



## NEWS RELEASE

# ACQUISITION OF 19.9% STAKE IN FALCONBRIDGE FOR C\$2 BILLION

Zug, 15 August 2005

Xstrata plc ("Xstrata") announces that it has purchased from Brascan Corporation ("Brascan") 73,115,756 common shares representing approximately 19.9% of the common shares of Falconbridge Limited ("Falconbridge") for a total cash consideration of C\$2,047,241,168 (US\$1.7 billion), or C\$28 per share. If within nine months of this acquisition Xstrata or any of its affiliates makes an offer or announces its intention to acquire a majority or more of the common shares of Falconbridge at a price per share in excess of C\$28, Xstrata will pay Brascan such excess for the common shares Xstrata has acquired from Brascan.

The acquisition provides Xstrata with a meaningful stake in a major diversified mining company, with exposure to world class integrated businesses in copper and nickel - an attractive new addition to Xstrata's commodity portfolio. In addition, Xstrata will benefit from Falconbridge's zinc and aluminium businesses, and from increased geographic, commodity and currency diversification.

The acquisition does not oblige Xstrata to make any offer to the other shareholders of Falconbridge. Xstrata continues to review other growth options not associated with Falconbridge, and the possibility of any future offer to the other Falconbridge shareholders will be assessed in the light of these opportunities, the prevailing market environment and other factors.

US\$375 million of the consideration will be settled by means of a guaranteed convertible debenture issued at 100% of its principal amount. The Debenture has a term of 12 years and a coupon of 4%. Subject to its terms, it will be convertible into approximately 12.1 million new ordinary shares in Xstrata representing approximately 1.9% of Xstrata's current issued ordinary share capital. The initial conversion price will be £17.1315, a premium of 35% to the closing price of Xstrata's ordinary shares on 11 August 2005. The Debenture will be callable at par plus accrued interest at the sole discretion of Xstrata at any time after 14 August 2010.

Mick Davis, Xstrata Chief Executive, said: "At a time of increasing competition for quality assets, the acquisition of this strategic stake has allowed Xstrata to capture one of the most significant options available in the mining industry, on terms that deliver immediate accretion in earnings. We are particularly pleased that Brascan has requested that part of the settlement be made through a convertible debenture, thereby retaining an exposure to the mining sector for Brascan through Xstrata.

"Our interest in this suite of assets led to Xstrata undertaking due diligence on Noranda and Falconbridge last year. The positive interaction with Falconbridge management at that time, the subsequent amalgamation of the two companies and the improvements in operating performance across the new entity have reaffirmed our belief in the potential strength of a

combination of Xstrata and Falconbridge. However, it is wrong to assume that today's acquisition will lead necessarily to an offer for the remaining common shares of Falconbridge. Xstrata is looking at a number of opportunities that have potential to deliver significant growth and benefit to the Company, and we will take what time we need to assess and prioritise these in order to deliver maximum value to our shareholders."

The acquisition, which will be earnings accretive from day one, does not require approval of Xstrata's shareholders and is being funded in its entirety through Xstrata's existing resources, a new debt facility and the debenture. The acquisition has been made by private agreement through a wholly-owned Canadian subsidiary within the Xstrata Group. Xstrata does not own any other shares in Falconbridge.

In 2004, on a pro forma basis Falconbridge reported net income of US\$686 million after exceptional items on gross assets of US\$11.9 billion. Xstrata's acquisition of 19.9% of the issued share capital of Falconbridge gives it a proportional interest in the assets and earnings of Falconbridge, and will be equity accounted under IFRS. Falconbridge is listed on the Toronto and New York stock exchanges.

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A conference call will be held at 09:30am (London time) on Monday 15 August for the investment market. Dial in details as follows:

UK	Toll free number 0800 279 3956
Switzerland	Toll free number 00800 2467 8700
Rest of world	+41 91 610 5600

A recording of the conference call will be available around one hour after its conclusion, accessible from the following telephone numbers:

Europe/Rest of world	41 91 612 4330
USA & Canada	+1 (1)866 416 2558 (toll free)
UK	+44 (0)20 7108 6233

ID number for all callers: 228 followed by #

A transcript and audio file of the call will also be available from [www.xstrata.com](http://www.xstrata.com)

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### **Notes to Editors**

#### **About Xstrata ([www.xstrata.com](http://www.xstrata.com))**

Xstrata is a major global diversified mining group, listed on the London and Swiss stock exchanges. The Group is headquartered in Zug, Switzerland and has approximately 24,000 employees world-wide,

including contractors. Xstrata plc has grown rapidly since its initial public offering on the London Stock Exchange in March 2002 and today has a market capitalisation in excess of US\$14 billion.

Xstrata maintains a meaningful position in six major international commodity markets: copper, coking coal, thermal coal, ferrochrome, vanadium and zinc, with additional exposures to gold, lead and silver. The Group's operations and projects span four continents and seven countries: Australia, South Africa, Spain, Germany, Argentina, Peru and the UK.

### **About Brascan ([www.brascan.com](http://www.brascan.com))**

Brascan Corporation is a global specialist asset manager. Focused on property, power and infrastructure assets, the Company has approximately US\$40 billion of assets under management, including 70 premier office properties and 130 power generating plants. The company is inter-listed on the New York and Toronto stock exchanges.

### **About Falconbridge ([www.falconbridge.com](http://www.falconbridge.com))**

Falconbridge is a leading copper and nickel company with investments in fully integrated zinc and aluminum assets. It is also one of the world's largest recyclers and processors of metal-bearing materials. The Company's primary focus is the identification and development of world-class copper and nickel mining deposits. The Company employs 16,000 people at operations and offices in 18 countries and is listed on The New York Stock Exchange (FAL) and the Toronto Stock Exchange (FAL.LV).

### **Falconbridge Producer Ranking in World**

Copper	8th
Nickel	3rd
Zinc	3rd
Aluminum	10% of U.S consumption

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### **Pro Forma 2004 Financials**

Sales	\$7.0 billion
Cash flow from operations	\$1.9 billion
Net income	\$706 million
Assets	\$11.9 billion

### **Breakdown of Revenue by Metal**

Copper	52%
Nickel	26%
Aluminium	14%
Zinc	6%
Other	2%