



NEWS RELEASE

**XSTRATA SHAREHOLDERS APPROVE
INCREASED OFFER FOR FALCONBRIDGE**

Zug, 14 August 2006

Xstrata plc announces that, at an Extraordinary General Meeting ("EGM") held on Monday, 14 August 2006, its shareholders overwhelmingly approved the acquisition of all of the outstanding shares of Falconbridge Limited.

The resolution was passed as an ordinary resolution on a show of hands by the required majority. Proxy votes received by Xstrata before the EGM in respect of the resolution were as follows: 565,759,741 votes (or 99.85% of proxy votes received) in favour of the resolution and 871,153 votes (or 0.15% of proxy votes received) against the resolution. 111,602 proxy votes were withheld.

Xstrata will now take up and pay for all shares tendered to its offer by the expiry time of 8pm Toronto time today, Monday, 14 August 2006. Falconbridge shareholders who tender their shares to Xstrata's offer before the expiry time will receive payment on or before 17 August 2006. Falconbridge shareholders with enquiries about how to tender their shares should contact Kingsdale Shareholder Services Inc. as soon as possible at 1-866-639-7993. Banks and brokers should call 416-867-2272.

A copy of the resolution passed has been submitted to the Financial Services Authority and will shortly be available for inspection at the Document Viewing Facility, which is situated at:

The Financial Services Authority
25 The North Colonnade
Canary Wharf
London E14 5HS

Xstrata contacts

Richard Elliston
Telephone +44 20 7968 2885
Mobile +44 7759 924 576
Email relliston@xstrata.com

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

Each of Deutsche Bank AG, JPMorgan Cazenove Limited and TD Securities Inc. is acting exclusively for Xstrata plc ("Xstrata" or the "Company") 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.

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 and the notice of variation dated 21 July 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 "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 the Falconbridge Acquisition and therefore such references include the Xstrata group as enlarged by the Falconbridge group. Completion of the Falconbridge Acquisition is subject to a number of conditions.

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.

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 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 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 conditions of the Falconbridge Acquisition may not be satisfied on a timely basis or at all, the risks that (and the risks associated with the fact that) the Xstrata group may not acquire under the Xstrata offer all of the Falconbridge shares not already owned by the Xstrata group, 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 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 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\$ 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 "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.

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

On 28 July 2006, LionOre Mining International Ltd. ("LionOre") confirmed its proposed acquisition of Falconbridge's Nikkelverk refinery in Kristiansand, Norway and its associated global marketing and custom feed operations had not been completed, following the expiry of Inco Limited's bid for Falconbridge, and that, accordingly, LionOre would receive a US\$32.5 million break-fee from Inco Limited.

On 8 August 2006, the board of directors of Falconbridge announced that it recommends that Falconbridge shareholders tender their shares to the Offer and that it is satisfied that it is unlikely that an offer more attractive than Xstrata's will emerge.

On 9 August 2006, Falconbridge announced a major investment program for its nickel installations in Northern Quebec, at the Raglan Mine in Nunavik Territory. The announcement included the following information. Falconbridge announced the launch of two important studies for the Raglan Mine expansion. The first will focus on developing new ore reserves to replace those depleted since the mine's opening in 1997. This investment will likely reach nearly C\$240 million over six years. The second study is to support the expansion of nickel ore production from one million tonnes per year to 1.3 million tonnes as early as 2009. This 30% increase, requiring an additional investment of roughly C\$250 million, would create 50 additional jobs and increase the value of annual royalties Falconbridge pays to local Inuit communities. On 7 April 2006, Falconbridge presented a C\$9.3 million cheque to the Makivik Corporation covering the payment of the first royalties as part of the Raglan Agreement. Falconbridge further announced the start of major renovations to its Deception Bay loading dock. The C\$50 million investment will extend the dock's service life and support the production increases. This amount is in addition to the nearly C\$200 million in equipment and upgrades

Falconbridge has invested at the Raglan Mine in the past two years. The initial investment in the construction of Raglan was in excess of US\$600 million. Inaugurated in 1997, the Falconbridge nickel mining camp at Raglan comprises three underground mines, one open-pit mine, as well as a concentrator. The site enjoys year-round road connections to a landing strip at Donaldson and to harbour facilities at Deception Bay. Ore from the mine is crushed, ground and processed into nickel-copper concentrate at the Raglan plant.

On 10 August 2006, Falconbridge paid the special cash dividend, announced on 16 July 2006, of C\$0.75 per Falconbridge share to holders of record at the close of business on 26 July 2006 (the "Falconbridge Special Dividend"). On 28 July 2006, Falconbridge announced that as a result of the declaration of the Falconbridge Special Dividend the conversion price for Falconbridge's convertible debentures was reduced from C\$27.55 to C\$27.18.

On 11 August 2006, Falconbridge announced that it expected to invest approximately US\$130 million (C\$145 million) in the development of the Perseverance zinc mine. Falconbridge's announcement stated that construction will last about two years, with the mine's life expectancy estimated at roughly five years, and that the mine will employ approximately 250 people during the construction's peak period and about 225 thereafter.

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 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 and, in relation to the Falconbridge group, so far as Xstrata is aware having regard to public information, 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.