

**THE SECURITIES ACT**

)

**Order No. 4806**

)

**Subsection 20(1)**

)

**June 8, 2005**

**NORANDA INC. AND FALCONBRIDGE LIMITED**

**WHEREAS:**

(A) Application has been made by Noranda Inc. ("Noranda") and Falconbridge Limited ("Falconbridge" and together with Noranda, the "Filers") to The Manitoba Securities Commission (the "Commission") for an order pursuant to subsection 20(1) of The Securities Act, R.S.M. 1988, c. S50 (as amended) (the "Act") that certain trades in securities made in connection with the Alternate Amalgamation (as hereinafter defined) shall be exempt from sections 6 and 37 of the Act.

(B) It has been represented to the Commission by the Filers that:

1. Noranda and Falconbridge are both corporations existing under and governed by the laws of the Province of Ontario. The head offices of Noranda and Falconbridge are located in Toronto, Ontario.
2. Noranda Acquisition Inc. ("AcquisitionCo") is a corporation incorporated under the laws of the Province of Ontario solely for the purposes of consummating the Alternate Amalgamation (as hereinafter defined), if necessary. Its head office is located in Toronto, Ontario.
3. The authorized capital of Falconbridge is comprised of an unlimited number of preferred shares issuable in series (the "Falconbridge Preferred Shares") and an unlimited number of common shares (the "Falconbridge Common Shares").
4. The authorized capital of Noranda is comprised of an unlimited number of junior preference shares issuable in series (the "Noranda Junior Preference Shares"), an unlimited number of preferred shares issuable in series (the "Noranda Preferred Shares"), an unlimited number of participating shares issuable in series and an unlimited number of common shares (the "Noranda Common Shares").
5. All of the issued and outstanding shares of AcquisitionCo are owned by Noranda.
6. Noranda is a reporting issuer or the equivalent, as applicable or required, in each province and territory of Canada, and each of the Noranda Common Shares, each series of Noranda Preferred Shares and each series of Noranda Junior Preference Shares are currently listed and posted for trading on the Toronto Stock

Exchange, and the Noranda Common Shares are also listed on the New York Stock Exchange.

7. Falconbridge is a reporting issuer or the equivalent, as applicable or required, in each province and territory of Canada, and each of the Falconbridge Common Shares, the Falconbridge Preferred Shares, Series 2 and the Falconbridge Preferred Shares, Series 3 are currently listed and posted for trading on the Toronto Stock Exchange.

8. To the best of the Filers' knowledge, information and belief, neither Noranda nor Falconbridge is in default of its reporting requirements under the Act.

9. On March 24, 2005, Noranda made an offer (the "Noranda Offer") to purchase all of the outstanding Falconbridge Common Shares not already owned by Noranda or its affiliates on the basis of 1.77 Noranda Common Shares for each Falconbridge Common Share. At the time of the Noranda Offer, Noranda owned approximately 59% of the issued and outstanding Falconbridge Common Shares. On May 6, 2005, Noranda took up the 58,476,589 Falconbridge Common Shares validly deposited under the Noranda Offer. After the acquisition of Falconbridge Common Shares pursuant to the Noranda Offer, Noranda owned approximately 91% of all outstanding Falconbridge Common Shares.

10. Pursuant to a support agreement dated March 8, 2005 between Noranda and Falconbridge, Falconbridge agreed that, following the completion of the Noranda Offer, it would cooperate with Noranda to enable Noranda to proceed with a subsequent acquisition transaction under which Noranda would acquire all Falconbridge Common Shares not tendered to the Noranda Offer. In addition, Noranda stated in the circular related to the Noranda Offer that it intended to take such action as was necessary, including causing a special meeting of Falconbridge Common Shareholders to be called to consider an amalgamation of Falconbridge and Noranda or an affiliate of Noranda, to enable Noranda to acquire all of the Falconbridge Common Shares not acquired under the Noranda Offer.

11. On or about June 2, 2005, Noranda and Falconbridge entered into an amalgamation agreement (the "Primary Amalgamation Agreement") providing for the amalgamation (the "Primary Amalgamation") of Noranda and Falconbridge to form a new corporation to be named Falconbridge Limited ("NorandaFalconbridge") pursuant to section 175 of the Business Corporations Act (Ontario) (the "OBCA") and certain other matters.

12. The Primary Amalgamation is subject, inter alia, to the approval of a resolution (the "Primary Amalgamation Resolution") authorizing the Primary Amalgamation by affirmative vote of at least 66 2/3% of the votes cast in respect of each of the Noranda Common Shares and the Noranda Junior Preference Shares by the holders of such shares (the "Noranda Common Shareholders" and the "Noranda Junior Preference Shareholders" respectively) present in person or

by proxy at the Special Meetings (as defined in paragraph 15 of this Order) for the Noranda Common Shareholders and the Noranda Junior Preference Shareholders, and by affirmative vote of at least 66 2/3% of the votes cast in respect of the Falconbridge Common Shares by holders of such shares (the "Falconbridge Common Shareholders") present in person or by proxy at the Special Meeting (as defined in paragraph 15 of this Order) for Falconbridge Common Shareholders. The Primary Amalgamation is also subject to the following conditions:

(a) all arrangements are in place and all requirements are met such that, as of their issuance, (i) the common shares, each series of preferred shares (with the exception of the preferred shares, series 1) and each series of junior preference shares of NorandaFalconbridge issued pursuant to the Primary Amalgamation Agreement will be listed on the Toronto Stock Exchange, and (ii) the common shares of NorandaFalconbridge issued pursuant to the Primary Amalgamation Agreement will be listed on the New York Stock Exchange;

(b) Noranda obtains all approvals and fulfils all conditions as may be required under applicable Canadian securities legislation for the issuance of the shares of NorandaFalconbridge pursuant to the Primary Amalgamation Agreement to entitle (i) NorandaFalconbridge to issue the shares of NorandaFalconbridge without a prospectus and (ii) the holders thereof to trade such securities freely, subject to control block restrictions; and

(c) the completion and effectiveness of all necessary corporate action on the part of Noranda and Falconbridge to authorize consummation of the transactions contemplated by the Primary Amalgamation Agreement.

13. On or about June 2, 2005, Noranda, Falconbridge and AcquisitionCo entered into an amalgamation agreement (the "Alternate Amalgamation Agreement") providing that, if the requisite approvals of the Primary Amalgamation by the Noranda Common Shareholders, the Noranda Junior Preference Shareholders and the Falconbridge Common Shareholders pursuant to and in accordance with the requirements of the OBCA (as more particularly described in paragraph 12 of this Order) are not obtained or if the Primary Amalgamation is otherwise not implemented, AcquisitionCo and Falconbridge will, subject, inter alia, to the approval of a resolution (the "Alternate Amalgamation Resolution") authorizing the Alternate Amalgamation by affirmative vote of at least 66 2/3% of the votes cast by the Falconbridge Common Shareholders present in person or by proxy at a special meeting for Falconbridge Common Shareholders, amalgamate pursuant to section 175 of the OBCA (the "Alternate Amalgamation") to form a new corporation to be named Falconbridge Limited ("Amalco"). Noranda will not be amalgamated into Amalco as part of the Alternate Amalgamation, if the Alternate

Amalgamation occurs. The Alternate Amalgamation is subject to similar conditions as the Primary Amalgamation.

14. Pursuant to the Alternate Amalgamation, should it occur: (a) each issued and outstanding common share in the capital of AcquisitionCo will be converted into one common share of Amalco; (b) each issued and outstanding Falconbridge Common Share (other than Falconbridge Common Shares held by Noranda) will be converted into 1.77 Noranda Common Shares (the "Alternate Common Share Trades") (provided that shareholders will receive cash in lieu of fractional common shares of Amalco on the basis of \$22.79 per Falconbridge Common Share); (c) each issued and outstanding option to purchase a Falconbridge Common Share under Falconbridge's stock option plan (a "Falconbridge Option") will be converted into an option to acquire 1.77 Noranda Common Shares (a "Noranda Option") and the exercise price for each such Noranda Option will be the exercise price of the related Falconbridge Option divided by 1.77 (the "Alternate Option Trades" and together with the Alternate Common Share Trades, the "Subject Trades"); (d) each issued and outstanding Falconbridge Common Share held by Noranda will be cancelled; (e) each issued and outstanding Falconbridge Preferred Share, Series 1 will be converted into one preferred share, series 1 in the capital of Amalco; (f) each issued and outstanding Falconbridge Preferred Share, Series 2 will be converted into one preferred share, series 2 in the capital of Amalco; and (g) each issued and outstanding Falconbridge Preferred Share, Series 3 will be converted into one preferred share, series 3 in the capital of Amalco.

15. On or before June 9, 2005, Notices of Special Meetings of the Noranda Common Shareholders, the Noranda Junior Preference Shareholders and the Falconbridge Common Shareholders, each to be held on June 30, 2005 (collectively, the "Special Meetings" and individually, a "Special Meeting"), and a Joint Management Information Circular (the "Circular") will be mailed to the Noranda Common Shareholders, the Noranda Junior Preference Shareholders and the Falconbridge Common Shareholders.

16. At their respective Special Meetings, the Noranda Common Shareholders, the Noranda Junior Preference Shareholders and the Falconbridge Common Shareholders will be asked to consider, and if thought advisable, approve, a special resolution approving the proposed Primary Amalgamation.

17. In addition, at their Special Meeting, the Falconbridge Common Shareholders will be asked to consider, and if thought advisable, approve, a special resolution approving the proposed Alternate Amalgamation.

18. The Circular contains prospectus-level disclosure in respect of Noranda and Falconbridge and the proposed Primary Amalgamation and, in the alternative, the proposed Alternate Amalgamation.

19. Every Noranda Common Shareholder and Noranda Junior Preference Shareholder shall have, with respect to his, her or its shares in Noranda, the right to dissent in connection with the Primary Amalgamation Resolution and to be paid the fair value of such shares held, as fixed by a court, upon strict compliance with, and subject to the requirements of, applicable law.

20. Every Falconbridge Common Shareholder shall have, with respect to his, her or its Falconbridge Common Shares, the right to dissent in connection with the Alternate Amalgamation Resolution and to be paid the fair value of the Falconbridge Common Shares held, as fixed by a court, upon strict compliance with, and subject to the requirements of, applicable law.

21. The precise mechanics of the various Subject Trades do not or may not satisfy the technical requirements of statutory exemptions from the prospectus and registration requirements under sections 6 and 37 of the Act.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the order requested.

**IT IS ORDERED:**

1. **THAT**, pursuant to subsection 20(1) of the Act, the Subject Trades made in connection with the Alternate Amalgamation are not subject to sections 6 or 37 of the Act.

2. **THAT** the fee for this order shall be \$1,000.00.

**BY ORDER OF THE COMMISSION**

**Deputy Director - Legal**