

MATERIAL CHANGE REPORT

**Filed pursuant to Section 75(2) of the *Securities Act* (Ontario)
and corresponding provisions of the
securities legislation in other provinces**

1. **Reporting Issuer**

Noranda Inc., 181 Bay Street, Suite 4100, P.O. Box 755, BCE Place,
Toronto, Ontario, M5J 2T3.

2. **Date of Material Change**

The material change occurred on August 22, 2000.

3. **Press Release**

The press release reporting the material change was issued on August 22,
2000, in Toronto through the facilities of Canada NewsWire Ltd.

4. **Summary of Material Change**

On August 22, 2000 Noranda Inc. (“Noranda”) announced its offer to
acquire all of the issued and outstanding common shares of Rio Algom
Limited for \$24.50 per common share.

5. **Full Description of Material Change**

Please see attached press release issued on August 22, 2000.

6. **Reliance on Section 75(3) of the Act**

Not applicable.

7. **Omitted Information**

Not applicable.

8. **Senior Officers**

Mr. Aaron Regent
Chief Financial Officer
(416) 982-7271

9. **Statement of Senior Officer**

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, Ontario this 24th day of August, 2000.

By: "Kevin N. Thompson"
Name: Kevin N. Thompson
Office: Vice-President, Secretary &
General Counsel



news release

FOR IMMEDIATE RELEASE

NORANDA OFFERS TO ACQUIRE RIO ALGOM FOR CDN\$1.5 BILLION CASH At closing, Codelco to purchase 50% interest in assets from Noranda

TORONTO, August 22, 2000 – Noranda Inc. today announced that it will offer to acquire all of the outstanding common shares of Rio Algom Limited (TSE and NYSE: ROM) for CDN\$24.50 cash per common share, for a total consideration of CDN\$1.5 billion. Noranda expects to mail its offer to the Rio Algom shareholders within the next 10 days. Rio Algom has approximately 60.6 million common shares outstanding, of which Noranda already owns approximately 9%.

Highlights

- Noranda will offer \$24.50 per share cash for Rio Algom common shares, a 35% premium above its TSE closing price on August 21, 2000 of \$18.10
 - Completion of the acquisition will:
 - ♣ Increase Noranda's copper production and copper reserves
 - ♣ Complement Noranda's existing growth profile
 - ♣ Raise Noranda's ownership in the Antamina project
 - ♣ Provide opportunity for integrating Rio Algom's Spence copper deposit with Noranda's Altonorte smelter in Chile
 - ♣ Strengthen relationship with Codelco, the world's largest copper producer
 - On closing, Noranda has agreed to sell Codelco a 50% interest in Rio Algom's assets
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Rio Algom is a Toronto-headquartered mining and metals distribution company that produced approximately 184,000 tonnes of copper in 1999. Its assets are located in Chile, Argentina, Peru, Canada and the United States.

Noranda's offer will be conditional upon, among other things, the acquisition of at least two-thirds of the outstanding common shares of Rio Algom, the receipt of regulatory approvals, and Rio Algom's board of directors waiving the application of its Shareholder Protection Rights Plan.

A Compelling Offer to Rio Algom Common Shareholders

David W. Kerr, Noranda's President and Chief Executive Officer, commented: "*We believe that this is a compelling offer for the Rio Algom shareholders. In particular, it provides Rio Algom common shareholders with the following important benefits:*



- *A premium of 35% over its TSE closing price on August 21, 2000 of \$18.10 per share; and,*
- *An opportunity to receive immediate liquidity for their investment.”*

Agreement with Codelco

In a separate agreement, Noranda has agreed to sell to Corporación Nacional del Cobre (Codelco) a 50% interest in Rio Algom's assets, immediately upon closing and at the same effective price paid by Noranda. The two companies will jointly manage the assets. Codelco, 100%-owned by the Chilean State, is the world's largest copper producer and controls approximately 20% of the world's proven and probable copper reserves. In 1999, it produced 1.6 million tonnes or approximately 16% of world copper production.

“Noranda already has a long-standing relationship with Codelco which this transaction will further solidify. It will help Noranda to share risk, realize operational synergies to maximize the value of its assets and may lead to other opportunities,” Kerr added.

Mr. Juan Villarzá R., Codelco's Executive President, stated: “This transaction adds to Codelco's existing portfolio of long-life, high-quality assets and executes on our previously announced intention of expanding internationally. Furthermore, the location of several of Rio Algom's assets in the southern hemisphere provides Codelco with the opportunity to achieve significant synergies with our existing operations.” He added that: *“Noranda is a well-established international mining and metals company with growing interests in Latin America. We look forward to completing this transaction given the complementary nature of Noranda's and Codelco's respective copper strategies.”*

A portfolio of copper assets to sustain Noranda's growth profile

“This acquisition represents an attractive investment opportunity for Noranda. It fits with our strategy to increase our exposure to long-life and low-cost base-metal mining assets,” Kerr said. *“It will also generate meaningful synergies, increase mineral reserves and complement Noranda's existing growth profile with its major projects either nearing completion or well on track.”*

- ♣ *Cerro Colorado* – Rio Algom's wholly-owned copper mine, Cerro Colorado, is located in northern Chile. The mine produced 220 million pounds of copper cathodes in 1999 through a copper leach SX-EW operation. Total reserves were 194.2 million tonnes grading 1.0% copper at January 1, 2000.
- ♣ *Antamina* -- Noranda is already an owner along with Rio Algom, Teck Corporation and Mitsubishi Corporation of the Antamina copper/zinc mine project in Peru which, when completed in 2001, will be the largest copper/zinc mine in the world. Each of Noranda and



Rio Algom own 33.75% of the project. Through this transaction, Noranda will increase its effective interest in Antamina to 50.6% and will gain access to an additional 83 million tonnes of copper reserves at an average copper equivalent grade of 1.7%.

- ♣ *Spence* -- The undeveloped Spence copper deposit is estimated to contain 398 million tonnes of copper reserves with an average grade of 1.0%. It is located in northern Chile, near Noranda's Altonorte copper smelter. If operated on an integrated basis, capital investment, operating cost savings and revenue enhancements can be achieved.
- ♣ *Alumbrera* – Rio Algom has a 25% interest in the Alumbrera open-pit copper/gold mine in Argentina. Rio's share of the mine's reserves amounts to 110.5 million tonnes with an average copper grade of 0.53%.
- ♣ *Highland Valley Copper* – Rio Algom has a 33.6% interest in the Highland Valley copper mine in British Columbia. Rio Algom's share of the mine's reserves is 130 million tonnes with an average copper grade of 0.417%.

The acquisition of Rio Algom would increase Noranda's annual copper mine production from approximately 250,000 tonnes to 500,000 tonnes by 2005. In addition, Noranda's copper reserves would immediately increase by approximately 73% and help to better balance its copper mining and metallurgical assets.

Other Rio Algom non-copper assets

Rio Algom also owns a variety of other assets, including wholly-owned Rio Algom Metals Distribution (RAMD), a distributor of stainless steel and aluminum in North America; 100% of a uranium mining operation in Wyoming and New Mexico; and 29% of Bullmoose Coal, located in British Columbia.

Financing

The total value of the transaction, including debt, is estimated to be approximately \$2.6 billion. Noranda is expected to fund its share of the purchase price from cash on hand and committed credit facilities.

Strategy focused on increased returns

“Noranda's strategy is to combine ownership of low-cost base-metal mines with our industry-leading metallurgical technologies to deliver superior returns to common shareholders. This will position Noranda as a premier base-metal producer and provide meaningful benefits for our shareholders.”



The information relating to Rio Algom in this press release has been taken from Rio Algom's public disclosure documents. Once mailed to Rio Algom shareholders, Noranda's circular will be posted on its website at: www.noranda.com and available by contacting Noranda at 1-888-551-5485.

Noranda Inc. is a leading international mining and metals company with more than 30 mining and metallurgical operations and projects under development in eight countries. Noranda is one of the world's largest producers of zinc and nickel and is a significant producer of copper, primary and fabricated aluminum, lead, silver, gold, sulfuric acid and cobalt. Noranda is also a major recycler of secondary copper, nickel and precious metals. Noranda employs over 17,000 people. It is listed on The Toronto Stock Exchange (NOR).

Codelco is the world's largest producer of copper -- producing 1.6 million mft in 1999, or approximately 16% of the western world's copper production -- and is one of the world's lowest-cost copper producers. Codelco controls approximately 20% of the world's known copper reserves and is also the world's second largest producer of molybdenum.

This news release contains certain forward-looking statements that reflect the current views and/or expectations of Noranda Inc. with respect to its performance, business and future events. Such statements are subject to a number of risks, uncertainties and assumptions. Actual results and events may vary significantly.

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For more information:

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