

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
MANITOBA, NEW BRUNSWICK, NOVA SCOTIA  
PRINCE EDWARD ISLAND  
AND YUKON TERRITORY

AND

IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF

INCO LIMITED

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Manitoba, New Brunswick, Nova Scotia, Prince Edward Island, and Yukon Territory (the "Jurisdictions") has received an application from Inco Limited ("Inco") for a decision pursuant to the securities legislation of the Jurisdictions (the "Legislation") in connection with a proposal to call a special meeting of its Class VBN shareholders, Common Shareholders and Series E Preferred Shareholders (collectively the "Shareholders") to approve a special resolution which provides for an amendment to the articles of continuance of Inco which will allow for the redemption (the "Share Redemption") by Inco of its Class VBN Shares (the "Special Resolution") for consideration consisting of a combination of cash and a fraction of an Inco common share purchase warrant (a "Warrant") to purchase an Inco common share (an "Underlying Common Share") that exempts Inco from the requirements contained in the Legislation to be registered to trade in a security and to file a preliminary prospectus and a prospectus and receive receipts therefor (the "Registration and Prospectus Requirements") for the issuance of the Warrants and the issuance of the Underlying Common Shares on the exercise of the Warrants.

AND WHEREAS pursuant to the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Manitoba Securities Commission is the principal regulator for this application.

AND WHEREAS Inco has represented to the Decision Makers as follows:

1. Inco was incorporated in 1916 under the laws of Canada succeeding a business established in 1902. In 1979, Inco was continued by articles of continuance under the *Canada Business Corporations Act*.

2. Inco is a reporting issuer or equivalent in each province and territory in Canada and is an eligible issuer under the Prompt Offering Qualification System (a "POP Eligible Issuer").
3. Inco owns, operates and/or holds substantial interests in mines and/or refineries in Canada, Indonesia, United Kingdom, Japan, Taiwan, South Korea, China and the French Overseas Territory of New Caledonia.
4. The authorized capital of Inco consists of an unlimited number of Common Shares, 52,500,000 Class VBN Shares and 30,000,000 Preferred Shares issuable in series. As of October 23, 2000, there were 181,791,214 Common Shares, 25,936,718 Class VBN Shares and 9,439,725 Series E Preferred Shares issued and outstanding.
5. The Common Shares (together with the Class VBN Shares and Series E Preferred Shares) have general voting rights. Subject to the terms of the Preferred Shares, the holders of Common Shares are entitled to receive dividends and to receive the remaining property of Inco on a liquidation, winding-up or dissolution. The holders of Common Shares have no pre-emptive, redemption or conversion rights. The Common Shares rank junior to all Preferred Shares both as to return of capital and as to dividends.
6. The Class VBN Shares (together with the Common Shares and Series E Preferred Shares) have general voting rights and in addition are entitled as a class to elect two directors of Inco. The holders of Class VBN Shares are entitled to receive dividends and upon a liquidation, winding-up or dissolution of Inco, to receive a pro rata amount of the remaining property of Inco as if the Class VBN Shares and Common Shares were one class. The Class VBN Shares are convertible into Common Shares by Inco, at any time after August 21, 2006 and are also convertible by Inco or the holder's option under certain prescribed circumstances.
7. The Series E Preferred Shares (together with the Common Shares and Class VBN Shares) have general voting rights and the holders of Series E Preferred Shares are also entitled to vote separately as a series under certain prescribed circumstances. The Series E Preferred Shares are redeemable at the option of Inco at any time after August 21, 2001, and are also convertible at the holder's option into Common Shares at any time, at set conversion rate, subject to certain adjustments. The Preferred Shares rank prior to the Common Shares and Class VBN Shares with respect to the payment of cumulative dividends and the distribution of the remaining property of Inco on a liquidation, dissolution or winding up of Inco.
8. The Common Shares, Class VBN Shares and Series E Preferred Shares are each listed on the TSE and the NYSE, and the Common Shares are also listed on the London Stock Exchange.
9. The special meeting of the Shareholders to approve the Special Resolution is expected to be held on or about November 28, 2000.
10. In order to be approved, the Special Resolution to be considered at the special meeting must be approved by:

(i) Shareholders, voting together representing in the aggregate not less than 66 2/3 per cent of the votes cast by all Shareholders at the special meeting;

(ii) Class VBN Shareholders representing in the aggregate not less than 66 2/3 per cent of the votes cast by all Class VBN Shareholders voting separately as a class at the special meeting; and

(iii) Class VBN Shareholders, other than Class VBN Shareholders who are excluded by Rule 61-501 of the Ontario Securities Commission and Policy Q-27 of the Commission des valeurs mobilières du Québec, representing in the aggregate not less than 66 2/3 per cent (or not less than 50 per cent in the event exemptive relief is available from the Commission des valeurs mobilières du Québec) of such Class VBN Shareholders voting separately as a class at the special meeting.

11. If the Special Resolution is approved, Inco intends to give notice of the Share Redemption to all its Class VBN Shareholders within three business days after such approval (the "Notice").

12. Pursuant to the Share Redemption, Inco proposes to purchase all of its outstanding Class VBN Shares. Any Class VBN Share acquired by Inco pursuant to the Share Redemption will be cancelled.

13. The consideration to be paid by Inco for each Class VBN Share will consist of Cdn. \$7.50 in cash (or at the holder's option the equivalent in U.S. dollars) and a fraction (0.45) of a Warrant to purchase a Common Share.

14. The fractional Warrant to be issued will have an exercise price of Cdn. \$30.00 (or the equivalent in U.S. dollars) and each whole Warrant will be exercisable until August 21, 2006.

15. The Share Redemption would be effective not more than ten business days following the date that the Notice is given.

16. Applications have been made to list the Warrants and the Underlying Common Shares on the TSE and the NYSE.

17. Exemptions are not available in the Jurisdictions from the Registration and Prospectus Requirements for the issuance of the Warrants and the Underlying Common Shares on the exercise of the Warrants.

18. In connection with the Share Redemption, Inco will prepare and mail to each Shareholder a Notice of Special Meeting of Shareholders and Proxy Circular and Statement (the "Circular") on or about October 30, 2000. The Circular will be prepared in compliance with applicable securities laws, regulations and rules in Canada, including the requirement that the Circular contain the level of information prescribed for a prospectus in respect of the Warrants.

AND WHEREAS pursuant to the System this MRRS Decision Document evidences the decision of each Decision Maker (collectively the "Decision").

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met.

THE DECISION of the Decision Makers pursuant to the Legislation is that the Registration and Prospectus Requirements shall not apply to the issuance by Inco of Warrants and the Underlying Common Shares on the exercise of the Warrants in connection with the Share Redemption provided that the first trade in Warrants and Underlying Common Shares issued pursuant to this Decision shall be deemed to be a distribution, a primary distribution to the public, or a distribution to the public under the Legislation unless:

- (a) Inco is a reporting issuer or equivalent and has been a reporting issuer or equivalent for at least twelve months;
- (b) Inco is not in default of any requirements under the Legislation;
- (c) no unusual effort is made to prepare the market or to create a demand for the Warrants or the Underlying Common Shares, as the case may be, and no extraordinary commission or consideration is paid in respect of such trade; and
- (d) The first trade is not from the holdings of a person or company or a combination of persons or companies holding a sufficient number of any securities of Inco so as to affect materially the control of Inco or more than 20% of the outstanding voting securities of Inco, except where there is evidence showing that the holding of those securities does not affect materially the control of Inco

DATED at Winnipeg, Manitoba, this "24<sup>th</sup>" day of November, 2000.

"Douglas R. Brown"