NEWS RELEASE

XSTRATA ANNOUNCES NEW SENIOR MANAGEMENT APPOINTMENTS AND ASSUMES FULL MANAGEMENT CONTROL OF FALCONBRIDGE

Zug, 21 August 2006

Xstrata has today assumed full management control of Falconbridge Limited, creating a new major mining group with top five industry positions in copper, thermal and coking coal, ferrochrome, zinc, nickel and vanadium, 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 enlarged Xstrata'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.

Ian Pearce, formerly Chief Operating Officer of Falconbridge Limited, has been appointed as Chief Executive Xstrata Nickel, based in Toronto, and is responsible for the Xstrata Group's nickel operations and projects worldwide.

Bill Brooks, previously President, Aluminum at Falconbridge, has been appointed as Chief Executive Xstrata Aluminum, and is responsible for the aluminium operations of Noranda Aluminum, based in Franklin, Tennessee. Both Chief Executives will be invited to join Xstrata's Executive Committee and will report directly to Mick Davis, Xstrata Chief Executive.

Falconbridge's global copper and zinc operations and growth projects are being integrated into Xstrata Copper, led by Charlie Sartain, Chief Executive Xstrata Copper and Xstrata Zinc, led by Santiago Zaldumbide, Chief Executive Xstrata Zinc, respectively. Regional offices for Canadian copper and zinc operations will be established in Toronto.

Robert Sippel, formerly President, Zinc at Falconbridge, has been appointed as Chief Operating Officer, Xstrata Zinc Canada, reporting to Santiago Zaldumbide and is responsible for all Canadian zinc operations and projects.

Aaron Regent, former President of Falconbridge, will leave the company from today, and Joe Laezza, former President of Falconbridge's nickel operations, is retiring.

Further senior management appointments are expected to be confirmed in the near future as the integration progresses.

Mick Davis, Xstrata Chief Executive, commented:
"I am delighted that Ian, Bill and Bob have joined Xstrata in senior management positions. Each of these executives brings with them a wealth of experience and knowledge of the former Falconbridge operations and their respective markets and we look forward to the significant contribution each will make to the enlarged Xstrata Group.

"Ian takes on the important task of growing Xstrata's nickel business from the solid base acquired from Falconbridge into a global leader in the nickel industry. A further, important early imperative for Ian and the new Xstrata Nickel management team he will appoint is the creation of a joint venture at Sudbury with the eventual owner of Inco to realise the operating synergies that have long existed in this important mining region.

"These appointments underline our intention to bring into the enlarged Xstrata the skills and experience of former Falconbridge personnel, for whom we have consistently stated our high regard. Our integration teams have made excellent progress towards completing the combination of the two businesses. We continue to work closely with our Falconbridge counterparts to effect a smooth transition, with the minimum possible disruption to operational performance and with the utmost respect and sensitivity towards any Falconbridge personnel who may be impacted by the changes we are implementing.

"Xstrata emerges from the acquisition of Falconbridge as a new global mining supermajor, the fifth largest diversified mining company in the world, with an outstanding portfolio of cash generative operations, promising growth projects and the financial flexibility to realise the Group's potential to create further value for all stakeholders, both existing and new."

Xstrata's offer of C$62.50 in cash for each Falconbridge common share not already owned expires at midnight Vancouver time on Friday 25 August 2006. Falconbridge shareholders with questions or requests for copies of documents, please call Kingsdale Shareholder Services Inc. at 1-866-639-7993. Banks and brokers should call at 416-867-2272. Further information is available from www.xstrata.com/falconbridge.

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Xstrata contacts

Claire Divver
Telephone +44 20 7968 2871
Mobile +44 7785 964 340
Email cdivver@xstrata.com

Michael Oke
Aura Financial
Telephone +44 20 7321 0033
Mobile +44 7834 368 299
Email michael@aura-financial.com

The offer for Falconbridge referred to herein (as the same may be varied in accordance with applicable law, the “Offer”) is being made by Xstrata Canada Inc. (the “Offeror”), a wholly-owned indirect subsidiary of the Company.

This announcement does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security. The Offer is being made exclusively by means of, and subject to the terms and conditions set out in, the offer and offering circular filed on 18 May 2006, as amended, varied and supplemented by the notice of extension dated 7 July 2006, the notice of variation dated 11 July 2006, the notice of variation dated 21 July 2006 and the notice of extension dated 15 August 2006, all filed with Canadian provincial and United States federal securities regulators.

The release, publication or distribution of this announcement in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.

Unless the context otherwise requires, references in this announcement to the “Falconbridge Acquisition” assume an acquisition under the Offer of all outstanding Falconbridge shares not already owned by the Xstrata group. Completion of the Falconbridge Acquisition is subject to a number of conditions.

Nothing in this announcement is an offer of securities for sale or a solicitation of an offer to purchase securities in the United States or in any other jurisdiction. The securities of Xstrata referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended (the “Securities Act”), and such securities may not be offered or sold in the United States absent registration under the Securities Act or an applicable exemption from the registration requirements of the Securities Act.

This announcement includes statements that are, or may be deemed to be, “forward-looking statements”. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond Xstrata’s ability to control or predict. Forward-looking statements are not guarantees of future performance. The Xstrata group’s actual results of operations, financial condition, liquidity, dividend policy and the development of the industries in which it operates may differ materially from the impression created by the forward-looking statements contained in this announcement. Further, actual developments in relation to the Falconbridge Acquisition and the expected completion, and timing of completion, of the Falconbridge Acquisition may differ materially from those contemplated by forward-looking statements depending on certain factors which include, but are not limited to, the risks that the Xstrata group may not realise the anticipated benefits, operational and other synergies and/or cost savings from the Falconbridge Acquisition and/or the acquisition by the Xstrata group of a one third interest in Cerrejón which completed on 12 May 2006 and/or the acquisition by the Xstrata group of BHP Billiton Tintaya S.A. (“Tintaya”) which completed on 21 June 2006 and the Xstrata group may incur and/or experience unanticipated costs and/or delays or difficulties relating to integration of the enlarged Xstrata group. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Xstrata group, and the development of the industries in which it operates, are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to, general economic and business conditions, commodity price volatility, industry trends, competition, changes in government and other regulation, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, changes in political and economic stability, currency fluctuations (including the €/US$, £/US$, A$/US$, C$/US$, ZAR/US$, the Colombian peso/US$, the Peruvian Sol/US$, the Chilean peso/US$ and the Norwegian Kroner/US$ exchange rates), the Xstrata group’s ability to integrate new businesses (including the Falconbridge group, the Xstrata group’s interest in Cerrejón and Tintaya) and recover its reserves or develop new reserves and changes in business strategy or development plans and other risks.

Other than in accordance with its legal or regulatory obligations (including under the Listing Rules (the “Listing Rules”), the Disclosure Rules and the Prospectus Rules of the UK Financial Services Authority), Xstrata does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise.

No statement in this announcement is intended as a profit forecast and no statement in this announcement should be interpreted to mean that earnings per Xstrata ordinary share for the current or future financial years would necessarily match or exceed the historical published earnings per Xstrata ordinary share.

Neither the content of the Company's website (or any other website) nor the content of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

Recent developments in relation to Xstrata's offer for Falconbridge:

On 17 August 2006, Falconbridge announced that following the acquisition by Xstrata plc of 257,700,100 common shares of Falconbridge ("Common Shares") (giving Xstrata ownership of 92.1% of the Common Shares on a fully diluted basis) each of the members of the board of directors of Falconbridge had resigned at Xstrata's request, with the exception of James Wallace who agreed to remain as a member of the interim Falconbridge board. The Falconbridge board has been replaced by Xstrata nominees Benny Levene, Thras Moraitis, William Ainley, Douglas Knight and James Wallace. Mr William Ainley is serving as chair of the Falconbridge board. Falconbridge also announced the departure of Mr Derek Pannell, former Chief Executive Officer of Falconbridge and Mr Steve Douglas, former Chief Financial Officer of Falconbridge.

For the purposes of and in accordance with the Listing Rules, Xstrata confirms that, except as disclosed in this announcement and/or as disclosed in the Xstrata shareholder circular dated 30 May 2006 and/or the announcements issued by Xstrata on 11, 19, 20, 25, 27 and 28 July 2006 and 14 and 15 August 2006 in connection with the Falconbridge Acquisition and/or the Xstrata shareholder circular dated 20 July 2006 and/or as otherwise disclosed by Xstrata via a Regulatory Information Service approved by the UK Financial Services Authority, there has been no significant change affecting any matter contained in the announcement issued by Xstrata on 17 May 2006 in connection with the Falconbridge Acquisition (the "17 May 2006 Announcement") and no other significant new matter has arisen which would have been required to be mentioned in the 17 May 2006 Announcement if it had arisen at the time of preparation of the 17 May 2006 Announcement.