



JOBS AND EMPLOYMENT

1. Will my salary / wages or benefits change now Xstrata has gained control?

It is not our intention to reduce an employee's salary or benefits. Benefits may be changed in future to suit Xstrata Business Unit conditions and any changes would be carefully evaluated and discussed with employees to ensure that the benefit package remains competitive with the market.

1a. What about if my position changes?

Any change in position will be discussed with the individual and it is our intention to meet with all individuals as quickly as possible.

2. Will I have a new boss or team?

For the majority of employees, there will be little change to the management structure at operations, following the confirmation of the top two layers of management. All personnel and structural changes will be communicated during the first 30 days from 21 August.

3. How many redundancies are anticipated in total?

We intend to confirm most redundancies during the first 30 days of the integration process from 21 August. We have committed not to make any lay-offs of Canadian operational staff for at least three years. Given Xstrata's limited presence in Canada, we do not anticipate a large number of redundancies in Canada as a whole. Similarly, Falconbridge's global operations are largely complementary to Xstrata's portfolio, with little overlap.

At the operational level, changes are likely to be minor and, in keeping with our operating philosophy, centre on the alignment of Falconbridge operations along commodity lines. As when any two companies come together, some functions will be duplicated, some will be devolved to business units, some will become redundant and a small number may no longer fit within the strategy of the new Group. In this case redundancies will occur primarily in duplicated corporate functions at administrative offices in Toronto and elsewhere, as we realign Falconbridge's business with Xstrata's highly devolved corporate structure. This will be fewer than we believe would have been the case under a take-over by Inco.

4. How quickly will I know whether my job will be affected?

Within 30 days of 21 August, every Falconbridge employee will know whether and how his or her job will be affected by the takeover. Some business units and functions will be able to confirm their structure even more quickly than this.



5. When will we become branded as Xstrata?

Xstrata will gain full management control from 21 August and all Falconbridge operations and divisions will be rebranded as the appropriate Xstrata commodity business (e.g. Xstrata Copper, Xstrata Nickel, Xstrata Zinc etc.) from that date. Corporate identity guidelines are available from the Useful Materials section and as a CD and booklet, which govern the use of the Xstrata corporate mark on a range of corporate branding and documents. Noranda Aluminum, as well as Noranda Recycling, will become Xstrata Aluminum and Xstrata Copper respectively, but will retain their brand names, due to strong customer recognition for these brands. This is consistent with these two organizations maintaining their brands following the merger of Noranda and Falconbridge last year.

6. Why hasn't Xstrata gained full management control as of 15 August?

Xstrata has taken up over 92% of Falconbridge shares, including the 24.5% already owned. Shareholders who tendered their shares by the closing date of 14 August will receive payment by 17 August. While this means that Xstrata currently has effective control of Falconbridge, we have decided to wait a few days to help an orderly transition and to ensure everything is in place for the launch of the new, enlarged group on 21 August.

7. How will things change at my operation / office?

For the vast majority of employees business will continue as usual following Falconbridge becoming part of the Xstrata Group. Interim Xstrata managers have been appointed to work alongside existing Falconbridge management for the integration process and within 30 days the structure of every operation and office will be confirmed to provide certainty for every employee over their future and any changes to Falconbridge operations or office.

8. What if I am offered an alternative position and do not wish to take it?

If the position offered does not represent reasonable alternative employment then the employee would be offered redundancy and entitled to severance payment. However if the position is substantially equivalent or better with no loss of salary or benefits it would be expected that the employee will accept the position or resign.

9. What redundancy packages are available for employees who are laid off?

Redundancy packages will be as per Falconbridge Corporate Termination Guidelines which provide for different levels of severance pay dependent upon level in the Company and years of service.

10. What employee assistance programmes will be made available?

Outplacement support / career transition counselling will be provided to employees made redundant. The level of support will be as per the Falconbridge Corporate Termination Guidelines.



11. What will the new structure of the company look like?

Please see the organisational chart in the About Xstrata section.

Xstrata's structure is highly devolved and is along commodity lines, meaning that the majority of resources and personnel are within one of Xstrata's global commodity businesses, including responsibility for exploration and projects.

12. Will there be an employee share savings program?

The employee share savings program will cease on Change of Control. This program is being reviewed and alternatives are being considered.

13. I'm approaching retirement, how will this takeover affect me?

While we will not be making any forced lay-offs of operational employees at Canadian operations due to redundancy, it is not our intention to prevent a mineworker retiring at statutory age. Should that occur, the mineworker's benefits will be fully met and the process of replacement will be in line with the normal practice of that particular operation and pension scheme.

14. What commitments have you given to Falconbridge pensioners/ retirees?

We will honour all existing pension obligations and arrangements.

15. Where will the majority of redundancies come from?

Redundancies will occur primarily in duplicated corporate functions at administrative offices in Toronto and elsewhere, as we realign Falconbridge's business with Xstrata's highly devolved corporate structure. This will be fewer than we believe would have been the case under a take-over by Inco.

16. Where can I find out more?

The integration intranet will be updated on a regular basis to provide up to date information and you can also ask additional questions or provide feedback through the feedback page on the intranet or approach your immediate boss or HR representative.



ABOUT XSTRATA

17. Who is Xstrata?

See the About Xstrata section. Xstrata is a major global diversified mining group, listed on the London and Swiss stock exchanges.

Xstrata is headquartered in Zug, Switzerland and maintains a meaningful position in seven major international commodity markets: copper, coking coal, thermal coal, ferrochrome, nickel, vanadium and zinc, a smaller but profitable aluminium business, recycling facilities, additional exposures to gold, lead and silver, and a suite of global technologies, many of which are industry leaders.

The Group's operations and projects span 18 countries: Argentina, Australia, Brazil, Canada, Chile, Colombia, the Dominican Republic, Germany, Jamaica, New Caledonia, Norway, Papua New Guinea, Peru, South Africa, Spain, Tanzania, the USA and the UK.

18. What is Xstrata's mission statement and values?

See the About Xstrata section. Xstrata's mission statement is as follows:

We will grow and manage a diversified group of metals and mining businesses with the single aim of delivering industry-leading returns for our shareholders.

We can achieve this only through genuine partnerships with employees, customers, shareholders, local communities and other stakeholders, which are based on integrity, co-operation, transparency and mutual value-creation.

Xstrata's Statement of Business Principles sets out the ethical framework for the Group's activities. It is available in every language spoken by employees and contractors. The Business Principles are available from the Group Policies section of the integration intranet, or from www.xstrata.com in a range of languages.

19. Who are Xstrata's Directors and Executive Committee members?

See <http://www.xstrata.com/management> for full details of Board and Executive Committee members.

Xstrata's Board comprises 12 Board members: three executive directors, six independent non-executives, and three non-executive Glencore nominees (of which one has yet to be appointed following the resignation of David Issroff earlier in 2006).

Xstrata's Executive Committee determines and executes the Group's strategy and comprises the Chief Executive of each of the global commodity businesses, together with the Group Chief Executive, Chief Financial Officer and Executive General Manager Corporate Affairs.

20. Why does Xstrata want to acquire Falconbridge?

Our attraction to combining Xstrata and what is now Falconbridge has been long-standing, with our first approach being made in mid-2004. This high regard reflects an



appreciation of the global operations and businesses of Falconbridge and – as critically – the men and women who have been so vital to their success. The new enlarged group will be the fifth largest diversified mining company in the world, with leading positions in five global commodity businesses (alloys, coal, copper, nickel and zinc), a smaller but profitable aluminium business, significant exposures in three other major commodities (gold, lead and silver) and a suite of global technologies, many of which are industry leaders. The increased stability and security of earnings, the excellent spread of internal growth options (and the financial strength to fund them) all provide the new Group with an exceptional position to create value in the future for our shareholders and for all our stakeholders, especially our employees and local communities.

21. What is Xstrata's track record on labour relations?

Xstrata has sound labour relationships with its employees and the unions that represent them and seeks to have constructive and open dialogue with unions and employees across the Group's global operations. Xstrata does not have any one model of industrial relations. This function is the responsibility of each Commodity Business.

22. Who is Glencore and what is Glencore's relationship to Xstrata?

Glencore International AG is a privately-owned, international producer and trader of commodities, based in Switzerland. Glencore first became a shareholder of the old Xstrata AG in 1990 and remains a significant shareholder in Xstrata plc. As at August 2006, Glencore had a direct shareholding in Xstrata of approx. 14% and a joint interest in approx. 36%, together with Credit Suisse Group, which owns approx. 22% of Xstrata through an arrangement with Glencore. As a major shareholder, Glencore has the right to nominate three non-executive directors to Xstrata's Board.

Glencore does not hold a controlling stake in Xstrata and Xstrata operates and is managed entirely independently from Glencore. Xstrata is a listed company on the LSE with a robust Board comprising six independent non-executives, three executive directors and three non-independent non-executives, connected to Glencore (currently two with one to be appointed shortly). The Glencore nominated non-executive directors are not permitted to remain at or vote in Board meetings where any aspect of Xstrata's relationship with Glencore or commercial arrangements between the two is discussed.

Xstrata's relationship with Glencore is regulated by the Relationship Agreement, put in place at the time of Xstrata's IPO in London in March 2002 to ensure that Xstrata is able to operate as an independent company and that any arrangements with Glencore are conducted at arm's length and on a commercial basis.

23. How much of Falconbridge does Xstrata own?

Following the previous closing date of Xstrata's offer on 14 August 2006, Xstrata now owns just over 92% of Falconbridge. The offer has been extended until 25 August 2006 to allow remaining shareholders to receive Xstrata's cash offer.

24. When will Xstrata's acquisition of Falconbridge complete?

The closing date for the offer is 25 August 2006. If Xstrata does not own 100% of Falconbridge at this date, we intend to acquire all Falconbridge common shares not



tendered to the offer through a compulsory acquisition or subsequent acquisition transaction.

25. Why has an interim Falconbridge Board been appointed?

Following Xstrata's acquisition of the majority of Falconbridge shares, the Falconbridge Board has resigned and been replaced by Xstrata nominees and independent non-executives, selected by Xstrata, as the majority shareholder of Falconbridge. This interim Board will continue to exist after August 21, when Falconbridge will become part of the enlarged Xstrata, due to Falconbridge's outstanding preference shares and debentures. This is a requirement under US and Canadian law. The interim Board exists to protect preference share and debenture holders' rights and will remain in place for as long as these securities are in issue. The interim Board relates to Falconbridge Limited, a subsidiary of Xstrata, and is not responsible for Xstrata plc, where the existing Board remains the highest governing authority for the enlarged Group.