



Falconbridge Limited: Partnering Base Metals Exploration Opportunities

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Forward-Looking Statements

Certain statements to be made in this presentation are forward-looking statements (as defined in applicable securities legislation). Examples of such statements include, but are not limited to, statements concerning (i) our assessment of the outlook for metal markets in 2006, (ii) Inco's offer to acquire all of the common shares of Falconbridge Limited and the benefits of such combination, (iii) our future financial requirements and funding of those requirements, (iv) our expectations with respect to our development projects and (v) our production forecast for 2006. Inherent in forward-looking statements are risks and uncertainties well beyond our ability to predict or control. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this presentation. Such statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to, assumptions about the timing, steps to be taken and completion of Inco's offer to acquire all of our common shares, the ability to successfully compete against global metals and mining and exploration companies by creating through such a combination an enterprise of increased scale; strong demand for nickel, copper and other metals in emerging markets such as China; approximately \$350 million per annum in pre-tax operating and other synergies and cost savings, and other benefits being realized based on the achievement of operational efficiencies from restructuring, integration and other initiatives relating to the combination of Falconbridge and Inco; the approvals or clearances required to be obtained by Inco and Falconbridge from regulatory and other agencies and bodies being obtained in a timely manner; divestitures required by regulatory agencies being acceptable and completed in a timely manner; there being limited costs, difficulties or delays related to the integration of the Falconbridge's operations with those of Inco; the timely completion of the steps required to be taken for the eventual combination of the two companies; business and economic conditions generally; exchange rates, energy and other anticipated and unanticipated costs and pension contributions and expenses; the supply and demand for, deliveries of, and the level and volatility of prices of, nickel, copper, aluminum, zinc and other primary metals products and other metal products Inco and Falconbridge produce; the timing of the receipt of remaining regulatory and governmental approvals for the development projects and other operations; the continued availability of financing on appropriate terms for development projects; Falconbridge's costs of production and production and productivity levels, as well as those of its competitors; market competition; mining, processing, exploration and research and development activities; the accuracy of ore/mineral reserve estimates; premiums realized over LME cash and other benchmark prices; tax benefits/charges; the resolution of environmental and other proceedings and the impact on the combined company of various environmental regulations and initiatives; assumptions concerning political and economic stability in countries or locations in which Falconbridge operates or otherwise and the ability to continue to pay quarterly cash dividends in such amounts as Falconbridge's Board of Directors may determine in light of other uses for such funds and other factors.

Inherent in those statements are known and unknown risks, uncertainties and other factors well beyond the Company's ability to control or predict. Some of these known risks and uncertainties are outlined in filings by Falconbridge with applicable securities regulatory authorities, including in Falconbridge's annual information form. Readers are encouraged to consult such filings. While Falconbridge anticipates that subsequent events and developments may cause Falconbridge's views to change, the Company specifically disclaims any obligation to update these forward-looking statements. These forward-looking statements should not be relied upon as representing the Company's views as of any date subsequent to the date of this presentation. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. These factors are not intended to represent a complete list of the factors that could affect Falconbridge and the combination of Inco and Falconbridge.

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Highlights



Producer Ranking In World*

- Copper
- Nickel
- Zinc
- Aluminum

4th

4th

5th

10% of U.S. primary production

	Q1/06	2005	2004
Sales	\$2.9 B	\$8.1 B	\$6.8 B
EBITDA	\$0.9 B	\$2.4 B	\$1.9 B
Net Income	\$462 M	\$ 872 M	\$521M
Assets (Book value)	\$12.9 B	\$12.4 B	\$9.6 B

Market Capitalization (As at July 7, 2006) \$19.8 B

*Based on 2006 forecast refined metal production data (Source: Falconbridge, Brook Hunt)

Operations around the World

Geographically diversified operating base



- Existing Operation
- Development Project

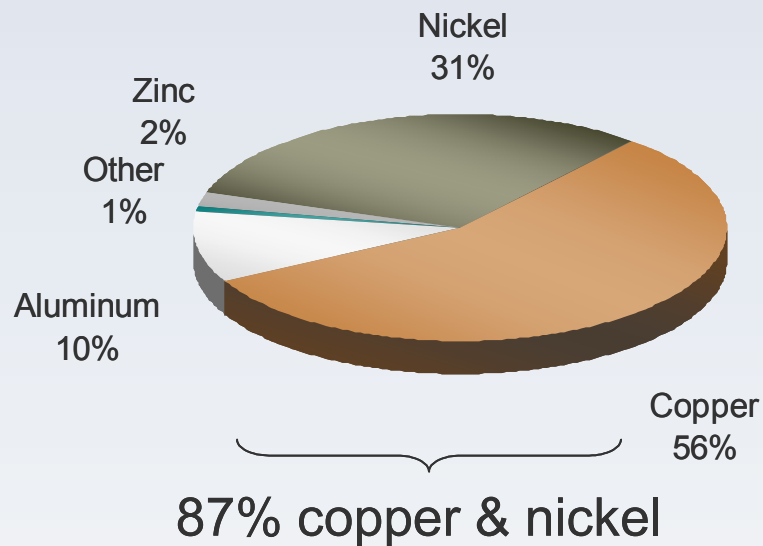
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Strategic Focus

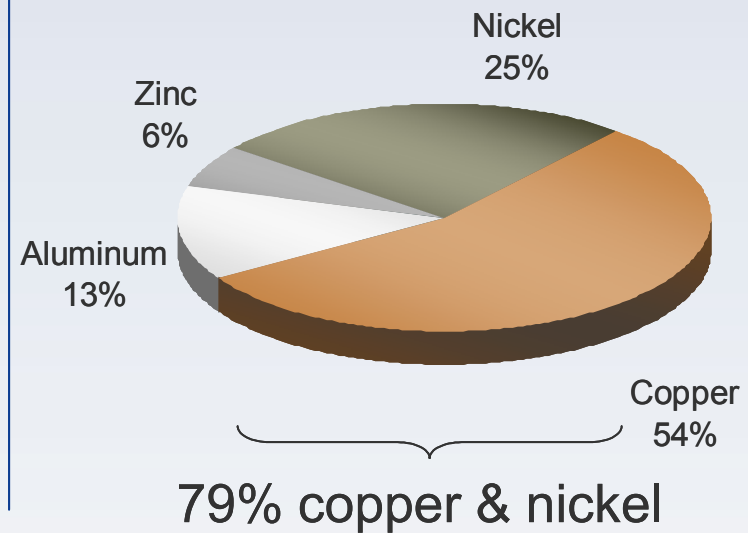


- Focused on large-scale copper and nickel assets
- Also integrated zinc and aluminum producer

Operating Capital Asset Base



Revenue by Metal (2005)



Production Outlook for 2006

Production (MT)		Actual <u>2005</u>	Forecast <u>2006</u>
Copper	Mined	462,000	475,000
	Refined	544,000	635,000
Nickel	Mined	80,000	82,000
	Refined	114,000	115,000
Zinc	Mined	454,000	460,000
	Refined*	182,000	210,000
Aluminum	Primary	246,000	250,000
	Fabricated	178,000	195,000

**Includes 100% of Kidd Creek refinery production and 25% of the Noranda Income Fund CEZ Refinery production*

Copper

World-Class Assets



- World's fourth largest producer of refined copper
- Long-life, low-cost mines located primarily in South America
- Technologically advanced processing facilities, (Altonorte smelter in northern Chile, Horne and Kidd Creek in Canada)
 - Technology produces high margins from the treatment of complex feeds
- Integrated operations drive benefits
 - Mitigate market volatility in treatment costs
 - Create freight cost arbitrage

Q1/06 net operating cash cost of \$0.30/lb. versus \$0.35/lb. in Q1/05

Nickel

World-Class Assets



- World's fourth-largest producer of refined nickel
- Fully integrated operations
- Produce nickel and ferronickel
- Low-cost facilities, including Nikkelverk, which ranks among the lowest-cost nickel/cobalt refineries
- One of the world's largest recyclers and processors of nickel and cobalt bearing materials

Q1/06 net operating cash cost for mined nickel (INO) of \$2.60/lb. versus \$2.51/lb. in Q1/05



Falconbridge Exploration Opportunities



Mergers & Acquisitions

Ongoing Consolidation in Base Metals Sector Means Less Grassroots Exploration



- Grupo Mexico / SPCC
- BHP / WMC
- **Noranda / Falconbridge**

- Anglo / Shell coal assets
- Alcoa / Reynolds
- Biliton / Worsley
- Boliden / Westmin

- BHP / Biliton
- BHP / Dia Met
- Falconbridge / Lomas Bayas
- Teck / Cominco

- BHP / Magma

- Phelps Dodge / Cyprus Amax

- Alcan / Pechiney
- Boliden / Outokumpu
- Teckcominco / Fording Coal

- Biliton IPO
- Valepar / CVRD 42%
- Anglo / Minorco

- Biliton / Rio Algom
- Grupo Mexico / Asarco
- Rio Tinto / Ashton
- Rio Tinto / North Ltd

- Anglo / Disputada
- Xstrata / MIM
- Alcan / Alusuisse

1995

1997

1998

1999

2000

2001

2002

2003

2005

Key Investment Criteria at Falconbridge



- Geological potential.
- Security of personnel.
- Political and business stability.
 - “The right to mine”.
 - Secure land tenure.
 - Transparent “Rule of Law”.
 - Acceptable return on investment.
 - Ability to finance.

The last two points are critical to companies developing and operating mines over the medium to long term.



Falconbridge Exploration

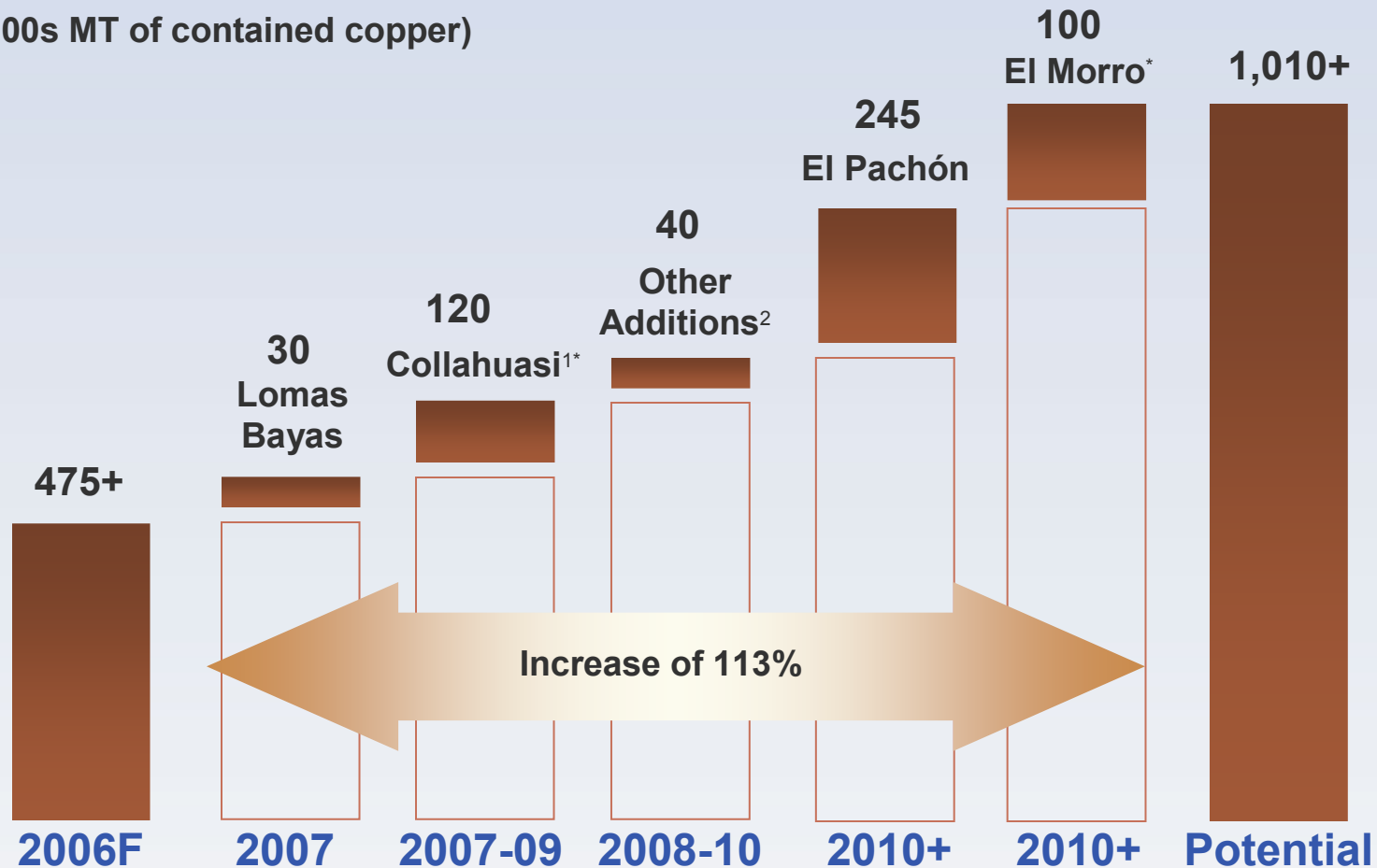
- **Team of highly skilled and creative individuals**
- **Focused on nickel and copper**
- **Striving to be a valued and sought after partner**
- **Joint venture partnerships with more than 55 companies**
- **Excellent track record of successes includes:**
 - **Cu – Uijina / Collahuasi / La Grande (Chile)**
 - **Ni – Nickel Rim South (Sudbury, Ontario, Canada)**
 - **Ni – New Deposits at Raglan (Quebec, Canada)**
 - **Ni – Laterite deposits (Araguaia, Brazil)**
 - **Zn – Perseverance (Matagami, Quebec, Canada)**
 - **Cu-Au – La Fortuna (El Morro, Chile)**
 - **Cu – El Pilar (Mexico)**

Copper

Success Provides Substantial Growth Potential



(000s MT of contained copper)



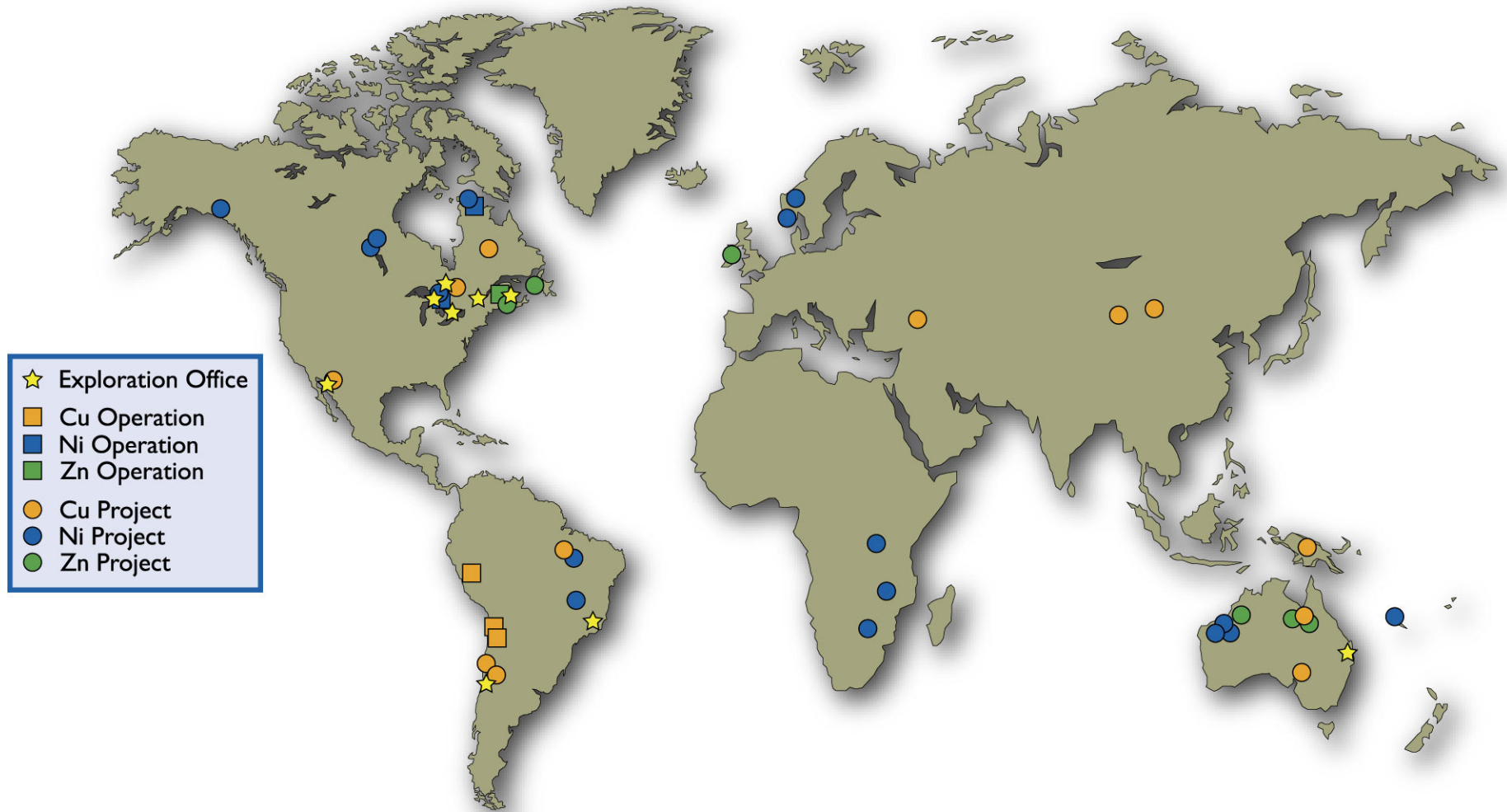
1 Collahuasi expansions includes debottlenecking project and a further expansion

2 Other additions include Antamina, Kidd Creek Mine D and Nickel Rim South

* Share of production

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Exploration Projects and Offices



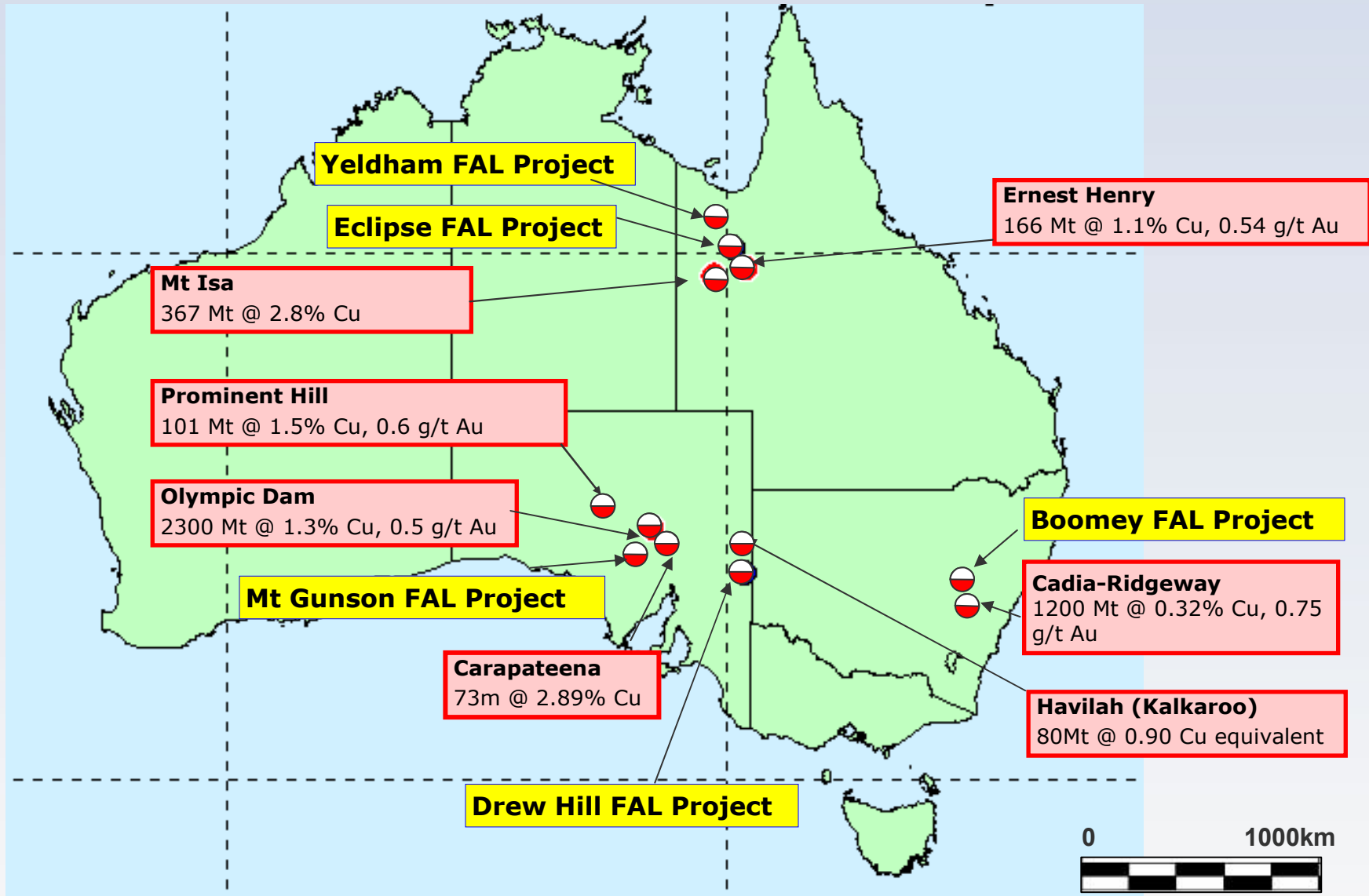
Falconbridge Exploration in China



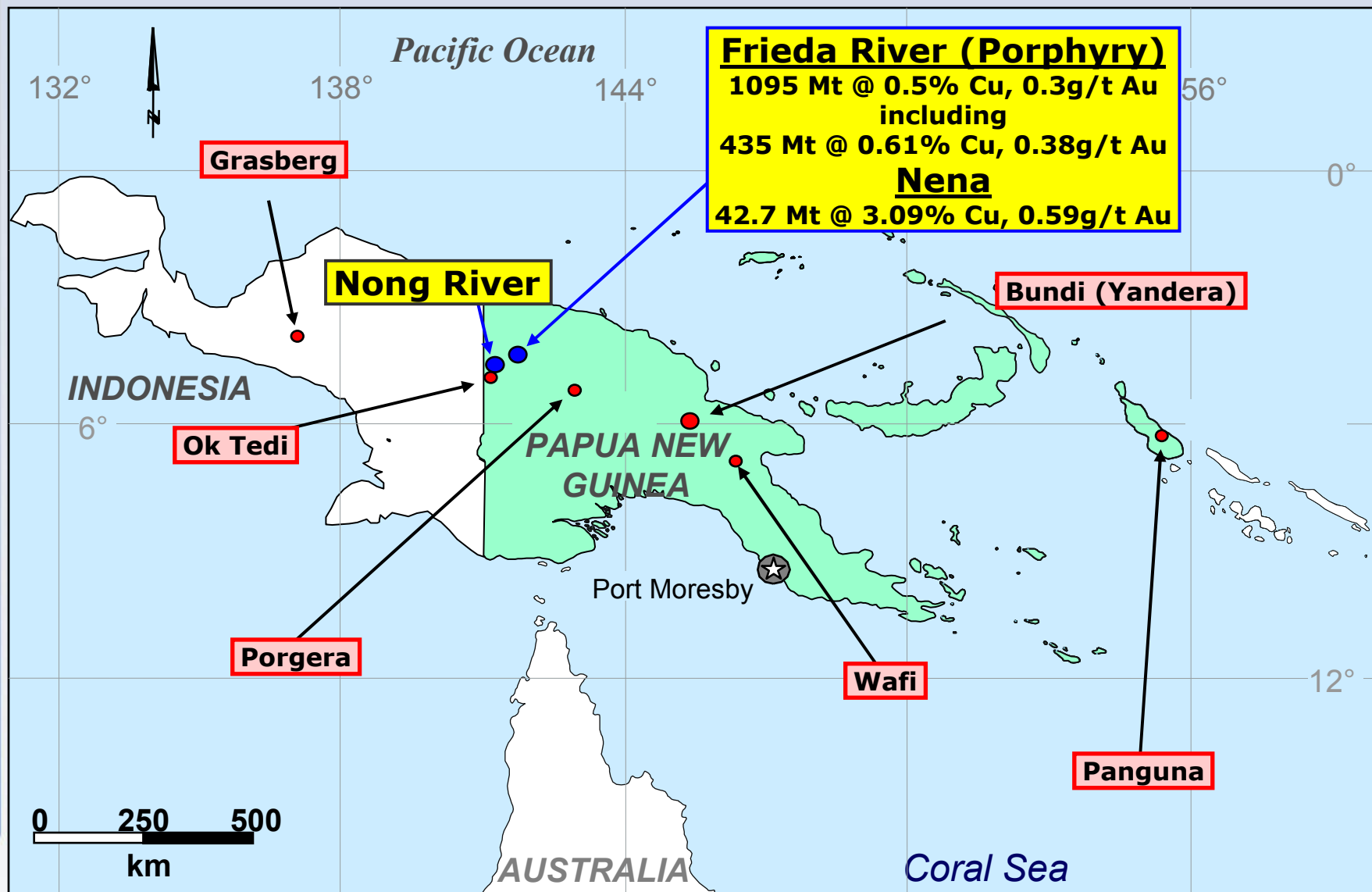
- Falconbridge assessed the base metal exploration potential of China - favourable
- Falconbridge reviewed mining laws, business structures, met federal and provincial agencies and copper mining companies to identify opportunities – challenges found
- Falconbridge established a Strategic Exploration Alliance with Apex Minerals over eastern Xinjiang to explore for porphyry copper deposits – work ongoing



Australian Copper Projects



Frieda and Nong River Projects, PNG



Nong River, Papua-New Guinea

Grassroots exploration for new orebodies



Field crew at Tifalmin setting out to explore Nong River.

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Exploration Partnerships



Objectives

- **Accelerate discovery rate**
- **Lever base budget and increase exposure to opportunities**
- **Reduce risk and increase probability of success**

Examples

- **Blackstone Ventures Inc.** exploring for nickel sulphide deposits in Norway.
- **Crowflight Minerals Inc.** earning into Bucko nickel deposit, Manitoba.
- **First Nickel Inc.** purchased the past producing Lockerby mine and earning into other Sudbury properties.
- **Alexis Minerals Corporation** earning into a large property position in the Noranda, Quebec mining camp.
- **Castillian Resources Corp.** earning in on nickel sulphide properties in Brazil.
- Falconbridge earned into **Metallica Resources** El Morro porphyry copper project in Chile.
- Falconbridge has an option to earn into **Barrick's** Kabanga nickel sulphide deposit in Tanzania, Africa.