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Contents

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All forward-looking statements exclude the impact of Inco s offer to acquire Falconbridge, unless otherwise stated.
Dollar amounts in this presentation are expressed in United States currency unless otherwise stated.
This presentation will include projections for 2006 and other forward-looking statements. While these projections and other statements represent our best current judgement, they are subject to important risks, uncertainties and assumptions that could cause actual results to vary materially, including due to the risk factors identified in our press release of today filed with the U.S. SEC and under SEDAR in Canada and Inco Limited s other filings with the U.S. SEC .
You are cautioned not to place undue reliance on the forward-looking statements.

Important Legal Information

This presentation may be deemed to be solicitation material in respect of Inco s proposed combination with Falconbridge. Inco filed with the SEC, on October 24, 2005, a registration statement on Form F-8 (containing an offer to purchase and a share exchange take-over bid circular) and on each of December 15, 2005 and January 20, 2006, an amendment to such Form F-8, in connection with the proposed combination. Inco has also filed, and will file (if required), other documents with the SEC in connection with the proposed combination. Falconbridge has filed a Schedule 14D-9F in connection with Inco s offer and has filed, and will file (if required), other documents regarding the proposed combination, in each case with the SEC.

INVESTORS AND SECURITYHOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT AND ANY OTHER RELEVANT DOCUMENTS FILED OR THAT WILL BE FILED WITH THE SEC WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain copies of the registration statement and Inco s and Falconbridge s SEC filings free of charge at the SEC s website (*www.sec.gov*). In addition, documents filed with the SEC by Inco may be obtained free of charge by contacting Inco s media or investor relations departments.

Presentation by Scott Hand
Chairman and Chief Executive Officer, Inco Limited
February 14, 2006 Investment Community Meeting
Opening Remarks

Good afternoon and thanks for being here today. Recent times have been pretty interesting and exciting for Inco. We made a lot of progress in 2005 and we intend to keep right on going in 2006.

As you have read in our news release, we had another very good year and we expect more of the same in 2006. This means building on the progress we have made and, of course, successfully completing our friendly acquisition of Falconbridge to create the New Inco. Exciting times.

But before I elaborate, let s turn to the screen for a list of some key members of our team who are present but won t be speaking formally today.

Also please note our safe harbor statement on forward-looking information and other related statements. The forward-looking information we will make excludes the impact of Inco s offer to acquire Falconbridge unless otherwise stated.

Given recent changes in securities legislation in Canada, there are a few other points I would like to make on behalf of all of the speakers:

- Actual results could differ materially from the 2006 outlook and other forward-looking statements we make
- Certain material assumptions as outlined in today s press release were made in developing our 2006 outlook and other forward-looking statements
- We have filed today s press release and the text and slides used in this presentation on SEDAR in Canada
- Our press release contains additional information on the risks relating to the forward-looking information presented today

All currency references will be in U.S. dollars, unless otherwise stated. Finally, this meeting/conference call is being webcast on a live, listen-only basis.

2005 was a great year for Inco. Revenues and Canadian GAAP earnings reached all-time highs. We realized very strong cash flow from operations. Our balance sheet is strong. And last week we increased our quarterly dividend by 25%, reflecting our strong financial position and our continuing positive outlook for the nickel markets.

Looking at operations, we met or exceeded our production, cost and price premium guidance. We achieved consistent and reliable production, as well as productivity improvements across the Company and PT Inco had record output.

On the development front, we completed Voisey s Bay ahead of its original schedule and the ramp-up is proceeding very well. Construction of our Goro project is well underway with a strong leadership team.

We finished the year with about $1 billion in the bank while implementing our growth program.

And, of course, our friendly acquisition of Falconbridge will create the world s leading nickel company and a great copper company.

Another key to our success is the nickel market, which gathered steam as we moved into 2006. I know many are saying we have seen the high for nickel. I have heard this before. My advice is: be cautious. Nickel demand remains strong across the board in China. Every year the soothsayers say that China s economic growth which generates improving living standards and demand cannot continue. Well, 1.3 billion people in China beg to differ so be aware of what is happening on the ground, not just what you read from Western commentators.

Industrial production and capital investment are strong in the U.S. and now improving in Europe and Japan. There is robust demand from the U.S. and European high nickel alloys market, fueled by the aerospace, power generation, chemical processing and medical markets. As Peter Goudie will tell you, we are moving past the stainless steel production cutbacks of 2005, with stainless steel output and prices on their way up.

Nickel companies are producing all the nickel they can. New supply is coming. Inco is playing a principal role through Voisey s Bay, Goro and PT Inco and by getting more output from our Ontario and Manitoba operations. But supply will continue to chase demand for some time to come.

We ve been bullish on the nickel market since 2002 and we ve pointed you in the right direction. Nickel prices have risen in 2002, 2003, 2004 and 2005. Volatile yes but the direction is up. So I d advise forecasters to be careful. The `bloom is not off the rose. Bet against nickel at your peril.

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With a great year in the books for 2005, how do we see 2006?

Here are our objectives:

- consistent, reliable, efficient and safe production must continue across our Company, with further improvements in productivity;
- the ongoing ramp-up of Voisey s Bay, along with continuing efforts to expand this orebody;
- steady progress in delivering on the unique promise of Goro which many of you saw when you visited the project in November;
- nickel production of 565 million pounds, with the arrival of Voisey s Bay ore, as well as tolled production through arrangements with OMG and Boliden in Finland, which you ll hear more about shortly;
- copper production of 340 million pounds, up almost 20% because of Voisey s Bay concentrates;
- PGM production of 400,000 ounces with the potential for even higher output, as we continue to focus on PGM-rich ores;
- nickel price premiums of 5-to-10 cents in line with 2005;
- total cash costs after by-product credits of $2.35-to-$2.40 a pound and$2.15-to-$2.20 a pound for our mine production. That s up from the number we were working with last year, when we assumed a lower Canadian dollar and is based in part on the high energy prices that all miners face today. It also recognizes the fact that Voisey s Bay is expected to beat our original plans by producing 120 million pounds of concentrate in 2006 but not all of that will get through to final production this year, as we fill the pipeline from Labrador to Ontario and Manitoba. Peter Jones will elaborate on this. Once Voisey s Bay is fully in the system our costs should drop a bit lower all other things being equal.

As for the impact on potential earnings, it s a tough call for 2006, given that consensus metals prices may lag events in the marketplace.

However, at First Call consensus metals prices of $6.45 for nickel, $1.80 for copper, and the PGM numbers you see on the slide all of these below current metals prices we are comfortable with the First Call mean consensus for our adjusted 2006 EPS of $3.50.

Our cash generation would be about $1.4 billion and or about $6.30 a share. But let s take a more current look and perhaps a more realistic one. If we use year-to-date prices $6.70 for nickel, $2.19 for copper and the PGM numbers on the screen our adjusted EPS for 2006 would be about $4.10-to-$4.15 per share. Our cash flow generation would be about $1.54 billion and cash flow per share about $6.90. And considering what has happened over the last couple of years, we should carefully consider the likelihood of metals prices coming in above consensus. Remember, economic growth in China remains strong and the OECD countries are seeing better growth and improved industrial production. So don t be surprised if supply continues to chase demand for nickel and other metals.

Before I ask Peter Goudie to explain why you should not stray from a firm belief in nickel, I want to say a few words about the New Inco. We continue to move forward on the antitrust regulatory review front. We received clearance in Canada just over two weeks ago and we expect to get responses in the next two weeks from the U.S. Department of Justice and the European authorities. Assuming positive outcomes, the way would be clear for us to proceed with our offer for Falconbridge shares. We are encouraged by the strong government and community support we have received in Sudbury and across Canada for the New Inco.

The management teams of Inco and Falconbridge are of one mind about the exceptional merits of this friendly deal. The New Inco will be the world s leading nickel company, with 815 million pounds of production pro forma in 2006, moving to just under one billion pounds in 2009. We ll have a huge and very low cost copper company, with pro-forma production of 1.486 billion pounds in 2006 and the potential to double production by 2011. As well, we ll have good positions in zinc, PGMs, cobalt and aluminum providing very attractive cash flow.

We will have diversification in what we market and sell, as well as where we mine and produce metals in North and South America, Europe, Asia and the South Pacific. The New Inco will be both larger and better financed with a vast project pipeline and the ability to pursue its tremendous growth opportunities.

It will be a resource rich company with a terrific exploration portfolio around the world and outstanding prospects for long-term growth.

We ll have a very strong and experienced management team.

From year one, the Falconbridge acquisition will be accretive to net asset value, earnings and cash flow. We ll have a very solid financial position and an enterprise value of about $24 billion, which moves us well up the scale of world mining companies.

We expect to achieve annual pre-tax synergies of $350 million by year-end 2007, with a net present value of $2.5 billion at a discount rate of 7%. Our nickel and copper cash costs will be very competitive.

In addition, the New Inco will be among the top metals and mining companies on the North American stock markets.

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Some people ask why this transaction took so long to happen. It would have been great if we could have done it sooner. But when you examine the plusses and minuses, it s clear that ideal timing scenarios aside doing the transaction now is a big win for Inco s and Falconbridge s shareholders. Take a look at the numbers and at the New Inco. Consider the opportunities. It is not often that a chance comes along to build a much larger, more diversified company, with leading or strong positions in a number of metals and to create major efficiencies and value along the way. This is what Inco is doing in acquiring Falconbridge; positioning the shareholders of both companies and of the New Inco for an even more rewarding future.

I ll now ask Peter Goudie to highlight the excellent prospects for nickel.

Presentation by Peter Goudie
Executive Vice-President, Marketing, Inco Limited
February 14, 2006 Investment Community Meeting
Nickel Markets and Market Position

Last year, I highlighted one key fact that would drive the market in 2005 the possibility that Chinese demand would grow by 45,000 tonnes, and consume three quarters of the increase in world nickel supply. It turns out that Chinese nickel demand growth exceeded 55,000 tonnes, and accounted for all of the growth in world nickel demand.

There is a single key fact that you should consider this year world stainless production growth will rebound by at least 7%, underpinned by Chinese stainless production growth of over 1.2 million tonnes. This will lead to ongoing tight nickel markets, forcing price to once again control the supply/demand balance.

In 2005 the LME cash nickel price averaged $14,733 per tonne, or $6.68 per pound the highest annual nickel price in history. Yet Western World stainless steel production growth fell by 12% in the second half of the year the sharpest contraction in at least 15 years. Given this negative influence, how was the price able to beat 2004 s level by 6%? There are four reasons: China s demand growth; exceptional non-stainless markets around the world; nickel production disruptions of 45,000 tonnes; and exceptionally low nickel inventories, despite a recent increase.

Our outlook for this year is based on four key points: a strong rebound in global stainless production; a tightening scrap market; exceptional non-stainless strength; and limited nickel supply growth. The combined impact of these points appears to be missed by most market commentators. I will be happy to clarify the situation.

The global economy has been improving steadily. That is great news for stainless production and nickel demand. Several leading indicators point to a better year. Remember that nickel demand and industrial production have a 94% correlation over the last 50 years. Stainless production growth has averaged 1.5 times industrial production growth for the last 50 years. Many commentators are still forecasting lower nickel prices this year and next yet we are only six months into an upswing that typically lasts 12-to-24 months.

Stainless steel is an industrial metal. The improving economic environment, and industrial production growth forecasts of about 6%, lend confidence to our stainless production growth forecast for 2006 of over 7%. Significant upside potential exists, based on the average `rebound year of more than 8%, and the stainless production to industrial production ratio of 1.5. Stainless production growth will be strong, make no mistake and not just in China. Consumption is rebounding, inventories have fallen, and new facilities will ramp up.

We are already witnessing the start of the production rebound. We have heard that melt rates in the first quarter were sharply higher around the world. Orders are picking up very strongly and lead times are well into Q2. There has been a flurry of announcements of base price increases worldwide. We have had several requests for spot nickel units to meet higher melting schedules. Some commentators have written off stainless steel. Do not join them. Stainless steel is an amazing product with unmatched characteristics and value. The situation in the second half of 2005 was just an inventory adjustment.

China s stainless steel production growth of 1.2 million tonnes from state-owned, joint venture and private companies will this year lead China to become the world s biggest stainless steel producer larger than Japan. Fully three million tonnes of new capacity will be built just this year in China, as its quest for self-sufficiency continues. We expect a total rise in Chinese nickel consumption of about 30% or 50,000 tonnes again leading the world and taking up most of the increase in nickel supply, despite some inventory consumption. China will not be alone in increasing stainless output. We expect Western World production to rise by over 500,000 tonnes.

In 2006, the average nickel grade of stainless will increase; as Chinese import controls and consumer reaction against low nickel content 200 series intensify. We saw 200 series imports to China fall from 70,000 tonnes per month a year ago to less than 30,000 tonnes in December. This single factor represents 20,000 tonnes of additional nickel demand, if it continues. The market turned to 200 series as a form of substitution, but difficulties were encountered and output is now being cut to more appropriate levels.

The second key driver for 2006 is scrap tightness. Last year s stainless steel production cutbacks were coupled with the highest scrap ratio in history, sharply reducing primary nickel demand in stainless. But the abundance of scrap was a result of lower total nickel demand, not higher supply. In fact, the highest nickel price in history could not encourage more scrap to the market, and supply fell by 1% last year. This year, we see scrap being much tighter, with supply growth of only 2% at most. Combine this with 7-to-8% stainless production growth, lower 200 series and a flat austenitic ratio and you will quickly realize how tight the scrap market will be and how much primary nickel demand in stainless will grow. I am confused by some commentators who forecast a falling nickel price, but also predict an increase in scrap supply an illogical pair of assumptions to make.

Stainless steel production cuts in the second half of last year will deplete the supply chain of thousands of tonnes of nickel in scrap in 2006. Rising stainless production always faces relatively less scrap, due to this lag effect. Periods of high stainless production growth are typically characterized by a sharp fall in the scrap ratio. The reverse is also true, and occurred in the second half of 2005, as a steady supply of prompt scrap was fed to mills that were decreasing output. Do not underestimate the lag time in collection and delivery of fabrication scrap.

High nickel prices during the past two years have led to the collection and liquidation of large quantities of old scrap, which were pulled forward from future periods and as a result, will not be available this year.

The third focal point for 2006 is the further strengthening of the non-stainless market, up another 6-to-8%, as the aerospace build rate rebound continues, and other applications such as gas turbines, hybrid vehicles, power tools and LNG tankers all show strong growth.

While looking at non-stainless applications, I want to highlight some of the great work our Inco specialty products group has done. We continue to invest in the rechargeable battery market in China, and we are encouraged by the rapid growth in the hybrid electric vehicle segment, as well as consumer nickel metal hydride cells.

Our continuing strong sales of nickel powders for nickel cadmium batteries are driven in large part by strength in portable power tools. In this area, nickel cadmium has a distinct technical advantage. We are pleased to see that the European Parliament voted to exempt many key industries from cadmium bans recognizing the technology s importance.

Inco has recently achieved a breakthrough in diesel exhaust filtration, with the development of INCOFOAM® HighTemp. This is an exciting new alloy foam that offers significant advantages in the removal of particulate matter from diesel exhausts. It is receiving increasing attention, especially in Europe, where diesel engines have achieved significant penetration, and where tougher regulations are taking effect. In fact, we are proud to have recently received the prestigious annual innovation award by VDI the German Engineering Association as well as the European Powder Metallurgy Association Award of Merit, recognizing the importance of our new product. It offers a lighter and smaller filter, as well as significant cost savings and represents a new market for nickel demand.

The fourth and final driver of the market in 2006 is nickel supply. Overall production growth will be about 3.6%, or 45,000 tonnes, as relatively few expansions come to market. Increases from Inco, Jinchuan, Eramet and Aneka Tambang will account for almost the entire rise in world nickel production in 2006. This will be another year in which most producers will be at or above capacity and historic maximum levels, in an effort to produce every tonne that is needed by consumers. The result is a very high risk of disruptions, which cannot be offset by production later in the year. We need only look back at last year to see what can occur when operating with high capacity utilization; 45,000 tonnes of production was lost to strikes, feed shortages, maintenance problems and severe weather conditions. And nickel inventories are still historically low.

I believe scrap and primary nickel supply growth will struggle and nickel units will be limited. I know stainless production and nickel demand are recovering strongly. The global economy is growing, Chinese demand will continue to be powered by strong increases in stainless production. Non-stainless applications have another year of

robust growth ahead. Industrial production growth of 6%, the expected stainless rebound and limited nickel expansions will lead to a supply/demand deficit. Elevated nickel prices will act to keep demand in line with supply.
Last year was a time of massive restructuring of the stainless industry, which is recognizing the new global powerhouse of China and its quest for self-sufficiency. This year the restructuring continues, and total nickel demand will increase. Stainless production is already starting to expand, yet there will be no corresponding increase in scrap. Non-stainless markets are growing at double the long-term average. Nickel supply will struggle to keep pace.
The same drivers affect all base metals cycles: industrial production, inventory levels, currency movements and capital investment in the mining industry. As a result, the cycles of base metals are typically very similar. Base metals fundamentals are strong yet nickel seems to have been overlooked in this rally by some commentators which could prove embarrassing for them. The fundamentals of nickel are perhaps stronger than those of many other metals.
Our view, consistent since 2002, has not been changed by just six months of stainless steel inventory adjustment. Commodity prices and market forces will cycle, as they have done historically. But with hundreds of millions of people still climbing the adoption curves of nickel and stainless consumption, some historic norms will become irrelevant and cycle times will change. Do not assume that markets must soften in the next couple of years, simply because they have softened before. Do not rely on gut instincts to guide you. Mark my words your gut has never been here before. We are in a new phase in the nickel market a phase that will only be complete when a billion more people have made it into this market. It s a phase that will be studied as history, but only once the future is behind us.

Presentation by Peter C. Jones
President and Chief Operating Officer, Inco Limited
February 14, 2006 Investment Community Meeting
Operations, PT Inco, Voisey s Bay and Goro Project

Inco s success in achieving operational and growth objectives last year prepared us well for a very good 2006.

Our worldwide focus on safety led to our best ever result of 1.3 disabling injuries per 200,000 hours of work but we will not be satisfied until this benchmark number is zero.

PT Inco s new off-gas equipment on Furnace No. 3 went on line in May and brought dust emissions well within environmental standards. As an unexpected benefit, the furnace s output rose by 1.7 million pounds of nickel a year.

In Ontario, we expanded our acid plant capacity for a fluid bed roaster that will be tied in this year. Along with other changes, it will cut sulphur dioxide emissions about 30% and reduce particulate discharges. And there is more to come.

Nickel production from all sources was 487 million pounds last year, in line with our October guidance. Given strong prices, we ll boost profitable production in 2006 even if this sometimes raises costs. This year our operations are expected to produce 535 million pounds, plus we ll get another 30 million pounds of finished nickel through toll smelting and refining concentrates in Finland, under contracts with OMG and Boliden.

And we could do even better! Sudbury s smelter is running well. Our new oxygen plant will be on line in May adding reliability to an area responsible for much downtime. By late 2006 at our Ontario mill, we ll be able to divert some copper into copper concentrate and make more room for nickel through the smelter.

Voisey s Bay got commercial production in December six months ahead of our original schedule and the ramp-up is going smoothly. It s tough finding ships to get concentrate out while the sea is frozen but that challenge reflects how well the project is doing!

Copper and PGM production were good stories last year. We produced 277 million pounds of refined copper slightly above guidance plus 10 million pounds of copper in concentrate from Voisey s Bay. In 2006 copper output should climb almost 20% to 340 million pounds, including 65 million pounds in Voisey s Bay concentrates.

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PGM output reached 419,000 ounces in 2005, well above the 380-to-390 thousand ounces planned. We expect to be in the 400,000-ounce range this year and we ll push for more. Cobalt output should rise from 3.7 million pounds last year to five million in 2006, as we benefit from the cobalt in Voisey s Bay feed.

A year ago, most of us would not have forecast today s energy prices and the Canadian/U.S. exchange rate. These factors raised our costs, although we did a great job in some areas of cutting expenses and increasing productivity.

Last year, Inco s nickel unit cash cost of sales, net of by-product credits, was $2.65 a pound, 25 cents better than our guidance in October of $2.85-to-$2.95. This exceeded 2004 s cost, due to the Canadian dollar s strength; higher energy prices; and rising expenses for supplies and services. Output fell because of major planned shutdowns in Ontario and Manitoba to set up for Voisey s Bay ores and to enable us to cut SO2 emissions this year. Costs were partly offset by higher by-product prices and less spending on purchased feeds. We got 70% almost $40 million of our cost reduction/productivity goal of $60 million for 2005.

Our operating divisions achieved productivity increases in 2005, despite lower ore grades at our Canadian operations. We expect further improvement in 2006. PT Inco s mine productivity rose 21% from 2002 levels to 53 tonnes of ore per work shift. In 2006, PT Inco aims for 56 tonnes per work shift. Mark Cutifani will discuss our Canadian operations.

In 2006, we expect nickel unit cash cost of sales after by-product credits of $2.35-to-$2.40 a pound.

Aside from a nine cent a pound hike due to the Canadian dollar s appreciation from $0.82 to $0.85, we face steep energy costs mainly high sulphur fuel oil and diesel at PT Inco. Lower cost for purchased feed, higher nickel and copper production and rising by-product credits serve as a partial offset. We now expect 2006 Inco mine-source production unit cash cost of sales of $2.15-to-$2.25 a pound at consensus prices.

A year ago we thought we d produce 110 million pounds of nickel in concentrate at Voisey s Bay in 2006. Given the great ramp-up, our estimate is now about 120 million pounds. However, since the quantities of concentrate to be processed at our operations will be lower than originally planned, we ll get less Voisey s Bay concentrate than that through the smelters this year about 83 million pounds. We ll get 65 million pounds of copper in concentrate and 1.7 million pounds of cobalt. In the second half of the year, with the pipeline filled, our overall nickel unit cash cost of sales should be at least $0.15 a pound lower than projected for the full year.

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We had record production at PT Inco last year: 168 million pounds of nickel in matte. In Q4, with no planned downtime, our output exceeded the 180 million pounds a year rate. We plan to hike PT Inco s production capacity by 33% over the nameplate capacity to 200 million pounds of nickel in matte yearly by 2009.

This requires more mine output, power and changes to the plant. In the short-term, the outlook is good. Lakes feeding our generators are above last year s highest levels. The historically best rain period is yet to come and we will do cloud seeding. For the long-term, we need another dam and generating plant. Engineering for this is going well and long delivery turbines and generators have been ordered. Power generation should start in late 2008 but required changes to a forestry permit may alter the timing a bit.

The new dam and power plant will give us another 90 megawatts per year of hydropower and allow us to raise production, lower annual cash costs by $0.10-to-$0.15 a pound and cut energy supply risk.

In 2005 we used more fuel oil to boost production given these great nickel prices and Indonesia more than doubled the internal diesel price. We had oil swap contracts in place for about 16% of PT Inco s usage. We will continue hedging to limit peaks. Despite energy costs, we recently installed two new fuel fired generators, since strong nickel prices enable us to make good margins on the incremental production.

We re optimizing oil consumption, using fuels more efficiently and investigating substituting pulverized coal for HSFO in our kilns and dryers. Given commodity prices, this could yield operating cost savings of $0.15-to-$0.20 cents a pound.

We re working to reduce commodity price impacts. We re improving roads to extend tire life and lower fuel use, and we ve secured our tire needs well into 2007; by then the shortage should have eased.

Last year our new mining area of Petea supplied 2.7 million wet metric tonnes of ore. In June, under an agreement with PT Aneka Tambang, we started sending about one million tonnes of nickel ore per year to its smelter from our Pomalaa deposit.

Depending on technical and economic viability, sites in our Contract of Work area at Bahodopi and Pomalaa could support two projects, each producing more than 100 million pounds of nickel a year. A hydromet plant to treat limonitic ore in Sorowako could produce another 50 million pounds of nickel a year.

PT Inco s challenge in 2006 is to produce 167 million pounds of nickel in matte and prepare the plant for even higher output. Also, we ll install dust capture equipment in a second furnace while preparing a third.

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At Voisey s Bay, our 50,000-tonne-a-year project started up earlier than our original schedule. Money-forward returns from January 2003 should top 23%, based on $3.75 a pound nickel and $1.00 a pound copper. In October, we opened our demonstration plant and we ve already produced nickel cathode. The plant is running well, and we can now test our hydromet process and construction materials in extended operation.

We contracted the use of a Falconbridge ship to move Voisey s Bay concentrate, pending delivery of our much larger one, the Umiak. It s due in April and will be in service soon after.

Aboriginal employment is nearly 50%. Talks will start shortly with the United Steelworkers on a Voisey s Bay labour agreement; it s not unusual for first collective agreements to take six-to-12 months to negotiate.

We continue to achieve good results from our advanced exploration program on the Reid Brook Deposit. Earlier drilling indicated a massive sulphide zone with intersections showing attractive grades. We re focusing on a section that shows good thickness and the high nickel/copper grades of a massive sulphide zone with several hundred metres of favourable structure still to explore.

Turning to Goro, we are on track to deliver a great new source of nickel to the growing Asian market. Last fall some of you got a firsthand feel for the project s scope, structure and leadership. We likely can and will expand Goro many times, so looking at Phase One financial results alone undervalues its overall potential.

Engineering is about 70% done, with construction managers and about 900 workers in place. Earthworks have started for the process plant, at our residue storage facility and on road realignment. Our test mine extends to the saprolite horizon and exposed bedrock. We ve done lots of preproduction planning. Soon the first of the almost 3,000 skilled Filipino workers will arrive to work on construction.

In two yards in the Philippines, we re building 400 modules and preassembled units for the process plant, weighing an average 200-to-300 tonnes. Delivery should begin on April 1, with the boiler plant first off the boat.

Milestones this year include completing the port and the steam plant and process water pipeline, in time to allow Prony Energy to fire up its first generator.

We re getting cost efficiencies from modularization and contracting strategies. We bought many major items before cost hikes. We re reprocessing our titanium materials. Materials quantities are within budget. Capex for the mine, process plant and infrastructure will likely be at the upper end of the $1.878 billion plus 15% cost range. A definitive estimate is due in Q2, when engineering is 75%

complete and all major contracts have been let. Our start-up target remains late 2007.

Goro s returns should be 16% at $3.75 a pound nickel and $9 per pound cobalt exceeding other projects. We expect cash cost per pound of nickel, after by-product credits, of about $1.10-to-$1.15, at these assumed metals prices. Total nickel unit cost of sales will be about $2 per pound, including depreciation and amortization.

Goro will generate strong cash flows, given its low-cost position and tax holiday. At $3.75 a pound nickel and $9 a pound cobalt, Goro should produce about $220 million of cash flow in 2009; about $1 a share, fully diluted.

We ll have a veteran overlay team of some 100 people on site for commissioning and ramp-up. After a year, we should be at about 75% of annual output of 60,000 tonnes of nickel and 4,300-to-5,000 tonnes of cobalt; rising to 90% after year two.

Some people still doubt the technology. But nickel pressure acid leach worked for the Australian laterite projects; their issues were building materials and operating challenges. We ve learned from that. Nearly all our technology is used effectively for nickel and we ran a $2^{1}/2$-year pilot plant program. PT Inco s wet laterites have taught us a lot. We ve hired veterans of other projects. Crucial operating team members are already on site. We re on track and we will succeed.

Goro can grow either through a fourth autoclave on ground that has already been prepared, which would add 15,000-to-20,000 tonnes of capacity or by doubling plant size.

And it doesn t stop there. Inco s growth pipeline is enormous. With Voisey s Bay, PT Inco, Goro and Sudbury, we believe that we continue to have the nickel industry s best asset portfolio.

Now Mark Cutifani will talk about our Canadian and U.K. operations.

Presentation by Mark Cutifani
President, North America and Europe, Inco Limited
February 14, 2006 Investment Community Meeting

I will be talking to three key themes in today s Canadian operations discussion. The first is reliability, consistency and our focus on meeting commitments. Second, I ll update our progress in creating shareholder value. And third, I ll describe our strategy for the critical challenge of managing cost pressures.

Our operational focus is on improving consistency and reliability, which drives productivity and performance. In Ontario, our mines met their target outputs and we set productivity records. Clarabelle mill processed its highest feed level since its 1999 redesign and achieved record productivity. Our smelter s Q4 production rate was 7% above its five-year average; Copper Cliff nickel refinery operated at a best ever annual rate of over 140 million pounds. We met our nickel output target of 215-to-220 million pounds, despite ramp-up issues after the most complex shutdown in our history and we beat our guidance for copper, PGMs and cobalt.

In Manitoba, we reached a contract with the Steelworkers, without a strike. Nickel output there was 107 million pounds, slightly below our guidance of 108-to-110 million pounds, due to a provincial utility power failure. During our maintenance closure we converted from two furnaces to a higher productivity, lower cost, single furnace operation, which will raise throughput capacity to 125 million pounds and will result in annualized savings of Cdn$8 million, starting in Q2 this year.

While focusing on consistency and reliability, we examined how to enhance performance and build shareholder value. This meant assessing our resource base, along with mining and downstream processing capabilities. We are managing North America and Europe as a fully integrated operation and our strategies aim to extract more value from all facets of our operations.

For instance, we are developing our mines in a way that allows us to make best use of our resources and we are reconfiguring the downstream flow sheet to remove process constraints. Freeing up processing capacity to handle higher value feeds lets us maximize revenue intensity through our current infrastructure. In other words, we are driving more revenue through the business to improve returns on our existing capital base.

An example of this strategy in action is the Coleman Mine. We ve increased ore mined by 60% from Coleman our highest value operation, as measured by contained metal per tonne. The mine has a high copper and PGM component, which was constrained by the inability of our bulk smelting process to handle large amounts of copper. By installing a copper removal circuit in the Clarabelle Mill we will be able to capture up to 40% of the copper in feed, starting in the fourth quarter this year. As a result, more nickel will be fed to the smelter our production bottleneck raising the net revenue intensity of Ontario s processing by at least 10% at an incremental capital cost of less than 3% of current asset carrying values. In addition, we are enhancing recovery in the concentrator, as part of a multi-year process improvement plan.

In 2005, we surpassed our PGM production guidance of 385,000 ounces and our target in 2006 is 400,000 ounces. We could move closer to 2005 s actual output of 419,000 tonnes, as we strive to bring in the copper/nickel separation project as soon as possible in 2006 and perhaps work some higher PGM mining areas. Our strategy positions us to raise PGM output in 2007 and beyond.

Removing copper before smelting and refining allows us to raise Inco source nickel production, which is driving increased exploration and mine development. In Ontario, we ll make a decision this year on the Totten Mine; along with nickel, it has a high PGM component. We ll advance the feasibility of Kelly Lake and the deep deposits of the Copper Cliff offset including Copper Cliff North and South mines. We ve identified these options as we rethink our processing configuration to get more value from our great resource position.

Work on Thompson s 1D Lower Deposit has begun and will make additional Inco sourced ores available. We expect a successful diamond drill program for lateral and deeper extensions to be a foundation for more development and production.

As we consider how to work the flow sheet harder, we are investing in critical facilities to increase production capability and reliability. This will also enhance our environmental performance; we aim to seamlessly upgrade processing facilities, improve emissions capture and raise production capability.

For example, our converter upgrade project underway in Ontario will cut sulphur emissions while enabling us to boost processing rates by at least 2%. This will help maintain critical process control and stability in the smelter, by reducing daily variations in feed caused by local emissions restrictions. We will deliver an economic return from an environmental project a win-win for all stakeholders.

This project along with the new oxygen plant to be commissioned in the second quarter and the fluid bed roaster installation sets the stage for better production reliability and consistency.

Of course, there was great effort in Sudbury and Thompson to set up for Voisey s Bay feed, which first arrived late in 2005. We started up our cobalt circuit in Manitoba just six weeks ago. So far, the influx of ores has gone well.

Processing

higher-grade Voisey s Bay feed will help boost production in Ontario and Manitoba.

Our most pressing issue and key challenge is costs. Our flow sheet reconfiguration will assist us in achieving cost reductions and focusing on consistency and productivity. We ve made real progress on all fronts.

Productivity improvements have reduced our cost of labour by 10% per unit of nickel output. Other efficiencies have lowered unit costs by a further 5%. Labour reductions and other efficiencies have cut our operating cost base by more than Cdn$100 million in the last two years. Our efforts have buffered the impacts of a rising Canadian dollar and higher energy costs.

But there is more to be done. We will make hard decisions like last year s closing of our Sudbury copper refinery, which we accomplished without major disruption. Despite great efforts by the refinery team, including record productivity and a 30% unit cost reduction, we struggled to be competitive with a fairly small facility and an aging asset. We can better use our capital on new mines and improving other parts of our business. We are not fixated on running all facets of a process we are fixated on delivering value. This is our strategy in play.

For 2006, we expect record throughput levels for all of our Ontario processing operations including milling, smelting and refining to produce 243 million pounds of nickel. Peter reviewed overall copper and PGM production targets.

In Manitoba, we will complete the move to a single line furnace and, with Voisey s Bay feed, we plan to produce 120 million pounds of nickel. We will bring the new and larger cobalt plant into full production. For the first time, we will operate for an entire year without shutting down our processing facilities.

Improving performance and managing costs just can t be done unless all of our people are onside. Our strategy for cost containment is built around how we manage resources and hardware, and how we deploy and manage employees. We have enhanced our operating processes by focusing on control and delivering improved capability. We have the best-trained workforce in the mining industry and we are creating value by making each person a true partner in tackling our challenges and creating our success.

We intend to use this respectful approach with the Steelworkers in negotiations for a new collective bargaining agreement to replace the one that expires May 31. Our `to do list for Ontario in 2006 also includes a three-week maintenance shutdown in July.

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In closing, I ll leave you with three key points:

- We are delivering on our commitment to be a reliable and consistent nickel producer and we understand the need to meet and hopefully exceed expectations;
- We are driving change through our process by focusing on value creation; and
- We are putting processing and people strategies in place to reduce cost and realize business improvements.

Now Bob Davies will provide a financial review.

Presentation by Bob Davies
Executive Vice-President and Chief Financial Officer, Inco Limited
February 14, 2006 Investment Community Meeting
Financial Review

We had another outstanding year in 2005 one that was highlighted by all-time record total revenue, Canadian GAAP record net earnings and very strong cash flow from operations. Let me give you specifics.

Adjusted net earnings were $811 million in 2005, or $3.64 a share on a diluted basis. That s slightly less than the $855 million that we earned in 2004. Key factors were the impact on production and cost of major planned shutdowns, higher energy costs and a stronger Canadian dollar, partly offset by higher prices for most metals.

Cash flow from operations before changes in working capital and capex was $1.2 billion. Working capital rose by $448 million. This was mainly because of lower taxes payable and higher inventories, following the closure of the copper refinery, and building inventory pipelines both to OMG and from Voisey s Bay to our other Canadian operations.

Cash flow from operations and cash on hand more than covered capex of $1.17 billion, including $793 million for growth projects. Given our strong cash flow, we contributed an additional $111 million to our pension plans. Our 2006 pension contribution is expected to be about $195 million. The excess contribution in 2005 resulted in a lower adjusted effective fourth quarter tax rate of 29%; down from our guidance of 36%. We expect our effective tax rate to be about 34% in 2006; with about 70%-to-80% current and 20%-to-30% deferred taxes.

Our year-end cash balance was $958 million. We have a debt to capitalization ratio of 28%.

Higher production and sales enhance our leverage to current robust nickel and copper prices. Each $0.10 rise in the nickel price boosts our diluted net earnings by about $0.12 a share per year and our cash by about $27 million. Our earnings are sensitive to Canadian/U.S. currency fluctuations. Each $0.01 rise in the average Canadian/U.S. dollar exchange rate reduces adjusted diluted EPS by $0.05 and increases cash costs by $0.03 a pound. The screen shows key commodity and currency impacts.

As Scott mentioned, we expect cash flow to remain strong this year. At the current 2006 consensus LME cash nickel price of $6.45 per pound, cash flow from operations, before changes in working capital and capex, will be about $1.4 billion or $6.30 per share. At year-to-date commodity prices, that number would rise to $1.54 billion.

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We estimate our 2006 capex at $1.82 billion before partner and government funding, with Voisey s Bay at $55 million and Goro at $1.14 billion. We anticipate $140 million in new mines development and other expansion projects, including the construction of a third dam at PT Inco. Discretionary capex will be about $50 million and our sustaining capital will be about $315 million. Environmental improvements will add $120 million to capex.

Forecast depreciation and amortization for this year is $455 million. The 2006 amortization of Voisey s Bay purchase price is expected to be about $145 million, with a $90 million earnings impact and $55 million in inventory. We started amortizing the Voisey s Bay acquisition cost in the fourth quarter of 2005, when commercial production was achieved. This non-cash after-tax charge was $12 million in 2005, or $0.05 a share. This year our net capex funding requirements will be about $1.34 billion after the Girardin financing for Goro, expected contributions from our partners at Goro and government support for Voisey s Bay. Our net capex funding needs will fall below $760 million in 2007 and drop to $535 million in 2008. At the current consensus price of $6.45 per pound nickel, we can fund 2006 capex from internal cash flow and cash on hand.

Exploration expenses in 2006 are expected to be about $11 million more than in 2005. The increase mainly reflects exploration in and around the Sudbury and Thompson mines, as well as drilling at Kelly Lake. R&D expenses should be $12 million higher than in 2005, due to greater spending on the Voisey s Bay process and on Inco s special products. SG&A should be in line with the 2005 total which was $15 million above the 2004 level, primarily owing to share appreciation rights tied to the almost 20% rise in our share price during 2005 and higher capital taxes.

With Voisey s Bay in commercial production, about $55 million of our 2006 estimated $135 million of interest payments will be expensed and the balance will be capitalized to our Goro project.

If the consensus nickel price of $6.45 per pound in 2006 prevails, minority interest should be about $100 million.

We intend to ensure financial flexibility and liquidity, as we profitably grow. We also aim to maintain our balance sheet strength, investment grade credit rating, and ready access to capital markets. These will remain key objectives for the long-term and we continue to achieve them.

Scott will now wrap up our formal remarks.

Presentation by Scott Hand
Chairman and Chief Executive Officer
February 14, 2006 Investment Community Meeting
Closing Remarks

I ll make just a few closing remarks. We re moving on expanding output all across the Company to take advantage of strong nickel markets in a way not seen in our history. We re growing and we re growing profitably.

The context for our growth as Peter Goudie has said is a nickel market that cannot be readily judged against the cycles of the past. Certainly we understand and we will prepare for times when market conditions are not as good as they are today. We intend to perform well at every phase of the nickel cycle. But the nickel market remains strong and supply will chase demand for some time to come.

We are working to make our existing nickel operations in Canada and Indonesia as competitive as possible and they are low cost and stack up very well. Like everyone else we face the cost pressures of higher energy, exchange rates and materials; but we re making progress by running more efficient operations and by bringing on great low-cost operations like Voisey s Bay and Goro.

Voisey s Bay is a tremendous success. We commenced production six months earlier than originally planned; we had a great ramp-up, and new low-cost, high-grade nickel concentrate is running through our operations.

Construction at Goro is underway again with an experienced team both in project execution and operations so we will deliver.

We re expanding at PT Inco. All of these projects will further enhance our outstanding marketing position in Asia.

And we are working to get more output from Ontario and Manitoba.

All of this means a production increase for Inco of over 45% by 2009 from 2005 levels. We can keep on growing well beyond that time with our great orebodies and a reserve and resource position unparalleled in the nickel industry.

We have great cash flow and a strong balance sheet and our priority is to keep it that way. At current First Call 2006 consensus nickel prices, we expect to generate $1.4 billion of cash in 2006, or cash flow per share of $6.30. And if the nickel price averaged what they are year to date, $6.70 a pound, in 2006, we would generate $1.54 billion of cash, or $6.90 a share. So we have strong financial resources and we will continue to use them effectively to create value for our shareholders.

And, of course, the completion of our friendly acquisition of Falconbridge will truly transform Inco. We will not only become the largest nickel company in the world but also a leading copper company. We will be diversified as to the metals we produce, where we produce them, and where they are marketed and sold with the properties and the financing capacity to grow. The New Inco means excellent value opportunity for shareholders and even brighter prospects for our future.

In other words, on every front, I see an Inco that in reaching far and thoughtfully to capitalize on great opportunity will succeed.