



XSTRATA DELIVERS OFFER DOCUMENTS FOR C\$52.50 PER SHARE CASH OFFER FOR FALCONBRIDGE LIMITED

NEWS RELEASE

Toronto and Zug, 19 May 2006

Xstrata plc ("Xstrata") today announced that the company and its wholly-owned subsidiary, Xstrata Canada Inc., have filed with the Canadian securities regulators and the US Securities and Exchange Commission the formal offer documents in respect of an offer to acquire the outstanding common shares of Falconbridge Limited ("Falconbridge") not already owned by the Xstrata group at a price of C\$52.50 in cash per Falconbridge share.

On 17 May 2006, Xstrata, Falconbridge's largest shareholder, announced its intention to make an offer for Falconbridge, valuing the total common share capital of Falconbridge at approximately C\$20.0 billion (approximately US\$18.1 billion). The offer is open for acceptance until 8:00 pm (Toronto time) on Friday 7 July 2006, unless extended or withdrawn.

The offer for Falconbridge shares is conditional, among other things, on approval by Xstrata's shareholders at a meeting which is expected to be held by the end of June, certain regulatory consents (including Investment Canada approval) and valid acceptances of the Xstrata offer which, together with the Falconbridge shares already owned by the Xstrata group, constitute at least $66\frac{2}{3}\%$ of the Falconbridge shares on a fully-diluted basis. Once the $66\frac{2}{3}\%$ acceptance level is met, Xstrata intends to take steps to acquire any outstanding Falconbridge shares. Xstrata may waive the conditions of the Xstrata offer in certain circumstances.

"We encourage Falconbridge shareholders to review carefully the offer documents and consider the merits of our all-cash offer, which is 12.3% higher than the recently revised offer of Inco Limited (based upon the May 5, 2006 closing price on the TSX of Inco shares, the last trading day prior to the announcement of the proposed offer by Teck Cominco for Inco's shares)," said Marc Gonsalves, Xstrata's Executive General Manager Corporate Affairs. "They should also weigh the certainty of our all-cash offer against the uncertainty of Inco's offer."

Full particulars of the offer are set out in the offer and offering circular filed yesterday. These documents are available on the Canadian Securities Administrators' website www.sedar.com under Falconbridge's company profile, the US Securities and Exchange Commission's website at www.sec.gov or on the Xstrata website at www.xstrata.com.

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Each of Deutsche Bank, JPMorgan Cazenove and TD Securities Inc is acting exclusively for Xstrata and no one else in connection with the proposed acquisition of Falconbridge (the "Falconbridge Acquisition") and will not be responsible to anyone other than Xstrata for providing the protections afforded to its clients or for providing advice in relation to the Falconbridge Acquisition and/or any other matter referred to in this announcement.

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. Xstrata Canada Inc.'s offer for Falconbridge (as the same may be varied in accordance with applicable law) (the "Xstrata Offer") is being made exclusively by means of, and subject to the terms and conditions set out in, the offer and offering circular filed yesterday.

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 "Enlarged Group" are to Xstrata and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings as constituted immediately following completion of each of the Falconbridge Acquisition and the proposed acquisition by the Xstrata group of Tintaya which was announced by Xstrata on 16 May 2006 (the "Tintaya Acquisition") and therefore such references include the Xstrata group as enlarged by the Falconbridge group and by Tintaya. Completion of the Falconbridge Acquisition and the Tintaya Acquisition are subject to a number of conditions.

Unless the context otherwise requires, references in this announcement to the "Falconbridge Acquisition" assume an acquisition under the Xstrata Offer of all outstanding Falconbridge shares not already owned by the Xstrata group.

This announcement is not an offer of securities for sale or a solicitation of an offer to purchase securities. The securities of Xstrata referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States unless they are registered with the U.S. Securities and Exchange Commission or an exemption from the registration requirements of the Securities Act is available.

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 and the Enlarged Group’s actual results of operations, financial condition, liquidity, dividend policy and the development of the industries in which they operate 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/or the Tintaya Acquisition and the expected completion, and timing of completion of, the Falconbridge Acquisition and/or the Tintaya 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 Xstrata shareholders may not vote in favour of the resolutions on which the Xstrata Offer is conditional, the risks that the Xstrata group will not be able to obtain the required approvals or clearances from regulatory and other agencies and bodies on a timely basis or at all, the other conditions of the Falconbridge Acquisition or the Tintaya Acquisition may not be satisfied on a timely basis or at all, 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 (the “Cerrejón Acquisition”) and/or the Tintaya Acquisition and the Xstrata group may incur and/or experience unanticipated costs and/or delays or difficulties relating to integration of the Enlarged Group. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Xstrata group and the Enlarged Group (as the case may be), and the development of the industries in which they operate, are consistent with the forward-looking statements contained in this document, 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\$ and the Peruvian Sol/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 Disclosure Rules and the Prospectus Rules of the 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.