

2007 BCSECCOM 20

December 8, 2006

Headnote

Mutual Reliance Review System for Exemptive Relief Applications

National Instrument 51-102 *Continuous Disclosure Obligations*, s. 13.1 – all continuous disclosure requirements - General - A credit support issuer wants an exemption from having to file continuous disclosure documents to permit it to rely on the continuous disclosure documents of its credit supporter - The issuer is a credit support issuer under section 13.4 except its parent issuer is not an SEC issuer and it has issued certain securities other than those permitted in s. 13.4(2)(c); the parent issuer meets the definition of “designated foreign issuer” in NI 71-102 *Continuous Disclosure and Other Exemptions Relating to Foreign Issuers*; the issuer will comply with conditions that parallel those in section 13.4, except it will file its parent’s documents that a designated foreign issuer is permitted to file under NI 71-102

Securities Act s. 91 – insider reporting obligations - An issuer wants relief from the requirement to file insider reports for its insiders - The issuer is a credit support issuer that cannot rely on the exemption in National Instrument 51-102 *Continuous Disclosure Obligations* because it does not comply with all of the conditions for continuous disclosure relief in NI 51-102; as a result, its insiders cannot rely on the insider reporting exemptions in NI 51-102; the issuer has been granted discretionary relief from NI 51-102 requirements

Multilateral Instrument 52-109 *Certification of Disclosure in Issuers’ Annual and Interim Filings*, s. 4.5 – certification requirements - An issuer wants relief from the requirements in Parts 2 and 3 of MI 52-109 to file annual and interim certificates - The issuer has applied for and received an exemption from filing interim and annual financial statements

National Instrument 58-101 *Disclosure of Corporate Governance Practices*, s. 3.1 – corporate governance disclosure requirements - A credit support issuer wants an exemption from NI 58-101 - The issuer is a credit support issuer that cannot rely on the exemption in s. 1.3(c) because it does not comply with all of the conditions for continuous disclosure relief in s. 13.4 of National Instrument 51-102 *Continuous Disclosure Obligations*; the issuer has been granted discretionary relief from NI 51-102 requirements

National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*, s. 9.1 – requirements concerning financial information derived from a credit support issuer’s consolidated financial statements - A credit support issuer wants relief from the requirements relating to

2007 BCSECCOM 20

financial information it files that is derived from its consolidated financial statements - The issuer will file the financial information required under proposed amendments to s. 13.4 of NI 51-102 *Continuous Disclosure Obligations*; the information will be prepared in accordance with accounting principles that are acceptable for the credit supporter as a foreign issuer

Applicable British Columbia Provisions

National Instrument 51-102, s. 13.1

Securities Act, R.S.B.C. 1996, c. 418, ss. 85, 87, 87.1 and 91

Multilateral Instrument 52-109, s. 4.5

National Instrument 58-101, s. 3.1

National Instrument 52-107, ss. 3.5 and 9.1

National Instrument 71-102, Part 5

In the Matter of
the Securities Legislation of
Alberta, British Columbia, Saskatchewan, Manitoba, Ontario, Québec, New
Brunswick, Nova Scotia, Newfoundland and Labrador, the Northwest Territories,
Yukon Territory and Nunavut
(collectively, the “Jurisdictions”)

and

In the Matter of
the Mutual Reliance Review System for Exemptive Relief Applications

and

In the Matter of
Falconbridge Limited, Xstrata plc
and Xstrata Canada Inc.
(the “Filers”)

MRRS Decision Document

Background

The local securities regulatory authority or regulator (the “Decision Maker”) in each of the Jurisdictions has received an application (the “Application”) from the Filers for a decision under the securities legislation of the Jurisdictions (the “Legislation”) that:

- (a) Falconbridge Limited (“Falconbridge”) be granted an exemption from the requirements of Parts 4 through 12 of National Instrument

2007 BCSECCOM 20

51-102 – Continuous Disclosure Obligations (“NI 51-102”) pursuant to section 13.1 of NI 51-102, except in the Northwest Territories, where NI 51-102 has been adopted as a policy only;

- (b) Falconbridge be granted an exemption from the requirements of National Instrument 58-101 - Disclosure of Corporate Governance Practices (“58-101”) pursuant to section 3.1 of NI 58-101, except in the Northwest Territories, where NI 58-101 has been adopted as a policy only;
- (c) Falconbridge be granted an exemption from the requirements of section 3.5 of National Instrument 52-107 – Acceptable Accounting Principles, Auditing Standards and Foreign Currency (“NI 52-107”) pursuant to section 9.1 of NI 52-107;
- (d) Falconbridge be granted an exemption (the “Certification Relief”) from the requirements of Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings (“MI 52-109”) pursuant to section 4.5 of MI 52-109;
- (e) Except in British Columbia, Falconbridge be granted an exemption (the “Audit Committee Relief”) from the requirements of Multilateral Instrument 52-110 – Audit Committees (“MI 52-110”) pursuant to section 8.1 of MI 52-110; and
- (f) the insider reporting requirements and requirement to file an insider profile under National Instrument 55-102 – System for Electronic Disclosure by Insiders will not apply to an insider of Falconbridge in respect of securities of Falconbridge (the “Insider Reporting Relief”);

(the exemptions in clause (a), (b) and (c), collectively, the “Continuous Disclosure Relief”).

Under the Mutual Reliance Review System for Exemptive Relief Applications:

- (a) the Ontario Securities Commission is the principal regulator for the Application); and
- (b) this MRRS decision document evidences the decision of each Decision Maker.

2007 BCSECCOM 20

Interpretation

Defined terms contained in National Instrument 14-101 – Definitions have the same meaning in this decision unless they are defined in this decision.

Representations

This decision is based on the following facts represented by the Filers:

Xstrata and Xstrata Canada

1. Xstrata plc (“Xstrata”) is a corporation incorporated and existing under the laws of England and Wales with its principal executive offices in Zug, Switzerland. Xstrata's ordinary shares are listed on the London and Swiss stock exchanges.
2. Xstrata is the fifth largest diversified mining group in the world. Xstrata's operations and projects span five continents and 18 countries.
3. Xstrata Canada Inc. (“Xstrata Canada”) is a corporation incorporated and existing under the laws of the Province of Ontario. Xstrata Canada is a wholly-owned indirect subsidiary of Xstrata and was incorporated for the purpose of acquiring Falconbridge. On May 18, 2006, Xstrata Canada made an offer, as varied, amended, and supplemented by a notice of extension dated July 7, 2006, a notice of variation dated July 11, 2006, a notice of variation dated July 21, 2006 and a notice of extension dated August 15, 2006 (as varied, amended and supplemented, the “Offer”), to purchase all of the issued and outstanding common shares of Falconbridge (the “Common Shares”), other than any Common Shares owned directly or indirectly by Xstrata or Xstrata Canada or their affiliates, at a price of \$62.50 per Common Share.
4. Xstrata Canada has taken up and paid for an aggregate of 276,832,309 Common Shares under the Offer, representing approximately 72.9% of the issued and outstanding Common Shares on a fully-diluted basis. Xstrata Canada has acquired by compulsory acquisition an additional 8,937,014 Common Shares. Xstrata indirectly owns an additional 92,222,426 Common Shares through 1184760 Alberta Ltd., which is a wholly-owned indirect subsidiary of Xstrata. Together with their associates and affiliates, Xstrata and Xstrata Canada beneficially own 377,994,397 Common Shares, representing 100% of Falconbridge's issued and outstanding voting securities.

2007 BCSECCOM 20

5. As a company incorporated in the United Kingdom (the “U.K.”) and whose ordinary shares are listed on the London Stock Exchange plc (the “LSE”), Xstrata is subject to the financial reporting requirements of the Listing Rules (the “U.K. Listing Rules”) of the Financial Services Authority of the United Kingdom (the “FSA”) pursuant to which Xstrata publishes and files its financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). Financial statements are currently required by the U.K. Listing Rules to be filed with the FSA on a semi-annual basis. (Filing with the FSA entails forwarding the document to the FSA for publication on the FSA's document viewing facility.) Under the U.K. Listing Rules, Xstrata's annual financial statements are required to be filed as soon as possible after they have been approved, and within six months of Xstrata's financial year end. The U.K. Listing Rules also require that Xstrata approve and file a preliminary statement of annual results within 120 days following the end of its financial year. The half yearly financial statements in respect of the first six months of Xstrata's financial year are required to be filed as soon as possible after they have been approved but no later than 90 days after the end of the period. Xstrata's financial year end is December 31.
6. Neither Xstrata nor Xstrata Canada is a reporting issuer or equivalent in any Jurisdiction.
7. Xstrata does not have a class of securities registered under section 12 of the 1934 Act and is not required to file reports under section 15(d) of the 1934 Act.
8. None of Xstrata's equity securities are owned of record by residents of Canada. The total number of equity securities of Xstrata owned, directly or indirectly, by residents of Canada does not exceed 10 per cent, on a fully-diluted basis, of the total number of Xstrata's equity securities.

Falconbridge

9. Falconbridge is a corporation incorporated and existing under the laws of the Province of Ontario with its principal executive offices located in Toronto, Ontario. Falconbridge is the result of an amalgamation between Noranda Inc. and the former Falconbridge Limited, which occurred on June 30, 2005. Falconbridge's financial year end is December 31.
10. Falconbridge is principally engaged in the production of copper and nickel and has investments in fully integrated zinc and aluminium assets.

2007 BCSECCOM 20

11. The authorized capital of Falconbridge consists of an unlimited number of Common Shares, an unlimited number of preferred shares issuable in series and an unlimited number of participating shares issuable in series. As of November 2, 2006, there were issued and outstanding:
 - (a) 377,994,397 Common Shares, all of which are owned indirectly by Xstrata;
 - (b) 6,000,000 cumulative redeemable preferred shares, Series H (the "Series H Preferred Shares");
 - (c) 4,787,283 cumulative redeemable preferred shares, Series 2 (the "Series 2 Preferred Shares"); and
 - (d) 3,122,822 cumulative redeemable preferred shares, Series 3 (the "Series 3 Preferred Shares" and, together with the Series H Preferred Shares and the Series 2 Preferred Shares, the "Preferred Shares").
12. Falconbridge is a reporting issuer or its equivalent in each of the Jurisdictions where such status exists.
13. Falconbridge is not in default of any of the requirements of the Legislation other than the requirements to file interim financial statements for the nine months ended September 30, 2006 by November 14, 2006.
14. The Common Shares were delisted from the Toronto Stock Exchange (the "TSX") on November 1, 2006 and from the New York Stock Exchange on August 17, 2006. The Preferred Shares are listed on the TSX. No other securities of Falconbridge are listed on a securities exchange.
15. The holders of the Series H Preferred Shares are entitled to receive fixed, preferential, cumulative cash dividends of \$1.625 per annum, payable quarterly. The holders of the Series 2 Preferred Shares are entitled to receive a floating rate dividend, payable monthly, based on prevailing monthly prime lending rates and an adjustment factor based on the trading price of the Series 2 Preferred Shares. The holders of the Series 3 Preferred Shares are entitled to receive fixed, preferential cumulative cash dividends, payable quarterly. The dividends rate on the Series 3 Preferred Shares is set for five year intervals commencing March 1, 2004 and is based on a percentage of the yield on Government of Canada bonds having five year maturities.

2007 BCSECCOM 20

16. Except as otherwise provided by law and except for meetings of the holders of the Preferred Shares as a class and meetings of holders of Series H Preferred Shares as separate series, the holders of the Series H Preferred Shares are not entitled to receive notice of, or to attend, or to vote at, any meeting of shareholders of Falconbridge, unless and until Falconbridge has failed to pay eight quarterly dividends, in which case, so long as any dividends are in arrears, the holders of the Series H Shares will be entitled to vote in the same class as the Common Shares, with each Series H Preferred Share having one vote. In addition, amendments to the rights, privileges, restrictions and conditions attaching to the Series H Preferred Shares require the approval of not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of holders of the Series H Preferred Shares.
17. The holders of the Series 2 Preferred Shares and the Series 3 Preferred Shares are entitled to receive notice of meetings of shareholders of Falconbridge called for the purpose of authorizing the dissolution of the Corporation or the sale, lease or exchange of all or substantially all of the property of the Corporation other than in the ordinary course of business. In addition, if Falconbridge fails to pay 24 monthly dividends on the Series 2 Preferred Shares, whether or not consecutive, the holders of the Series 2 Preferred Shares will have the right to receive notice of, and to attend, subsequent meetings of Falconbridge shareholders and will have the right at any such meeting to one vote for each Series 2 Preferred Share held, until all such arrears of dividends on the Series 2 Preferred Shares are paid. If Falconbridge fails to pay 8 quarterly dividends on the Series 3 Preferred Shares, whether or not consecutive, the holders of the Series 3 Preferred Shares will have the right to receive notice of, and to attend, subsequent meetings of Falconbridge shareholders and will have the right at any such meeting to one vote for each Series 3 Preferred Share held, until all such arrears of dividends on the Series 3 Preferred Shares are paid.
18. Currently, none of the dividends on the Preferred Shares are in arrears.
19. Amendments to the rights, privileges, restrictions and conditions attaching to the Series 2 Preferred Shares require the approval of not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of the holders of the Series 2 Preferred Shares. Amendments to the rights, privileges, restrictions and conditions attaching to the Series 3 Preferred Shares require the approval of not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of holders of the Series 3 Preferred Shares. The provisions of the Series 2 Preferred Shares may not be amended unless the provisions of the Series 3 Preferred Shares are amended in the same proportion and in the same manner. The provisions of the Series 3 Preferred Shares may not be amended unless the

2007 BCSECCOM 20

provisions of the Series 2 Preferred Shares are amended in the same proportion and in the same manner.

20. The Series H Preferred Shares are convertible at the option of the holders into Common Shares after June 30, 2008 on the last day of March, June, September and December in each year. Upon conversion, the holder is entitled to receive the number of Common Shares determined by dividing \$25 (plus any accrued and unpaid dividends) by the current market price of the Common Shares. Falconbridge has the right to convert the Series H Preferred Shares into Common Shares on or after March 30, 2008.
21. Falconbridge has the right to prevent, and will not permit, the conversion of any Series H Preferred Shares into Common Shares. The right of the holders of Series H Preferred Shares to convert their shares into Common Shares is expressly subject to Falconbridge's right to redeem for \$25.00 per share, plus accrued and unpaid dividends, any Series H Preferred Shares submitted for conversion.
22. Holders of Series 2 Preferred Shares may, at their option, every five years on March 1, commencing March 1, 2004, convert all or any of their Series 2 Preferred Shares into Series 3 Preferred Shares. Holders of Series 3 Preferred Shares may at their option every five years on March 1, commencing March 1, 2009, convert all or any of their Series 3 Preferred Shares into Series 2 Preferred Shares.
23. Falconbridge may redeem all, but not less than all, of the Series 2 Preferred Shares at any time on payment of \$25.50 per share plus accrued and unpaid dividends. Falconbridge may redeem all, but not less than all, of the Series 3 Preferred Shares upon 45 days notice only on March 1, 2009 and on each five year anniversary thereafter on payment of \$25.00 per share plus accrued and unpaid dividends.
24. As of November 15, 2006, Falconbridge had outstanding the following unsecured notes and debentures (collectively, the "Notes"):
 - (a) US \$250 million principal amount of 6.2% notes due June 15, 2035;
 - (b) US \$250 million principal amount of 5.5% notes due June 15, 2017;
 - (c) US \$350 million principal amount of 6% notes due October 15, 2015;

2007 BCSECCOM 20

- (d) US \$250 million principal amount of 5.375% notes due June 1, 2015;
 - (e) US \$250 million principal amount 7.35% notes due June 5, 2012;
 - (f) US \$300 million principal amount of 7.25% notes due July 15, 2012;
 - (g) US \$300 million principal amount of 8.375% notes due February 15, 2011; and
 - (h) Cdn. \$175 million principal amount of 8.5% debentures due December 8, 2008.
25. The only securities issued by Falconbridge that are owned by parties unaffiliated with Xstrata are the Preferred Shares and the Notes.
26. To further secure the Preferred Shares and the Notes, Xstrata will provide full and unconditional guarantees of Falconbridge's payment obligations under the Preferred Shares and the Notes, including any Preferred Shares that may be issued on conversion of any Series 2 Preferred Share or Series 3 Preferred Shares currently outstanding.
27. Falconbridge currently has investment grade credit ratings. The Notes and the Preferred Shares are currently rated as follows:

<u>Rating Agency</u>	<u>Notes Rating</u>	<u>Preferred Shares Rating</u>
Moody's Investors Service	Baa2	not rated
Standard & Poor's	BBB+	BBB-
Dominion Bond Rating Service Limited	BBB(high)	Pfd-3(high)

28. Xstrata currently has investment grade credit ratings that are equal to or better than Falconbridge's ratings.
29. As a result of the guarantees, the holders of the Preferred Shares and the Notes will in effect have a greater interest in the financial condition of Xstrata than they will have in Falconbridge alone.

2007 BCSECCOM 20

30. The Legislation currently provides certain exemptions from continuous disclosure and other obligations on reporting issuers incorporated in foreign jurisdictions that have a limited presence in the markets in the Jurisdictions. National Instrument 71-102 – Continuous Disclosure and Other Exemptions Relating to Foreign Issuers (“NI 71-102”) provides numerous exemptions for such issuers from the continuous disclosure requirements of NI 51-102.
31. In addition, reporting issuers which are not incorporated in a foreign jurisdiction are also relieved of a significant portion of the continuous disclosure obligations under NI 51-102 pursuant to section 13.4 of NI 51-102 where the reporting issuer has issued only non-convertible debt and preferred shares that have been fully and unconditionally guaranteed by an “SEC MJDS issuer”.
32. Xstrata is not an SEC MJDS issuer as defined in section 13.4 of NI 51-102. As a result, the exemptions from NI 51-102 for credit support issuers who have issued only designated credit support securities fully and unconditionally guaranteed by an SEC MJDS issuer is not applicable to Falconbridge and Xstrata.

Decision

Each Decision Maker is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the following decision has been met.

1. THE DECISION of the Decision Makers under the Legislation is that the Continuous Disclosure Relief and the Audit Committee Relief is granted to Falconbridge provided that:
 - (i) Xstrata is the direct or indirect beneficial owner of all of the issued and outstanding voting securities of Falconbridge;
 - (ii) Xstrata is incorporated or organized under the laws of the U.K., and Canadian residents own, directly or indirectly, outstanding voting securities carrying no more than 50 per cent of the votes for the election of directors, and none of the following is true:
 - (A) the majority of the executive officers or directors of Xstrata are residents of Canada;

2007 BCSECCOM 20

- (B) more than 50 per cent of the consolidated assets of Xstrata are located in Canada; and
 - (C) the business of Xstrata is administered principally in Canada;
- (iii) Xstrata does not have a class of securities registered under section 12 of the 1934 Act and is not required to file reports under section 15(d) of the 1934 Act;
 - (iv) Xstrata's ordinary shares are listed on the LSE and Xstrata is subject to and complies with the requirements of the U.K. Listing Rules concerning the disclosure made to the public, to securityholders of Xstrata or to the U.K. Listing Authority relating to Xstrata and the trading of its securities (the "U.K. Disclosure Requirements") and has filed all documents that it is required to have filed by the U.K. Disclosure Requirements;
 - (v) the U.K. is a designated foreign jurisdiction as such term is defined in section 1.1 of NI 71-102;
 - (vi) the total number of equity securities of Xstrata owned, directly or indirectly, by residents of Canada does not exceed 10 per cent, on a fully-diluted basis, of the total number of Xstrata's equity securities, calculated in accordance with sections 1.2 and 1.3 of NI 71-102;
 - (vii) Falconbridge does not issue any securities, and does not have any securities outstanding, other than:
 - (A) designated credit support securities (as such term is defined in NI 51-102) for which Xstrata has provided a full and unconditional guarantee;
 - (B) securities issued to and held by Xstrata or an affiliate of Xstrata;
 - (C) debt securities issued to and held by banks, loan corporations, loan and investment corporations, savings companies, trust corporations, treasury branches, savings or credit unions, financial services

2007 BCSECCOM 20

cooperatives, insurance companies or other financial institutions;

- (D) securities issued under exemptions from the registration requirement and prospectus requirement in section 2.35 of National Instrument 45-106 – Prospectus and Registration Exemptions; or
 - (E) the Preferred Shares;
- (viii) Xstrata has provided a full and unconditional guarantee of the payments to be made by Falconbridge, as stipulated in the terms of the Preferred Shares and the Notes or in one or more agreements governing the rights of holders of the Preferred Shares and the Notes, that results in the holders of the Preferred Shares and the Notes being entitled to receive payment from Xstrata within 15 days of any failure by the Falconbridge to make a payment;
 - (ix) Falconbridge does not issue any additional Series H Preferred Shares and does not permit the conversion of the Series H Preferred Shares into Falconbridge Common Shares;
 - (x) Falconbridge does not issue any additional Series 2 Preferred Shares or Series 3 Preferred Shares except in connection with the conversion of any of the Preferred Shares in accordance with their terms;
 - (xi) Falconbridge files on SEDAR in electronic format copies of all documents Xstrata is required to file under the U.K. Disclosure Requirements, at the same time or as soon as practicable after such documents are filed with the FSA;
 - (xii) if Xstrata sends a document to holders of securities of any class under the laws of the U.K., and that document is required to be filed by the terms of this decision, then the document shall be sent in the same manner and at the same time, or as soon as practicable after, to Falconbridge security holders;
 - (xiii) Xstrata's disclosure documents required to be filed with or furnished to the FSA and filed electronically pursuant to

2007 BCSECCOM 20

paragraph (xi) above comply with the requirements of NI 52-107 applicable to foreign issuers (other than section 3.5 of NI 52-107);

- (xiv) at least once a year, Falconbridge discloses in, or as an appendix to, a document that Xstrata is required by U.K. Disclosure Requirements to send to its securityholders and that Falconbridge sends to its securityholders in the Jurisdictions:
 - (A) that Xstrata is subject to the regulatory requirements of the FSA; and
 - (B) that pursuant to the terms of this decision, the Decision Makers have provided Falconbridge with exemptive relief from certain continuous disclosure requirements under the Legislation provided that, among other things, Falconbridge files in the Jurisdictions and provides to its securityholders the disclosure documents filed by Xstrata pursuant to the U.K. Disclosure Requirements;
- (xv) Xstrata complies with U.K. Disclosure Requirements in respect of making public disclosure of material information on a timely basis and Falconbridge immediately issues in the Jurisdictions and files any news release that discloses a material change in Xstrata's affairs;
- (xvi) Falconbridge issues in the Jurisdictions a news release and files a material change report for all material changes in respect of the affairs of Falconbridge that are not also material changes in the affairs of Xstrata;
- (xvii) Falconbridge files on SEDAR, in electronic format, in or with the copy of the interim and annual consolidated financial statements of Xstrata pursuant to paragraph (xi) above, for the periods covered by the interim or annual consolidated financial statements of Xstrata filed on SEDAR under paragraph (xi) above, unaudited consolidating summary financial information, as defined or described in section 13.4 of NI 51-102, for Xstrata prepared in accordance with IFRS and presented with a separate column for each of the following:

2007 BCSECCOM 20

- (A) Xstrata on a non-consolidated basis;
 - (B) Falconbridge and its subsidiaries on a combined basis;
 - (C) any other subsidiaries of Xstrata on a combined basis;
 - (D) consolidating adjustments; and
 - (E) the total consolidated amounts;
- (xviii) the consolidating summary financial information required by paragraph (xvii) above shall be prepared on the following basis:
- (A) an entity's annual or interim summary financial information must be derived from the entity's financial information underlying the corresponding consolidated financial statements of Xstrata for the corresponding period;
 - (B) the column of the consolidating summary financial information for Xstrata shall account for investments in all subsidiaries under the equity method; and
 - (C) the column of the consolidating summary financial information for other subsidiaries of Xstrata shall account for these subsidiaries under the equity method;
- (xix) so long as the securities issued by Falconbridge include debt, Falconbridge concurrently sends to all holders in the Jurisdictions of such securities all disclosure materials that are sent to holders of similar debt of Xstrata in the manner and at the time required by U.K. Disclosure Requirements;
- (xx) so long as the securities issued by Falconbridge include preferred shares, Falconbridge concurrently sends to all holders in the Jurisdictions of such securities all disclosure materials that are sent to holders of similar preferred shares

2007 BCSECCOM 20

of Xstrata in the manner and at the time required by U.K. Disclosure Requirements;

- (xxi) a news release is issued in the Jurisdictions announcing Xstrata's implementation of the guarantees of the Preferred Shares and Notes and describing the relief granted by this decision and filed by Falconbridge on SEDAR in a material change report;
- (xxii) any amendments or supplements to disclosure documents of Xstrata filed by Falconbridge pursuant to this decision shall also be filed;
- (xxiii) the documents of Xstrata filed by Falconbridge pursuant to this decision comply with the requirements of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“NI 43-101”);
- (xxiv) with or prior to the filing of Xstrata’s annual report for the year ending December 31, 2006, Falconbridge files a technical report under NI 43-101 for each mineral project on a property material to Xstrata;
- (xxv) Falconbridge files a technical report under NI 43-101 to support scientific or technical information in Xstrata's disclosure to shareholders describing each mineral project on a property material to Xstrata;
- (xxvi) Falconbridge files such other documents relating to Xstrata that Xstrata would be required to file by current and future requirements of the Legislation if Xstrata were a designated foreign issuer (as defined in NI 71-102) and Xstrata complies with current and future requirements of the Legislation applicable to designated foreign issuers as if Xstrata were a designated foreign issuer, provided that Xstrata will not be considered to be a reporting issuer because it complies with such requirements in order to satisfy the conditions of this decision, and provided further that any requirement of the Legislation that requires designated foreign issuers to file disclosure documents may be satisfied by the filing of such documents by Falconbridge; and

2007 BCSECCOM 20

- (xxvii) the Continuous Disclosure Relief and Audit Committee Relief will expire on the date that is five years after the date of this decision.

Jo-Anne Matear
Assistant Manager, Corporate Finance
Ontario Securities Commission

2. THE FURTHER DECISION of the Decision Makers under the Legislation is that the Certification Relief is granted to Falconbridge provided that:
- (i) Falconbridge qualifies for the Continuous Disclosure Relief and Audit Committee Relief and Falconbridge and Xstrata are in compliance with the requirements and conditions set out in paragraph 1 above;
 - (ii) Falconbridge is not required to, and does not, file its own Annual Filings and Interim Filings; and
 - (iii) the Certification Relief will expire on the date that is five years after the date of this decision.

Jo-Anne Matear
Assistant Manager, Corporate Finance
Ontario Securities Commission

3. THE FUTURE DECISION of the Decision Makers is that the Insider Reporting Relief be granted to insiders of Falconbridge provided that:
- (i) if the insider is not Xstrata,
 - (A) the insider does not receive, in the ordinary course, information as to material facts or material changes concerning Xstrata before the material facts or material changes are generally disclosed; and
 - (B) the insider is not an insider of Xstrata in any capacity other than by virtue of being an insider of Falconbridge;
 - (ii) if the insider is Xstrata, Xstrata does not beneficially own any designated credit support securities of Falconbridge;

2007 BCSECCOM 20

- (iii) Falconbridge qualifies for the Continuous Disclosure Relief and Audit Committee Relief and Falconbridge and Xstrata are in compliance with the requirements and conditions set out in paragraph 1 above; and
- (iv) the Insider Reporting Relief will expire on the date that is five years after the date of this decision.

Susan Wolburgh Jenah
Vice-Chair
Ontario Securities Commission

Suresh Thakrar
Commissioner
Ontario Securities Commission