



Ontario  
Securities  
Commission

Commission des  
valeurs mobilières  
de l'Ontario

P.O. Box 55, 19<sup>th</sup> Floor  
20 Queen Street West  
Toronto ON M5H 3S8

CP 55, 19<sup>e</sup> étage  
20, rue queen ouest  
Toronto ON M5H 3S8

---

Web site: [www.osc.gov.on.ca](http://www.osc.gov.on.ca)

**IN THE MATTER OF THE SECURITIES ACT  
R.S.O. 1990, CHAPTER S.5, AS AMENDED (the Act)**

**AND**

**IN THE MATTER OF  
FALCONBRIDGE LIMITED**

**ORDER  
(section 127)**

**WHEREAS** Xstrata Canada Inc. and Xstrata plc (together, Xstrata) applied to the Commission by letter dated May 18, 2006 for a permanent order pursuant to section 127 of the Act that trading cease in respect of any securities issued, or to be issued, under or in connection with a Falconbridge Limited (Falconbridge) shareholder rights plan dated as of March 21, 2006;

**AND WHEREAS** by letter dated June 20, 2006 Falconbridge applied for an order against Xstrata pursuant to section 127 of the Act that the acquisition of Falconbridge shares by Xstrata in reliance upon section 94(3) of the Act be prohibited;

**AND WHEREAS** Inco Limited (Inco) applied for intervenor standing and, on consent of all parties, was granted full standing during the hearing of this matter;

**AND WHEREAS** Inco made an offer to acquire all of the outstanding common shares in Falconbridge pursuant to a take-over bid circular dated October 24, 2006, as amended (the Inco Offer);

**AND WHEREAS** the Falconbridge shareholder rights plan dated March 21, 2006 (the Replacement Rights Plan) replaced a shareholder rights plan adopted on September 22, 2005;

**AND WHEREAS** on May 18, 2006, Xstrata made an offer expiring on July 7, 2006 to acquire all of the outstanding common shares of Falconbridge (the Xstrata Offer);

**AND WHEREAS** on June 26, 2006, Inco amended its Offer and extended the expiry date to July 13, 2006;

**AND UPON** considering the evidence and the submissions of Xstrata, Falconbridge, Inco and Staff of the Commission presented at a hearing on June 27, 2006;

**AND WHEREAS** the Commission is of the opinion that it is in the public interest to make this order;

**IT IS HEREBY ORDERED THAT**, pursuant to clause 2 of subsection 127(1) of the Act, trading in any securities issued, or to be issued, under or in connection with the Replacement Rights Plan shall cease on the earlier of:

- (a) the date Xstrata takes up sufficient Falconbridge shares to meet its majority of the minority condition,
- (b) July 28, 2006;

**IT IS HEREBY FURTHER ORDERED THAT**, pursuant to clause 3 of subsection 127(1) of the Act, the exemption created by subsection 94(3) to the restrictions on purchases during a take-over bid found in section 94(2) of the Act shall not apply to Xstrata until the earlier of the following dates:

- (a) the date that Xstrata takes up sufficient Falconbridge shares to meet its majority of minority condition,
- (b) July 28, 2006.

Dated at Toronto, this 30<sup>th</sup> day of June, 2006

“Wendell S. Wigle”  
Wendell S. Wigle, Q.C.

“Suresh Thakrar”  
Suresh Thakrar

“David L. Knight”  
David L. Knight, FCA