(9,614)
Net income (loss)	$ 8,564	$ (34,439)	$ (12,924)	$ (52,740)
Basic income (loss) per share	$ 0.03	$ (0.17)	$ (0.07)	$ (0.34)
Diluted income (loss) per share	$ 0.02	$ (0.17)	$ (0.07)	$ (0.34)
Retained deficit				
Balance, beginning of year	$ (784,133)	$ (124,077)	$ (762,317)	$ (105,448)
Net income (loss) for the period	8,564	(34,439)	(12,924)	(52,740)
Accretion on convertible preferred shares	(328)	(328)	(656)	(656)
Balance, for the period	$ (775,897)	$ (158,844)	$ (775,897)	$ (158,844)

See accompanying notes to unaudited consolidated financial statements.

BOLIDEN LIMITED

Consolidated Statements of Cash Flows

(In thousands of United States dollars, except per share data)

	Three months ended June 30, 2001	Three months ended June 30, 2000	Six months ended June 30, 2001	Six months ended June 30, 2000
	(Unaudited)		(Unaudited)	
Cash provided by (used in):				
Operating Activities:				
Net income (loss) for the period	$ 8,564	$ (34,439)	$ (12,924)	$ (52,740)
Items not affecting cash:				
Depreciation, depletion and amortization	21,464	30,164	43,836	60,868
Net gain on asset dispositions	(28,473)	-	(30,167)	-
Future income taxes	1,331	(11,367)	(3,417)	(12,604)
Cash provided by (used in) operations before non-cash working capital changes	2,886	(15,642)	(2,672)	(4,476)
Net change in non-cash operating working capital	(12,105)	(38,910)	(39,875)	(40,740)
Cash provided by (used in) operating activities	(9,219)	(54,552)	(42,547)	(45,216)
Financing Activities:				
Additions to debt	27,701	-	51,701	35,310
Payments of debt	(11,000)	(57,350)	(11,000)	(57,350)
Issuance of common shares, net of issue costs	-	-	-	142,600
Cash provided by (used in) financing activities	16,701	(57,350)	40,701	120,560
Investing Activities:				
Capital expenditures	(11,261)	(56,949)	(29,617)	(92,554)
Proceeds on asset dispositions	85,653	-	107,338	-
Cash used in investing activities	74,392	(56,949)	77,721	(92,554)
Effect of exchange rate changes on cash balances in foreign currencies	290	(17)	740	532
Cash provided (used) during the period	82,164	(168,868)	76,615	(16,678)
Cash and short-term investments, beginning of period	39,662	218,653	45,211	66,463
Cash and short-term investments, end of period	$ 121,826	$ 49,785	$ 121,826	$ 49,785
Cash provided by (used in) operations before non-cash working capital changes, per share	$ 0.01	$ (0.07)	$ (0.01)	$ (0.03)

See accompanying notes to unaudited consolidated financial statements.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(All tabular amounts are in thousands of United States dollars)

1. Going Concern Basis

The accompanying unaudited consolidated financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles and on a going concern basis which assumes that the Company will be able to discharge its liabilities and realize the carrying value of its assets in the normal course of operations. Accordingly, the accompanying unaudited consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts, classification of liabilities or recognition of unrealized losses on contracts accounted for as hedges that might be necessary if the Company is unable to continue as a going concern. The mark-to-market position under the hedge contracts that were outstanding on June 30, 2001 was a loss of $114.3 million.

At June 30, 2001, the Company was not in compliance with, and was operating under temporary waivers of, covenants under certain of its loan agreements. Accordingly, most of the Company's debt has been classified as current, resulting in a working capital deficiency. In addition, the Company continues to record a significant loss from operations and negative operating cash flow after net change in non-cash operating working capital.

The Company is pursuing several initiatives to address these matters, including refinancing its debt, restructuring its obligations under its hedge contracts, sourcing additional financing and carrying out its capital management program (CMP) which is aimed at reducing costs, increasing productivity, postponing discretionary expenditures, securing partners for those operations (eg, Myra Falls) that require non-discretionary expenditures to maintain continued operations and selling assets.

On April 17, 2001, the Company completed the sale of its 50% interest in Norzink for net proceeds of $85 million. The Company realized a net gain before tax of $34.4 million on the sale. This gain has been reflected in the Company's operating results for the second quarter of 2001. The net proceeds of sale of Norzink are restricted as to their use under the terms of the Company's credit facilities.

On June 8, 2001, the Company signed a definitive agreement to sell its interests in the Lomas Bayas SX-EW copper project and adjacent Fortuna de Cobre copper deposit (Chilean Assets), for a total cash purchase price of:

(a) $175 million, plus cash balances ($2.1 million) less outstanding third party debt obligations ($112.7 million), both as at January 1, 2001; plus

(b) $15 million, if the purchaser exercises its right to retain the Fortuna de Cobre copper deposit before the fifth anniversary of closing.

The transaction closed in escrow on July 20, 2001 and is scheduled to be completed on July 26, 2001. During the fourth quarter of 2000, the Company wrote down the carrying value of its interests in the Chilean Assets to the purchase price.

On June 29, 2001, the Company filed a short form prospectus in respect of its previously announced equity offerings consisting of a $105 million common share rights offering to the Company's existing shareholders fully secured by subscription and standby commitments and a $138 million common share offering directed to existing shareholders, certain Swedish investors and the Company's lenders fully secured by purchase commitments.

On July 23, 2001, the Company entered into definitive loan documentation with respect to a new credit facility to be used to refinance the principal amount outstanding under certain of the Company's credit facilities and the losses incurred on the maturity or closing out of the Company's outstanding foreign currency hedge contracts.

The equity offerings are being completed concurrently and will be completed in August 2001. The new credit facility will be effective upon the completion of the equity offerings.

The Company's ability to discharge its liabilities and realize the carrying value of its assets in the normal course of operations is dependent upon, among other things, the successful completion of the equity offerings and implementation of the CMP.

2. General

The accompanying unaudited consolidated financial statements should be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended December 31, 2000.

The accompanying unaudited consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the interim periods presented.

3. Debt, Hedges and Interest

At June 30, 2001, the Company's debt position was as follows:

$300 million revolving credit facility	$300,000
$230 million term loan facility	230,000
Bridge facility	100,000
Lomas Bayas facility	105,700
SEK 250 million medium-term bonds	23,000
Other	80,052
Total debt	838,752
Less amounts classified as current	806,370
	$ 32,382

At June 30, 2001, the Company's principal currency hedge positions were as follows:

Maturing in	2001		2002	
	$ Million	Rate	$ Million	Rate
Swedish kronor:				
Forward sales	184	7.88	316	8.95
Norwegian kroner:				
Forward sales	19	7.70	8	7.86
Call options sold	4	7.80	18	7.80
Spanish pesetas:				
Forward sales	40	151	–	–
Canadian dollars:				
Forward sales	46	1.47	–	–

The fair value of these currency contracts was an unrealized loss of $114.3 million (December 31, 2000 – $128.3 million) of which $18.6 million is accrued in the accompanying unaudited consolidated financial statements.

During the quarter, the Company incurred interest expense of $15.8 million (2000 – $10.6 million) on long-term debt classified as current.

4. Per Share Information

Per share information for the quarter is based on the weighted average number of common shares outstanding during the quarter (218.8 million; 2000 – 217.4 million). At June 30, 2001, there were 218.9 million common shares outstanding.

5. Segmented Data

The Company operates principally in three operating segments: mining, smelting and fabrication.

The Company's operating income (loss) at each of these operating segments was as follows:

QUARTER ENDED June 30, 2001	*Mining*	*Smelting*	*Fabrication*	*Corporate and other*	*Consolidation adjustment*	*Total*
Revenues	76,273	175,19	56,6	4,46	(52,90	259,700
Operating income (loss)	(5,973	(403)	237	(4,85		(10,989
Depreciation, Depletion	14,421	5,54	1,4	82		21,464
Capital Expenditures	7,364	3,33	533	33		11,261

QUARTER ENDED June 30, 2000	*Mining*	*Smelting*	*Fabrication*	*Corporate and other*	*Consolidation adjustment*	*Total*
Revenues	100,846	148,81	63,1	4,49	(58,67	258,624
Operating income (loss)	(27,222	(2,21	49	(5,30		(34,695
Depreciation, Depletion	24,071	4,55	1,4	125		30,164
Capital Expenditures	17,544	38,36	1,0	38		56,949

SIX MONTHS ENDED June 30, 2001	*Mining*	*Smelting*	*Fabrication*	*Corporate and other*	*Consolidation adjustment*	*Total*
Revenues	155,58	387,43	126,7	9,15	(107,482	571,46
Operating income (loss)	(14,40	1,92	1,0	(8,39		(19,86
Depreciation, Depletion	28,53	12,07	3,0	196		43,83
Capital Expenditures	19,70	8,59	1,2	80		29,61

SIX MONTHS ENDED June 30, 2000	*Mining*	*Smelting*	*Fabrication*	*Corporate and other*	*Consolidation adjustment*	*Total*
Revenues	199,12	313,86	131,5	8,73	(101,862	551,39
Operating income (loss)	(43,33	11,84	939	(10,55		(41,10
Depreciation, Depletion	48,03	9,14	3,3	297		60,86
Capital Expenditures	30,15	60,48	1,7	139		92,55

Intersegment revenues are principally sales from the Company's mines to its smelters, which are recorded at fair market value.