

This document is important and requires your immediate attention. If you are in any doubt as to how to deal with it, you should consult your investment dealer, stock broker, bank manager, trust company manager, accountant, lawyer or other professional advisor. This Offer was not approved or disapproved by any securities regulatory authority nor did any securities regulatory authority pass upon the fairness or merits of the Offer or upon the adequacy of the information contained in this document. Any representation to the contrary is an offence.



NOTICE OF COMPULSORY ACQUISITION

October 2, 2006

Dear Shareholder of Falconbridge Limited,

Xstrata Canada Inc. (the "**Offeror**"), a wholly-owned indirect subsidiary of Xstrata plc ("**Xstrata**"), made an offer to all holders (the "**Shareholders**") of Common Shares (as that term is defined herein) of Falconbridge Limited ("**Falconbridge**") pursuant to an offer and circular dated May 18, 2006 (the "**Original Offer**"), as varied, amended, and supplemented by the notice of extension dated July 7, 2006, the notice of variation dated July 11, 2006, the notice of variation dated July 21, 2006, and the 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 together with associated rights (the "**SRP Rights**") under the shareholder rights plan of Falconbridge (collectively, the "**Common Shares**"), which included Common Shares that may have become issued and were outstanding after the date of the Original Offer, but before the expiry time of the Offer, upon the conversion, exchange or exercise of any securities of Falconbridge (other than the SRP Rights) convertible or exchangeable or exercisable for Common Shares. The Offer was made on the basis of Cdn. \$62.50 in cash for each Common Share. The Offer expired at midnight (Vancouver time) on August 25, 2006.

Subsequent to the expiry of the Offer, the Offeror took up and paid for all of the Common Shares validly deposited under the Offer, representing no less than 90% of the issued and outstanding Common Shares not previously owned by the Offeror and its affiliates and associates at the date of the Original Offer.

On September 5, 2006, the Offeror gave notice to all holders of Common Shares outstanding on August 31, 2006 that it was exercising its right under section 188 of the *Business Corporations Act* (Ontario) (the "**OBCA**") to acquire (the "**First Compulsory Acquisition**") all of the Common Shares to which the Offer relates, other than Common Shares owned by Xstrata or its affiliates, which the Offeror did not acquire under the Offer.

Since August 29, 2006, additional Common Shares have been issued by Falconbridge upon conversion of its adjustable rate convertible subordinated debentures due April 30, 2007. The Offeror hereby gives you notice that it is exercising its right under section 188 of the OBCA to acquire (the "**Second Compulsory Acquisition**") all of the Common Shares to which the

Offer relates, other than the Common Shares owned by Xstrata or its affiliates, which the Offeror (i) did not acquire under the Offer; or (ii) will not acquire pursuant to the First Compulsory Acquisition.

Compulsory Acquisition

Pursuant to section 188 of the OBCA, within 20 days after receiving this notice you are required to elect:

- (a) to transfer your Common Shares to the Offeror on the basis of Cdn. \$62.50 in cash for each Common Share; or
- (b) to demand payment of the fair value of your Common Shares in accordance with subsections 188(13) to (21) of the OBCA by notifying the Offeror at the address of CIBC Mellon Trust Company (the "**Transfer Agent**") set forth below.

The Offeror must receive notice of your election, regardless of which alternative set forth in paragraphs (a) and (b) above you elect, through the Transfer Agent at or before midnight (Toronto time) on October 27, 2006. If you do not notify the Offeror in accordance with paragraph (b) above, or if an election is improperly made at such time, you will be deemed to have elected to transfer your Common Shares to the Offeror on the basis referred to in paragraph (a) above.

Transmittal and Election Form

Enclosed with this Offeror's Notice is a transmittal and election form (the "**Transmittal and Election Form**") which, if completed and returned to the Transfer Agent at the address set forth below in the enclosed envelope, so as to be received by the Transfer Agent by midnight (Toronto time) on October 27, 2006, will constitute notice to the Offeror of your election.

You must, in all events and regardless of which alternative you elect, send all certificates representing your Common Shares to the Transfer Agent, as agent for Falconbridge, at the following address within 20 days after receipt of this Offeror's Notice:

By Mail

CIBC Mellon Trust Company
P.O. Box 1036
Adelaide Street Postal Station
Toronto, ON M5C 2K4

By Hand or by Courier

CIBC Mellon Trust Company
199 Bay Street
Commerce Court West, Securities Level
Toronto, ON M5L 1G9

Telephone: 1 (416) 643-5500 (Toronto and outside of Canada)
Toll Free Phone: 1-800-387-0825 (North America only)
E-Mail: inquiries@cibcmellon.com

The method used to deliver certificates representing your Common Shares to the Transfer Agent is at the option and risk of the Shareholder. If certificates for Common Shares are to be sent by mail, registered mail with return receipt requested, properly

insured, is recommended, and it is suggested that the mailing be made sufficiently in advance of October 27, 2006 to permit delivery to the Transfer Agent at or prior to midnight (Toronto time) on such date. Delivery will only be effective upon actual receipt by the Transfer Agent.

If a certificate has been lost, destroyed, mutilated or mislaid, you should contact the Transfer Agent, which will provide replacement instructions. If a certificate has been lost, destroyed, mutilated or mislaid, please ensure that you provide your telephone number so that the Transfer Agent may contact you.

If you complete and deliver to the Transfer Agent the Transmittal and Election Form with the certificates representing your Common Shares on or before midnight (Toronto time) on October 27, 2006, the cash to which you are entitled if you elect to transfer your Common Shares to the Offeror will be sent to you by mail promptly after November 11, 2006.

The foregoing is a summary only of the Second Compulsory Acquisition and is qualified in its entirety by the provisions of section 188 of the OBCA. Section 188 of the OBCA is complex and may require strict adherence to notice and timing provisions, failing which your rights may be lost or altered. If you wish to be better informed about the provisions of section 188 of the OBCA, you should consult your legal advisors.

(The remainder of this page has been left blank intentionally.)

Questions and requests for assistance may be directed to the Transfer Agent at the above address and telephone numbers.

Yours very truly,

(Signed) *Benny S. Levene*

Benny S. Levene
President
Xstrata Canada Inc.