

Interim Report

Boliden AB (publ)

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Interim report for the first quarter of 2005

Key ratios

	Q 1 2005 SEK million	Q 1 2005 EUR million ¹⁾	Q 1 2004 SEK million	Change in %	Full year 2004 SEK million
Net sales	4 475	493	4 498	-1	17 928
Operating result before depreciation (EBITDA)	718	79	771	-7	2 977
Operating result (EBIT)	415	46	475		1 831
Operating margin, %	9.3	9.3	10.6		10.2
Result after financial items	353	39	348		1 365
Net result	256	28	307	-17	1 220
Cash flow from operating activities	249	27	476	-48	1 552
Earnings per share, SEK/EUR	0.88	0.10	1.47		4.98
Equity/assets ratio, %	44.5	44.5	35.5		45.2
Net debt/shareholders' equity, %	71	71	101		71

¹⁾ Currency conversion for comparison purposes only. An average rate of 9.0748 has been used for conversion to EUR.

Comparison between Q1 2005 and Q1 2004

- Net sales totalled SEK 4,475 million (SEK 4,498 m).
- The operating result totalled SEK 415 million (SEK 475 m).
- The result after financial items improved to SEK 353 million (SEK 348 m).
- The net result totalled SEK 256 million (SEK 307 m).
- Earnings per share came to SEK 0.88 (SEK 1.47).
- The cash flow from operating activities totalled SEK 249 million (SEK 476 m).
- The net debt/equity ratio improved to 71 per cent (101%).

Other matters

- This is the first time the company has reported in accordance with IFRS.
- As of Q1 2005, Boliden will be presenting segment reports for the company's main products, Copper and Zinc, which is in accordance with the strategic governance of the company and its financial reporting.
- In February, Boliden sold all its shares in Lundin Mining Corporation. The transaction yielded a capital gain of SEK 20 million for Boliden in net financial items.
- In April, Boliden drew up a commercial paper programme totalling a maximum of SEK 1.5 billion with a maximum term of 12 months.
- As previously stated by Boliden, during 2005 the company expects the result after financial items to remain healthy and predicts a substantial improvement in free cash flow, bearing in mind the improvements in efficiency and the fact that the current healthy market situation is expected to last throughout the year.

COMMENTS BY JAN JOHANSSON, PRESIDENT AND CEO

Boliden's net sales for the first quarter totalled SEK 4,475 million (SEK 4,498 m) and the operating result was SEK 415 million (SEK 475 m). The result after financial items improved slightly to SEK 353 million (SEK 348 m), primarily due to lower debt and better loan terms compared with the corresponding period of the previous year. The main reason for the decline in both net sales and operating result was the significantly lower US dollar exchange rate. Higher costs, primarily for input goods (electricity, oil and spare parts based on raw materials) also had a negative impact on the profit performance. The reported tax cost was substantially higher than the actual tax payment, as Boliden has large taxable unutilized tax losses carried forward. This has had a negative effect on both the net result and profit per share. Continued strong metal prices and slightly higher production at both mines and smelters went some way towards offsetting the decrease in both net sales and operating result compared with the corresponding period in 2004.

Metal production at both Tara and Aitik during the first quarter was, however, lower than in the fourth quarter of 2004, primarily due to lower grades, and this, together with a lower US dollar exchange rate, was the main reason for the lower operating result. The full effect of higher treatment and refining charges for copper is not expected to be felt until the second quarter of 2005.

The prices of Boliden's metals in US dollars were higher during the first quarter of 2005 than in both the first and fourth quarters of 2004. Compared with the fourth quarter of 2004, metal prices continued to go from strength to strength during the first quarter, particularly the price of zinc. The high growth rate in the global economy, particularly in Asia and especially in China, contributed to the healthy demand for metals. Global copper and zinc consumption is higher than production of these metals, and this has contributed to the decline in stocks. Copper stocks remain at historically low levels, while zinc stocks continued to fall during the first quarter of 2005.

The US dollar weakened considerably against Boliden's most important currencies during the first quarter of 2005 compared with the corresponding period of the previous year. The cover ratio for Boliden's currency hedging in US dollars was lower in the first quarter of 2005 than in both the first and fourth quarters of 2004. The cover ratio for the currency hedging will be gradually decreased during the second quarter, and by the beginning of the second half of 2005, only currency hedging that matches corresponding metal hedging will remain.

The cash flow from operating activities was lower during the reporting period than in both the first and fourth quarters of 2004. Operating capital increased by SEK 211 million compared to the first quarter 2004, mainly due to higher metal prices and temporarily higher stock levels, primarily within Copper. The reason lies in earlier than planned deliveries of copper concentrate from external mines, a development fuelled by a global smelter capacity shortage. Investments in 2005 will be lower than in 2004.

Production of both zinc and copper in the form of concentrates from Boliden's mines increased somewhat in the first quarter of 2005 compared with the first quarter of 2004, but was lower than in the fourth quarter. The reason for this was that Boliden's large mines, Tara and Aitik, were unable to reach anticipated production levels during the first quarter of 2005, mainly due to lower grades in the ore mined. Gold production was also negatively affected by lower grades, primarily at Aitik. Both Tara and Aitik are now mining in areas with higher grades and this is expected to have a positive impact on production.

Both zinc and copper production at Boliden's smelters was on a par with production in both the first and fourth quarters of 2004. Production disruptions at Odda at the end of 2004 were remedied during the first quarter and the new direct leaching plant is currently being fine-tuned with a view to reaching full production capacity.

Boliden's ore reserves and mineral resources have developed well during 2004. Production during 2004 has essentially been replaced by new ore reserves. In the Boliden Area and in Garpenberg it is mainly the mineral resources that have increased during 2004. The budget for exploration for 2005 has increased to SEK 147 million (SEK 120 m) and will be invested mainly in mine-site exploration at all mines in Sweden and in Ireland.

The Board of Directors and management of Boliden have decided to present the company's reports in the form of segment reporting for its primary products, Copper and Zinc. The main reason for changing the company's segment reporting from the previous division Mining Operations and Smelting Operations, with Production Areas Copper and Zinc, is the company's wish to ensure that the strategic governance of

Boliden corresponds to its financial reporting. One of the principal reasons for the structural transaction with Outokumpu was to create an integrated mining and smelting company based on the company's metals, copper and zinc. In addition, the majority of our international competitors present segment reporting, and our doing so will make comparison with them easier.

From a market perspective, the early part of 2005 has continued to look good, with healthy demand, decreasing stocks and rising metal prices. The lower production seen at Boliden's mines during the first quarter is a temporary aberration and we are already seeing grades increase gradually, which is having a positive impact on production. Our synergy work is continuing and remains a top priority. During the second quarter, planned maintenance stops will take place at Rönnskär and Harjavalta. This will entail temporarily higher costs and production losses for Product Segment Copper during the second quarter. Overall, we continue to take a positive view of Boliden's potential to attain internal production and cost targets and to realise its planned synergies. Coupled with favourable market prospects, this means that the Board continues to adhere to its previously announced forecast.

Forecast

The Board of Directors believes that the current healthy market situation will continue to prevail throughout 2005. Improvements in the underlying operations, increased synergies, healthy metal prices and higher treatment and refining charges will largely offset the effects of the rate of the US dollar. Bearing this in mind, the result after financial items for 2005 is expected to remain healthy and a substantial improvement in free cash flow is also expected in 2005.

MARKET

Economic trends

Following record growth in the global economy in 2004, with a 5.1 per cent increase in industrial production, a slightly lower growth rate is expected in 2005. The IMF (International Monetary Fund) estimates that the growth rate in 2005 will be 4.3 per cent. In addition to a cyclical slow-down in the US, the high oil price is expected to have a subduing effect on global growth.

Growth was somewhat lower in the US industrial production during the first quarter of 2005 compared with the fourth quarter of 2004, but was still high at 3.8 per cent. The US Federal Reserve is expected to continue gradually raising the interest rate so as to avoid an overheated economy. The growth rate in Europe continued to be low during the first quarter and at the same level as the fourth quarter 2004. Europe's failure to create new jobs has led to high unemployment, which puts further pressure on the European economies.

Asia is continuing to report the world's highest growth rate, mainly fuelled by China. The Chinese industrial production grew by as much as 16.2 per cent during the first quarter of 2005. The tightening of economic policy in the form of interest rate hikes and credit restrictions has not yet had a noticeably subduing effect on growth, which is strongest in the transport and infrastructure sectors, both of which consume huge volumes of copper and zinc. Japan's economic growth continued to taper off during the first quarter of 2005.

Metal prices

The prices of Boliden's main metals, zinc and copper, continued to strengthen in US dollars during the first quarter of 2005. The upswing for zinc was approximately 18 per cent compared with the fourth quarter of 2004. LME zinc stocks decreased even further during the first quarter, falling by around 50,000 tonnes to around 574,000 tonnes. The global increase in the consumption of zinc was 1.5 per cent, while production of this metal decreased by 1.9 per cent in the first quarter of 2005 compared with the fourth quarter of 2004.

The price of copper rose by around 6 per cent during the first quarter compared with the fourth quarter of 2004. LME copper stocks remain at historically low levels. Global copper consumption increased by around 5.7 per cent in the first quarter of 2005, while production of copper cathodes increased by 1.9 per cent compared with the corresponding period in 2004. Lead, silver and gold prices remained stable at high levels during the first quarter of 2005 compared with the fourth quarter of 2004.

Metal price hedging

Copper – 39 per cent of planned copper production in Swedish mines has been hedged at USD 2,531/tonne (USD 1.15/lb) for 2005, with 11 per cent hedged at USD 2,446/tonne (USD 1.11/lb) for 2006.

Gold – 64 per cent of planned gold production in Swedish mines has been hedged at USD 365/oz for 2005, with 41 per cent hedged at USD 424/oz for 2006.

Silver – 64 per cent of planned silver production in Swedish mines has been hedged at USD 6.83/oz for 2005, with 50 per cent hedged at USD 7.38/oz for 2006.

Lead – 45 per cent of planned lead production has been hedged at USD 909/tonne (USD 0.41/lb) for 2005.

In all significant respects, Boliden's exposure to future metal price fluctuations is otherwise unhedged.

Metal prices (average LME/LBMA)	Q 1 2005	Q 1 2004	Change in %	Q 1 2005	Q 4 2004	Change in %
Copper (USD/lb)	1.48	1.24	19	1.48	1.40	6
Zinc (USD/lb)	0.60	0.49	22	0.60	0.51	18
Lead (USD/lb)	0.44	0.38	16	0.44	0.43	2
Gold (USD/oz)	427	408	5	427	434	-2
Silver (USD/oz)	6.97	6.68	4	6.97	7.23	-4

Exchange rates

The US dollar has remained largely stable against the Swedish krona during the first quarter in comparison with the fourth quarter of 2004. The euro strengthened marginally against the Swedish krona over the same period. The interest rate market was characterised by rising US short rates, while Swedish interest rates have been relatively stable.

Boliden's exchange rate hedging on 30th March 2005 is presented in the table on page 17.

Exchange rate (average)	Q1 2005	Q1 2004	Change in %	Q 1 2005	Q4 2004	Change in %
USD/SEK	6.89	7.32	-6	6.89	6.93	-1
EUR/USD	1.31	1.25	5	1.31	1.30	1
EUR/SEK	9.06	9.17	-1	9.06	9.01	1
USD/NOK	6.27	6.90	-9	6.27	6.33	-1

Treatment charges/Refining charges (TC/RC)

The high copper price in 2004 has resulted in a substantial increase in the mines' production of copper concentrate. The supply of copper concentrate exceeds global smelter capacity, and this in turn has led to a dramatic increase in spot treatment and refining charges. It has also more than doubled the 2005 annual contract terms (benchmark). Boliden has renegotiated approximately 60 per cent of its external concentrate supplies for 2005, while the remaining supplies will be renegotiated during the year for 2006. The full impact of the higher treatment and refining charges will not be felt until the start of the second quarter of 2005.

The higher zinc price has not yet had any impact on the mines' production of zinc concentrate. Several years with low zinc prices have led to limited investment in both existing production and the exploitation of new discoveries. This in turn has led to a shortage of zinc concentrate, particularly in Europe. As a result, the 2005 treatment charges have once again fallen. As a result of the zinc concentrate balance that exists between the company's mining and smelting operations, new Boliden has a natural hedge against changes in treatment charges.

Despite a sharp increase in the price of lead, the supply of lead concentrate remains limited, with historically low spot treatment charges. No impact, such as an increase of last year's extremely low annual contract terms for treatment charges, has yet been felt on the global market. Negotiations relating to European benchmark prices are still in progress. Boliden is a net vendor of lead concentrate and low treatment charges therefore benefit the company.

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

	2005	2004	Change in %
Treatment and refining charges			
Copper			
- Treatment charge (TC), USD/tonne	85	40	113
- Refining charge (RC) US\$/lb	8.5	4.0	113
Zinc			
- Treatment charge (TC), base 1,000 USD/tonne	126	142	-11
Lead			
- Treatment charge (TC), base 500 USD/tonne	Not yet finalised	125	

Source: CRU.

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SUMMARY OF CONSOLIDATED INCOME STATEMENTS	Q 1	Q 1	Q 1
	2005	2005	2004
	SEK m	EUR m ¹⁾	SEK m
Net sales	4 475	493	4 498
Operating expenses	-4 060	-447	-4 023
Operating result	415	46	475
Financial income and expenses	-62	-7	-127
Result after financial items	353	39	348
Taxes	-97	-11	-41
Result for the period	256	28	307
Earnings per share, SEK/EUR	0.88	0.10	1.47
Earnings per share after dilution, SEK/EUR	0.88	0.10	1.47
Number of shares	289 387 169		252 387 169
Average number of shares	289 387 169		209 262 854
Average number of shares after dilution	289 844 363		209 607 854

¹⁾ Currency conversion for comparison purposes only. An average rate of 9.0748 has been used for conversions to EUR.

SUMMARY OF CONSOLIDATED BALANCE SHEETS	31 st March	31 st March	31 st Dec.	31 st March
	2005	2005	2004	2004
	SEK m	EUR m ¹⁾	SEK m	SEK m
Intangible fixed assets	3 013	329	2 915	2 996
Tangible fixed assets	11 596	1 268	11 587	11 633
Deferred tax	542	59	475	489
Interest-bearing assets	92	10	203	71
Other financial fixed assets	45	5	47	105
Inventories	3 146	344	2 679	2 376
Interest-bearing current receivables	85	9	66	9
Other receivables	1 368	150	1 330	1 446
New issue in progress	–	–	–	1 193
Liquid assets	733	80	874	1 107
Total assets	20 620	2 254	20 176	21 425
Shareholders' equity	9 179	1 003	9 118	7 616
Pension provisions	479	52	475	397
Deferred tax provisions	211	23	205	288
Other provisions	853	93	849	730
Interest-bearing long-term liabilities	6 412	701	6 623	8 640
Other long-term liabilities	–	–	2	7
Interest-bearing current liabilities	509	65	514	1 041
Other current liabilities	2 977	326	2 390	2 706
Total liabilities and shareholders' equity	20 620	2 254	20 176	21 425

¹⁾ Currency conversion for comparison purposes only. The closing day rate of 9.14725 has been used for conversions to EUR.

SUMMARY OF CONSOLIDATED STATEMENTS OF CASH FLOW	Q 1	Full year	Q 1
	2005	2 004	2004
	SEK m	EUR m ¹⁾	SEK m
Cash flow from operating activities	249	27	476
Investment activities	-76	-8	-482
Financing activities	-314	-35	-271
Exchange rate difference in liquid assets	-1	–	6
Change in liquid assets	-142	-16	-271

¹⁾ Currency conversion for comparison purposes only. An average rate of 9.0748 has been used for conversions to EUR.

Net sales

Boliden's net sales totalled SEK 4,475 million (SEK 4,498 m) for the first quarter of 2005. Net sales were negatively affected by the lower US dollar exchange rate and lower gold production levels compared with the corresponding period of the previous year. This was offset by higher metal prices and increased production, primarily of zinc and copper, at both mines and smelters.

Profit performance

The operating result before depreciation (EBITDA) totalled SEK 718 million (SEK 771 m) for the first quarter of 2005. The operating result (EBIT) fell to SEK 415 million (SEK 475 m) for the first quarter of 2005, corresponding to an operating margin of 9.3 per cent (10.6%). The improvement in the operating result is mainly attributable to the same factors as those affecting net sales (see above), as well as to higher costs, primarily for input goods (electricity, oil and spare parts).

The result after financial items increased slightly to SEK 353 million (SEK 348 m) for the first quarter of 2005. Lower debt, better loan terms and capital gains of SEK 20 million from the sale of shares in Lundin Mining Corporation all had a positive effect on net financial items.

Cash flow

The cash flow from operating activities totalled SEK 249 million (SEK 476 m). Operating capital increased due to higher metal prices and temporarily higher stock levels, particularly within Copper, due to earlier than planned deliveries of copper concentrate from external mines.

Acquisition of tangible fixed assets totalled SEK -223 million (SEK -349 m). The higher investment figure in 2004 is primarily attributable to investments in Odda and Tara.

Liabilities totalling a net amount of SEK 314 million (SEK 508 m) were amortised during the period.

The operations conducted by Boliden are characterised by major changes in operating capital from one quarter to another, since individual incoming and outgoing deliveries of metal concentrate and outgoing deliveries of products from the smelters command substantial values.

Financial position

	31 st March	31 st Dec.	31 st March
	2005	2004	2004
Net debt (SEK m)	6 491	6 471	7 696
Shareholders' equity (SEK m)	9 179	9 118	7 616
Net debt/shareholders' equity, %	71	71	101
Equity/assets ratio, %	44.5	45.2	35.5

New Boliden's financial position has improved significantly as a result of improved profitability, the structural transaction with Outokumpu and the new issues in 2004. With a debt/equity ratio of 0.71 at the end of March, Boliden has succeeded in attaining the financial goal it had set itself of a debt/equity ratio within the 0.50 – 0.75 interval. The debt/equity ratio in the first quarter is affected by the new reporting in accordance with IFRS, which means that the market valuation of currency and raw material futures reduces shareholders' equity.

In April 2005, Boliden established a commercial paper programme that enables Boliden to issue commercial papers totaling a maximum of SEK 1.5 billion and with a maximum tenor of 12 months. The new programme widens Boliden's financing base and creates increased flexibility concerning the management of debt and liquidity. At the time of this report, commercial paper totalling SEK 850 million has been issued. At the same time, Boliden's liquidity in the form of liquid assets and unutilised binding credit facilities totalled SEK 2,520 million as of 31st March 2005.

Integration process and synergies

The integration of the operations within new Boliden has attained its previously announced goals earlier than planned, with operational synergies totalling at least SEK 270 million on a full-year basis. The synergy and integration efforts will be continuing in 2005 with a view to identifying further synergies and ensuring that the full effect of the operational synergies achieved so far is felt on an annual basis as of 2006.

PRODUCT SEGMENTS COPPER AND ZINC

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

PRODUCT SEGMENT COPPER

Product Segment Copper includes, among others, the operations at the Aitik mine. Production at the mine mainly comprises copper, but also includes precious metals in the form of gold and silver. In addition, the segment includes the Rönnskär copper smelter in Sweden and the Harjavalta smelter in Finland, as well as the Boliden Bergsöe lead smelter in Sweden. Smelter production consists primarily of copper, but also includes lead, gold, silver and lead alloys (Boliden Bergsöe).

Production Copper

Metal production	Q 1		Change in %
	2005	2004	
Mines, COPPER			
Copper, tonnes	13,152	13,986	-6
Gold, kg	315	360	-12
Silver, kg	10,721	13,001	-18

Production of copper in the form of concentrate from Aitik fell during the first quarter to 13,152 (13,986) tonnes. Production was also significantly lower than in the fourth quarter of 2004, mainly due to lower grades compared with both the first and fourth quarters of 2004. Production of gold and silver in concentrates was also lower than in the same periods of 2004. Copper grades are expected to increase at Aitik during the rest of the year.

Metal production	Q 1		Change In %
	2005	2004	
Smelters, COPPER			
Copper, tonnes	89,196	89,613	-1
Gold, kg	5,184	6,033	-14
Silver, kg	123,099	110,311	12
Lead, tonnes	8,796	8,141	8
Lead alloys, Bergsöe, tonnes	13,000	12,355	5

Production of copper cathodes at Rönnskär and Harjavalta totalled 89,196 (89,613) tonnes. Production was slightly lower than in the fourth quarter of 2004. This was mainly due to a few minor production disruptions, as well as to the fact that there were fewer production days in the first quarter of 2005.

The supply of external mining concentrates was high and is expected to remain stable during 2005. As of the turn of the year, deliveries from the Portuguese Neves Corvo mine also increased in accordance with the ten-year partnership agreement signed in 2004. Deliveries to Boliden will total between 150,000 and 200,000 tonnes of copper concentrate per year.

During the second quarter, both Rönnskär and Harjavalta will be implementing planned maintenance stops. These will entail reduced income and increased costs, which is expected to have a negative effect of approximately SEK 85 million on the operating result in the second quarter.

Boliden Bergsöe's lead production increased in the first quarter compared with both the first and fourth quarters of 2004. The integration of Boliden Bergsöe into Product Segment Copper is progressing as planned.

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Net sales, results and investments

SEK m	Q 1		Change in %
	2005	2004	
Net sales	3 187	3 242	-2
Result before depreciation	375	483	-22
Depreciation	144	144	0
Operating result	231	339	-32
Investments	77	49	57
Capital employed	8 230	7 810	5

Net sales for Product Segment Copper totalled SEK 3,187 million (SEK 3,242 m) for the first quarter of 2005. The operating result totalled SEK 231 million (SEK 339 m), which is equivalent to an operating margin of 7.2 per cent (10.4%). The operating result was positively affected by increased production, higher metal prices and treatment and refining charges, as well as a stock profit of SEK 30.7 million (SEK 34.7 m) in the Copper process stores. At the same time, the result was negatively affected, principally by lower revenues as a result of the deterioration in the US dollar exchange rate during the first quarter compared with the corresponding period of the previous year. The full effect of the higher contractual treatment and refining charges for 2005 will not be felt until the second quarter.

PRODUCT SEGMENT ZINC

Product Segment Zinc includes, among other things, the operations at the mines in the Boliden Area, as well as Garpenberg and Tara. Production at the mines primarily consists of zinc, but also includes copper and lead, and the precious metals gold and silver. The segment also includes the Boliden Kokkola zinc smelter in Finland and the Boliden Odda zinc smelter in Norway. Smelter production mainly comprises zinc, although Boliden Odda also produces aluminium fluoride.

Production Zinc

Metal production	Q 1		Change in %
	2005	2004*	
Mines, ZINC			
Zinc, tonnes	87,021	81,521	7
Copper, tonnes	5,875	4,757	24
Lead, tonnes	11,995	12,201	-2
Gold, kg	737	749	-2
Silver, kg	47,807	52,069	-8

* The 2004 figures do not include Myra Falls, whose figures were: Zn 13,999 tonnes, Cu 2,198 tonnes, Au 194 kg, Ag 4,012 kg.

Production of zinc in the form of concentrate increased during the first quarter to 87,021 (81,521) tonnes. Production was however lower than in the fourth quarter of 2004. Production of lead and gold in concentrates remained essentially on a par with production in the first quarter of 2004, while the production of both lead and gold in the form of concentrates was lower than in the fourth quarter of 2004.

Production of zinc at Tara increased during the first quarter of 2005 compared with the corresponding period of the previous year, although it was lower than in the fourth quarter of 2004. The lower production figures compared with the fourth quarter are mainly due to lower grades in the ore mined. The grades are now gradually increasing and this will improve production levels at Tara.

In the Boliden Area, production of zinc in the form of concentrate improved while production of gold in concentrate declined compared with both the first and fourth quarters of 2004.

Garpenberg continues to report healthy production levels, although production was somewhat lower than in both the first and fourth quarters of 2004. In early 2005 a smaller proportion of the high-grade Lappberget ore, compared to the fourth quarter 2004, was mined and this had a negative impact on production.

Smelter production

Metal production	Q 1		Change in %
	2005	2004	
Smelters, ZINC			
Zinc, tonnes	108,845	106,143	2
Aluminium fluoride, tonnes	7,975	8,274	-4

Zinc production was healthy at Boliden's zinc smelters Kokkola in Finland and Odda in Norway, totalling 108,845 (106,143) tonnes during the first quarter.

Production at Boliden Kokkola remained on a par with that seen in the corresponding period of the previous year, but failed to reach the record production level reported in the fourth quarter of 2004. The running-in of the new direct leaching process at Boliden Odda has been successful and production levels in the first quarter of 2005 were almost on a par with anticipated production, and considerably higher than in the fourth quarter of 2004.

Net sales, results and investments

SEK m	Q 1		Change in %
	2005	2004	
Net sales	1 517	1 549	-2
Result before depreciation	378	364	4
Depreciation	160	148	8
Operating result	218	216	1
Investments	146	282	-48
Capital employed	7 975	7 594	5

Net sales in Product Segment Zinc totalled SEK 1,517 million (SEK 1,549 m) for the first quarter of 2005. The operating result totalled SEK 218 million (SEK 216 m), which is equivalent to an operating margin of 14.4 per cent (13.9%). The operating result was positively affected by increased production and higher metal prices. At the same time, the result was negatively affected, mainly by lower revenues as a result of a deterioration in the US dollar exchange rate during the first quarter compared with the corresponding period of the previous year.

Mining production - total

Metal production	Q 1		Change in %
	2005	2004*	
Mines, TOTAL			
Zinc, tonnes	87,021	81,521	7
Copper, tonnes	19,027	18,743	2
Lead, tonnes	11,995	12,201	-2
Gold, kg	1,053	1,109	-5
Silver, kg	58,529	65,068	-10

* The 2004 figures do not include Myra Falls, whose figures were: Zn 13,999 tonnes, Cu 2,198 tonnes, Au 194 kg, Ag 4,012 kg.

Employees

The average number of employees at new Boliden at the end of the first quarter was 4,418, and the figure breaks down into 2,228 in Sweden, 1,120 in Finland, 375 in Norway, 666 in Ireland and 29 in other countries. This represents a decrease of 61 compared with 2004 as a whole, when the average number of employees came to 4,479.

Environment, Health and Safety

Sick-leave rates show a steadily decreasing trend in the Boliden Group. In order to encourage this trend a project for health promotion has been started within the Group. The lost-time injury frequency also shows a steadily decreasing trend at all operations. The rates in Swedish mines were especially good last year; early this year, however, a few accidents have occurred with minor injuries and short absence. This has resulted in a temporary increase in lost-time injury frequency.

A serious incident occurred at Aitik when part of the roof of a workshop collapsed. No one was injured.

Compliance with environmental permits was good at all operations.

Work continues with management system certification within Boliden, and during Q 1 Boliden Bergsöe was awarded a certificate for their quality work in accordance with ISO 9001:2000.

The Parent Company

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

Other matters

Taxes

The reported tax cost amounts to 27 per cent of earnings before taxes. As Boliden has a large taxable unutilized tax loss carried forward the actual tax payment will continue to be low in 2005.

Important events

In January 2005, the sale of Bergsöe was stopped when the parties failed to reach agreement on the terms and conditions of the sale. The lead smelter will now be integrated into Boliden's Product Segment Copper.

In February, Boliden sold all its shares in Lundin Mining Corporation. The proceeds of the sale came to SEK 147 million and Boliden will make a capital gain of SEK 20 million on the sale.

In April, Boliden established a commercial paper programme that will enable the company to issue commercial paper totalling a maximum of SEK 1.5 billion with a maximum tenor of 12 months.

Principles for quarterly reports

As of 1st January 2005, the Boliden Group is reporting in accordance with the International Financial Reporting Standards (IFRS), approved by the EU. As required by the IFRS, in this report Boliden has recalculated the comparative figures for 2004 in accordance with IFRS. This interim report is the first financial report in which Boliden applies the IFRS principles. The interim report has been drawn up in accordance with IAS 34 interim reporting. At the end of this report, under the heading "Transition to IFRS 2005" you will find a description of how the transition from Swedish reporting principles to IFRS has affected Boliden's result, financial position and cash flow. Please refer to Boliden's press release dated 21st April, 2005 for further information on how the transition has affected Boliden's financial information

Interim Reports

The Interim Report for January-June 2005 will be published on 25th July 2005.

The Interim Report for January-September 2005 will be published on 25th October 2005.

Stockholm
27th April 2005

Jan Johansson
President and CEO

This Interim Report has not been subjected to specific examination by the company's auditors.

Interim Report, January-March 2005**Breakfast presentation and conference call on 28th April**

The capital market is hereby invited to a breakfast presentation and conference call with Boliden's President, Jan Johansson, and members of the Group Management on **Thursday, 28th April 2005**. The breakfast presentation will begin at 8 a.m. (CET 08.00) at Operaterrassen, Karl XII:s torg, Stockholm, Sweden. Please send your request to attend the breakfast presentation to Helén Sand, helen.sand@boliden.com.

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

To take part in the conference call, please phone:

- from Sweden: 08-50 52 01 14 (remember to dial the area code)

- from abroad: +44 (0)207 162 0185

a couple of minutes before the conference call starts.

OH slides will be available on the Boliden website at www.boliden.com approximately one hour before the start of the conference call. A recording of the conference call will be available from 6 p.m. on 28th April until 6 p.m. on 5th May to callers dialling +46 (0)8 505 20 333 or +44 (0)20 7031 4064 and using the code 656305.

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INCOME STATEMENTS

	Q 1	Q 1	Full year
	2005	2004	2004
Net sales	4 475	4 498	17 928
Cost of goods sold	-3 869	-3 838	-15 398
Gross result	606	660	2 530
Selling expenses	-82	-80	-333
Administrative expenses	-103	-90	-396
Research and development costs	-39	-38	-169
Other operating income and expenses	32	23	328
Results from participations in associated companies	1	-	85
Loss on the sale of operations	-	-	-214
Operating result	415	475	1 831
Financial income and expenses	-62	-127	-466
Result after financial items	353	348	1 365
Taxes	-97	-41	-145
Result for the period	256	307	1 220
Earnings per share, SEK	0.88	1.47	4.98
Earnings per share after dilution, SEK	0.88	1.47	4.97
Shareholders' equity per share, SEK	31.72	30.18	31.51
<i>Number of shares</i>	<i>289 387 169</i>	<i>252 387 169</i>	<i>289 387 169</i>
<i>Average number of shares</i>	<i>289 387 169</i>	<i>209 262 854</i>	<i>244 944 346</i>
<i>Average number of shares after dilution</i>	<i>289 844 363</i>	<i>209 607 854</i>	<i>245 401 540</i>

Other key ratios

Return on capital employed, %	10.7	12.7	11.9
Return on shareholders' equity, %	11.2	18.9	16.1
Equity/assets ratio, %	44.5	35.5	45.2
Net debt/shareholders' equity, %	71	101	71
Depreciation, SEK m	303	296	1 146
Investments, SEK m	223	350	1 536
Capital employed, SEK m	15 445	15 143	15 365
Net debt, SEK m	6 491	7 696	6 471

BALANCE SHEETS

	31 st March	31 st March	31 st Dec.
	2005	2004	2004
Intangible fixed assets	3 013	2 996	2 915
Tangible fixed assets	11 596	11 633	11 587
Deferred tax	542	489	475
Interest-bearing assets	92	71	203
Other financial fixed assets	45	105	47
Inventories	3 146	2 376	2 679
Interest-bearing current receivables	85	9	66
Other receivables	1 368	1 446	1 330
New issue in progress	–	1 193	–
Liquid assets	733	1 107	874
Total assets	20 620	21 425	20 176
Shareholders' equity	9 179	7 616	9 118
Pension provisions	479	397	475
Deferred tax provisions	211	288	205
Other provisions	853	730	849
Interest-bearing long-term liabilities	6 412	8 640	6 623
Other long-term liabilities	–	7	2
Interest-bearing current liabilities	509	1 041	514
Other current liabilities	2 977	2 706	2 390
Total liabilities and shareholders' equity	20 620	21 425	20 176

Specification of change in shareholders' equity	31 st March	31 st March	31 st Dec.
SEK m	2005	2004	2004
Opening balance	9 118	6 100	6 100
Effect of change in accounting principle, net after tax			
RR 29, Remuneration to employees	–	-90	-115
IAS 39, Financial instruments	6	–	–
New issue in progress	–	1 390	–
New issue	–	–	2 283
Result for the period	256	307	1 220
Closed out futures contracts, after fiscal effect	-61	-90	-341
Market valuation of financial instruments, after fiscal effect	-139	–	–
Translation differences	-1	-1	-29
Closing balance	9 179	7 616	9 118

STATEMENTS OF CASH FLOW

SEK m	Q 1 2005	Q 1 2004	Full year 2004
Cash flow from operating activities before changes in operating capital	518	534	2 341
Cash flow from changes in operating capital	-269	-58	-789
Cash flow from operating activities	249	476	1 552
Investment activities			
- Acquisitions of tangible fixed assets	-223	-349	-1 534
- Other	147	-133	26
Cash flow from investment activities	-76	-482	-1 508
Cash flow before financing activities	173	-6	44
Financing activities	-314	-271	-549
Exchange rate difference on liquid assets	-1	6	1
Change in liquid assets	-142	-271	-504

INFORMATION PER SEGMENT

SEK m

Q 1 2005

	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	3 187	1 517	-229	4 475
Operating result	231	218	-34	415
Depreciation	144	160	-1	303
Investments	77	146	-	223
Capital employed	8 230	7 975	-760	15 445

Q 1 2004

	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	3 242	1 549	-293	4 498
Operating result	339	216	-80	475
Depreciation	144	148	4	296
Investments	49	282	19	350
Capital employed	7 810	7 594	-261	15 143

Full year 2004

	<u>Copper</u>	<u>Zinc</u>	<u>Other</u>	<u>The Group</u>
Net sales	12 901	6 350	-1 323	17 928
Operating result	1 393	808	-370	1 831
Depreciation	577	571	-2	1 146
Investments	410	1 085	41	1 536
Capital employed	8 227	7 656	-518	15 365

Sensitivity analysis 2005

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

Change in metal prices +10%	Effect on op. result SEK m	Change in USD +10%	Effect on op. result SEK m	Change in TC/RC +10%	Effect on op. result SEK m
Copper	241	USD/SEK	497	TC/RC Copper	111
Zinc	360	EUR/USD	267	TC Zinc	11
Lead	56	USD/NOK	55	TC Lead	-8
Gold	55				
Silver	43				
Nickel	38				

Currency risks

Currency contracts on 31st March 2005 in respect of exchange rate hedging of commercial currency exposure in USD/SEK are reported in summary form in the table below. Boliden's other currency risks in respect of commercial exposure are, in all significant respects, unhedged.

USD m		Currency forwards	Currency options	
			Floor	Cap
Maturity year 2005	Amount, sold	11	151	43
	Rate ¹	9.94	7.11	9.06
Maturity year 2006	Amount, sold		60	
	Rate ¹		6.70	
Total, unrealised contracts		11	211	43

¹⁾ Income rate for currency forwards and strike for currency options. Rates for options have been calculated as weighted strike rates in the portfolio. The floors in the options portfolio are divided between USD/SEK 6.70-8.30 and the caps between USD/SEK 8.22-9.50.

The contribution level in respect of USD/SEK income rates according to the table above for 2005 and 2006 is 22 per cent and 8 per cent respectively, calculated on the basis of the price assumptions in the sensitivity analysis table.

Transition to International Financial Reporting Standards (IFRS) 2005

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

The transition to IFRS means that comparative figures for 2004 have to be recalculated except for IAS 32/IAS 39, Financial Instruments, which are applied from 2005. The opening balance for 2005 contains effects from these recommendations.

The recommendations of the Swedish Financial Accounting Standards Council, which were applied by the group, were primarily based on earlier versions of IAS that, in certain respects, have subsequently been updated under IFRS. As a consequence most of Boliden's accounts are already in compliance with IFRS. The effects that arise are thus mainly limited to the updates made to existing IAS standards and the issuing of new standards (IFRS 1-6) and statements.

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

Below you will find quarterly re-calculated Income Statements and Balance Sheets for 2004 and re-calculated Balance Sheet as of 2005-01-01 according to IFRS. There are no material changes between the statement of cash flows according to IFRS and statement of cash flows according to earlier GAAP.

Background

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

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

Voluntary exceptions

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

- Only acquisitions and mergers completed from the transition date of 1st January 2004 are recalculated in accordance with IFRS 3. The requirements imposed by IFRS 1 with regards to recalculation in respect of certain acquisitions prior to this point in time are not considered to have an impact on Boliden's equity at the time of the transition.
- Boliden has chosen to apply IAS 19 as of the transition date of 1st January 2004, which means, among other things, that actuarial profits and losses arising prior to this date are recorded in the opening balance of shareholders' equity.
- According to IFRS, fixed assets may not be written up, unless the revaluation method is applied. IFRS 1 does however permit that a write-up made prior to the transition point can be regarded as the acquisition value at the time when the write-up was performed. In light of the write-up of the Rönnskär plant, which that was performed in 2001 with SEK 2,066 million net of deferred taxes, Boliden has chosen to make use of this exemption. The exemption rule also requires that the value of the write-up was comparable with the market value of the asset.
- Accumulated translation differences when translating foreign subsidiaries are closed out at the time of transition.
- Share-related remunerations are reported in accordance with IFRS 2 for all share-related remunerations awarded after 7th November 2002 and not earned on 1st January 2005. Boliden has chosen not to apply IFRS 2 retroactively prior to this date.

The following recommendations have affected Boliden's reporting**1. Intangible Assets**

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

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

2. Financial Instruments

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

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

Boliden will apply hedge accounting for financial derivatives acquired in order to hedge part of forecasted currency, metal and interest flows. At the start of 2005, the market value of these derivatives was negative SEK 3 million net of deferred taxes, and has been recorded against shareholders' equity.

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

At the start of 2005, the difference between market value and the book value for other shareholdings was SEK 8 million net of deferred taxes. The effect has been recorded directly against shareholders' equity.

The values of embedded derivatives in contracts currently in force are not regarded as material.

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

THE GROUP – Q 1 2004

INCOME STATEMENTS

SEK m	Q 1 2004		Q 1 2004
	In accordance with Sw. GAAP	Adjusted for IFRS	In accordance with IFRS
Net sales	4 498	–	4 498
Cost of goods sold	-3 879	41	-3 838
Gross result	619	41	660
Selling expenses	-80	–	-80
Administrative expenses	-90	–	-90
Research and development costs	-38	–	-38
Other operating income and expenses	23	–	23
Results of participations in associated companies	–	–	–
Loss on the sale of operations	–	–	–
Operating result	434	41	475
Financial income and expenses	-127	–	-127
Result after financial items	307	41	348
Taxes	-41	–	-41
Result for the period	266	41	307
Earnings per share, SEK	1.27		1.47
Earnings per share after dilution, SEK	1.27		1.47
Shareholders' equity per share, SEK	30.01		30.18
<i>Number of shares</i>	<i>252 387 169</i>		<i>252 387 169</i>
<i>Average number of shares</i>	<i>209 262 854</i>		<i>209 262 854</i>
<i>Average number of shares after dilution</i>	<i>209 607 854</i>		<i>209 607 854</i>
Other key ratios			
Return on capital employed, %	11.6		12.7
Return on shareholders' equity, %	15.6		18.9
Equity/assets ratio, %	35.4		35.5
Net debt/shareholders' equity, %	103		101
Depreciation, SEK m	337		296
Investments, SEK m	350		350
Capital employed, SEK m	15 019		15 143
Net debt, SEK m	7 764		7 696

BALANCE SHEETS

SEK m	31 st March 2004		31 st March 2004
	In accordance with Sw. GAAP	Adjusted for IFRS	In accordance with IFRS
Intangible fixed assets	2 954	42	2 996
Tangible fixed assets	11 633	–	11 633
Deferred tax	489	–	489
Interest-bearing assets	71	–	71
Other financial fixed assets	105	–	105
Inventories	2 376	–	2 376
Interest-bearing current receivables	9	–	9
Other receivables	1 446	–	1 446
New issue in progress	1 193	–	1 193
Liquid assets	1 107	–	1 107
Total assets	21 383	42	21 425
Shareholders' equity	7 574	42	7 616
Pension provisions	397	–	397
Deferred tax provisions	288	–	288
Other provisions	730	–	730
Interest-bearing long-term liabilities	8 640	–	8 640
Other long-term liabilities	7	–	7
Interest-bearing current liabilities	1 041	–	1 041
Other current liabilities	2 706	–	2 706
Total liabilities and shareholders' equity	21 383	42	21 425

Specification of change in shareholders' equity

Opening balance	6 100	–	6 100
Effect of change in accounting principle, net after tax			
RR 29, Remuneration to employees	-90	–	-90
New issue in progress	1 390	–	1 390
Result for the period	266	41	307
Closed out futures contracts, after fiscal effect	-90	–	-90
Translation differences	-2	1	-1
Closing balance	7 574	42	7 616